



PAST INFORMATION REQUIRED FOR FIRST QUARTER PERIOD ENDED 31 MARCH 2014

1(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the First Quarter (3 months) ended 31 March 2014 together with comparative statement for the respective corresponding period of the immediately preceding financial year.

	Group		
	3 months ended		Increase/
	31/3/2014	31/3/2013	(Decrease)
	RMB'000	RMB'000	%
Revenue	1,269,632	1,005,501	26.3%
Cost of sales	(1,048,441)	(774,826)	35.3%
Gross profit	221,191	230,675	(4.1%)
Other income, net	3,751	628	497.3%
Selling and distribution expenses	(43,699)	(17,998)	142.8%
General and administrative expenses	(72,175)	(63,446)	13.8%
Finance costs	(51,121)	(16,445)	210.9%
Profit before tax	57,947	133,414	(56.6%)
Income tax expense	(10,688)	(21,488)	(50.3%)
Profit for the period	47,259	111,926	(57.8%)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investment:			
Change in fair value	45	1,291	(96.5%)
Total comprehensive income for the period	47,304	113,217	(58.2%)
Profit attributable to:			
Owners of the parent	48,209	112,234	(57.1%)
Non-controlling interest	(950)	(308)	208.4%
	47,259	111,926	
Total comprehensive income attributable to:			
Owners of the parent	48,254	113,525	(57.5%)
Non-controlling interest	(950)	(308)	208.4%
	47,304	113,217	



China XLX Fertiliser Ltd.

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Profit before tax is arrived at after charging/(crediting) the following:

	Group	
	3 months	3 months
	ended	ended
	31/3/2014	31/3/2013
	RMB'000	RMB'000
Depreciation of items of property, plant and equipment	71,891	45,058
Amortisation of prepaid land lease payments	960	961
Amortisation of coal mining right	410	395
Amortisation of deferred grants	(531)	(124)
Loss on disposal of items of property, plant and equipment	451	1,575
Unrealised exchange loss, net	5,273	—
Interest income	(2,148)	(831)
Interest expense	51,121	16,445
	<u>51,121</u>	<u>16,445</u>



1(b)(i) Consolidated Statement of Financial Position (for the Company and Group), together with the comparative statements as at the end of the immediately preceding financial year.

	Group		Company	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	5,186,371	4,735,403	—	—
Prepaid land lease payments	170,486	171,446	—	—
Goodwill	6,950	6,950	—	—
Coal mining right	40,822	41,232	—	—
Prepayments for purchases of items of plant and equipment	738,359	687,469	—	—
Investment in subsidiaries	—	—	1,340,000	1,340,000
Available-for-sale investment	7,500	7,500	—	—
Deferred tax assets	8,663	8,663	—	—
Prepayments to related companies	3,151	—	—	—
Total non-current assets	6,162,302	5,658,663	1,340,000	1,340,000
Current assets				
Prepayments	202,646	186,930	318	318
Deposits and other receivables	213,940	198,995	—	—
Available-for-sale investment	8,368	8,323	8,368	8,323
Inventories	268,869	261,377	—	—
Trade receivables	21,879	9,572	—	—
Bills receivable	23,661	3,897	—	—
Income tax recoverable	25,694	26,446	—	—
Pledged deposits	213,885	148,961	—	—
Cash and cash equivalents	378,221	797,813	4,259	5,400
Due from a related company	—	1,907	—	—
Due from a subsidiary	—	—	230,938	230,938
Total current assets	1,357,163	1,644,221	243,883	244,979
TOTAL ASSETS	7,519,465	7,302,884	1,583,883	1,584,979



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	Group		Company	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	92,708	88,171	—	—
Bills payable	349,761	260,143	—	—
Accruals and other payables	827,291	829,368	5,686	16,260
Income tax payable	4	4	—	—
Deferred grants	4,556	4,892	—	—
Interest-bearing bank and other borrowings	356,545	134,983	113,136	94,983
Short-term bond payable	300,000	300,000	—	—
Total current liabilities	1,930,865	1,617,561	118,822	111,243
NET CURRENT ASSETS/(LIABILITIES)	(573,702)	26,660	125,061	133,736
TOTAL ASSETS LESS CURRENT LIABILITIES	5,588,600	5,685,323	1,465,061	1,473,736
Non-current liabilities				
Other payables	397	398	—	—
Deferred grants	36,743	33,026	—	—
Interest-bearing bank and other borrowings	2,690,179	2,837,832	—	—
Deferred tax liabilities	50,126	50,216	—	—
Long-term bond payable	250,000	250,000	250,000	250,000
Total non-current liabilities	3,027,445	3,171,472	250,000	250,000
TOTAL LIABILITIES	4,958,310	4,789,033	368,822	361,243
NET ASSETS	2,561,155	2,513,851	1,215,061	1,223,736



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	Group		Company	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Equity attributable to owners of the parent				
Issued capital	836,671	836,671	836,671	836,671
Convertible bonds	326,035	322,436	326,035	322,436
Revaluation reserve	3,667	3,622	3,667	3,622
Statutory reserve fund	205,760	199,295	–	–
Retained profits/(Accumulated losses)	1,127,401	1,089,256	(11,312)	1,007
Proposed final dividend	60,000	60,000	60,000	60,000
	<u>2,559,534</u>	<u>2,511,280</u>	<u>1,215,061</u>	<u>1,223,736</u>
Non-controlling interest	<u>1,621</u>	<u>2,571</u>	<u>–</u>	<u>–</u>
Total equity	<u>2,561,155</u>	<u>2,513,851</u>	<u>1,215,061</u>	<u>1,223,736</u>
TOTAL EQUITY AND LIABILITIES	<u>7,519,465</u>	<u>7,302,884</u>	<u>1,583,883</u>	<u>1,584,979</u>



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1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amounts payable in one year or less, or on demand

	As at 31/3/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans	113,136	242,500	94,983	40,000
Short-term bond payable	–	300,000	–	300,000
Loan from government	–	909	–	–
	<u>113,136</u>	<u>543,409</u>	<u>94,983</u>	<u>340,000</u>

Amounts payable after one year

	As at 31/3/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans	–	2,684,724	–	2,831,468
Long-term bond payable	–	250,000	–	250,000
Loan from government	–	5,455	–	6,364
	<u>–</u>	<u>2,940,179</u>	<u>–</u>	<u>3,087,832</u>

Details of collateral

As at 31 March 2014, the Group has approximately RMB113 million (31 December 2013: RMB95 million) short-term loans secured by pledged fixed deposits.



1(c)(i) A Consolidated Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	3 months	3 months
	ended	ended
	31/3/2014	31/3/2013
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	57,947	133,414
<i>Adjustments for:</i>		
Loss on disposal of items of property, plant and equipment	451	1,575
Depreciation of property, plant and equipment	71,891	45,058
Amortisation of prepaid lease land payments	960	961
Amortisation of coal mining right	410	395
Amortisation of deferred grants	(531)	(124)
Interest expense	51,121	17,276
Interest income	(2,148)	(831)
Total adjustments	122,154	64,310
<i>Operating cash flows before changes in working capital</i>	180,101	197,724
Changes in working capital		
<i>Decrease/(increase) in:</i>		
Inventories	(7,492)	88,375
Trade and bills receivables	(32,071)	(39,190)
Deposits and other receivables	(14,945)	(37,231)
Prepayments	(1,333)	21,753
Due from a related company	1,907	(9)
Prepayments to related companies	(3,151)	(9)
<i>Increase/(decrease) in:</i>		
Trade and bills payables	94,155	(42,932)
Accruals and other payables	(177,415)	13,218
Due to a related company	—	3,502
Total changes in working capital	(140,345)	7,486
<i>Cash flows from/(used in) operations</i>	39,756	205,210
Government grants received	3,912	2,756
Interest received	2,148	831
Interest paid	(48,035)	(31,661)
Income taxes paid	(10,026)	(18,009)
Net cash flows (used in) generated from operating activities	(12,245)	159,127



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	Group	
	3 months ended	3 months ended
	31/3/2014	31/3/2013
	RMB'000	RMB'000
Cash flows from investing activities		
Purchase of items of property, plant and equipment and land use rights (<i>Note B</i>)	(416,332)	(354,088)
Increase in pledged time deposits	(64,924)	—
Net cash flows used in investing activities	(481,256)	(354,088)
Cash flows from financing activities		
Proceeds from loans and borrowings	113,409	329,351
Repayment of loans and borrowings	(39,500)	(100,000)
Net cash flows generated from financing activities	73,909	229,351
Net increase/(decrease) in cash and cash equivalents	(419,592)	34,390
Cash and cash equivalents at beginning of period	797,813	477,610
Cash and cash equivalents at end of period (<i>Note A</i>)	378,221	512,000



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Note A: Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and unpledged bank deposits. Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statement of financial position amounts:

	Group	
	3 months ended 31/3/2014 RMB'000	3 months ended 31/3/2013 RMB'000
Fixed deposits	213,885	12,900
Cash and bank balances	378,221	512,000
	592,106	524,900
Less: Fixed deposits pledged	(213,885)	(12,900)
Cash and cash equivalents	378,221	512,000

Note B: Property, plant and equipment and land use rights

	Group	
	3 months ended 31/3/2014 RMB'000	3 months ended 31/3/2013 RMB'000
Current period additions to property, plant and equipment	537,683	591,522
Less:		
Prepayments made in prior year	(687,469)	(721,626)
Payable to creditors	(436,414)	(153,692)
Borrowing cost capitalised	—	(14,385)
	(586,200)	(298,181)
Add:		
Prepayments made in current period	738,369	559,623
Payments for prior period purchase	264,163	92,646
Net cash outflow for purchase of items of property, plant and equipment	416,332	354,088



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1(d)(i) Statement of Changes in Equity (for the Company and the Group) as at 31 March 2014, together with comparative statements for the corresponding period of the immediately preceding financial year

	Issued capital RMB'000	Statutory reserve fund RMB'000	Available- for-sale investment revaluation reserve RMB'000	Convertible bond RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non- controlling interest RMB'000	Total RMB'000
Group									
As at 1 January 2013	836,671	167,873	–	322,436	931,222	63,000	2,321,202	7,230	2,328,432
Profit for the period	–	–	–	–	112,234	–	112,234	(308)	111,926
Other comprehensive income for the period:									
Change in fair value of an available-for-sale investment	–	–	1,291	–	–	–	1,291	–	1,291
Total comprehensive income for the period	–	–	1,291	–	112,234	–	113,525	(308)	113,217
Interest on convertible bonds	–	–	–	3,599	(3,599)	–	–	–	–
Balance at 31 March 2013	836,671	167,873	1,291	326,035	1,039,857	63,000	2,434,727	6,922	2,441,649



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	Issued capital RMB'000	Statutory reserve fund RMB'000	Available- for-sale investment revaluation reserve RMB'000	Convertible bond RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non- controlling interest RMB'000	Total RMB'000
Group									
As at 1 January 2014	836,671	199,295	3,622	322,436	1,089,256	60,000	2,511,280	2,571	2,513,851
Profit for the period	–	–	–	–	48,209	–	48,209	(950)	47,259
Other comprehensive income for the period:									
Change in fair value of an available-for-sale investment	–	–	45	–	–	–	45	–	45
Total comprehensive income for the period	–	–	45	–	48,209	–	48,254	(950)	47,304
Transfer to statutory reserve fund	–	6,465	–	–	(6,465)	–	–	–	–
Interest on convertible bonds	–	–	–	3,599	(3,599)	–	–	–	–
Balance at 31 March 2014	836,671	205,760	3,667	326,035	1,127,401	60,000	2,559,534	1,621	2,561,155

	Share capital RMB'000	Convertible bond RMB'000	Available- for-sale investment revaluation reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Proposed final dividend RMB'000	Total RMB'000
Company						
As at 1 January 2013	836,671	322,436	–	618	63,000	1,222,725
Loss for the period	–	–	–	(3,997)	–	(3,997)
Other comprehensive income for the period:						
Change in fair value of an available-for-sale investment	–	–	1,291	–	–	1,291
Total comprehensive income for the period	–	–	1,291	(3,997)	–	(2,706)
Interest on convertible bonds	–	3,599	–	(3,599)	–	–
Balance at 31 March 2013	836,671	326,035	1,291	(6,978)	63,000	1,220,019



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	Share capital RMB'000	Convertible bond RMB'000	Available- for-sale investment revaluation reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Proposed final dividend RMB'000	Total RMB'000
Company						
As at 1 January 2014	836,671	322,436	3,622	1,007	60,000	1,223,736
Loss for the period	–	–	–	(8,720)	–	(8,720)
Other comprehensive income for the period:						
Change in fair value of an available-for-sale investment	–	–	45	–	–	45
Total comprehensive income for the period	–	–	45	(8,720)	–	(8,675)
Interest on convertible bonds	–	3,599	–	(3,599)	–	–
Balance at 31 March 2014	836,671	326,035	3,667	(11,312)	60,000	1,215,061

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.

There were no movements in the Company's authorised, issued and fully paid share capital during the three months ended 31 March 2014. The Company raised an approximately RMB324 million convertible bond in December 2011 which can be converted into 176 million shares. If the convertible bond had been converted on 31 March 2014, this will increase the number of shares from 1,000,000,000 to 1,176,000,000.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 March 2014	As at 31 March 2013
Number of issued ordinary shares excluding treasury shares	1,000,000,000	1,000,000,000
Number of treasury shares held	NIL	NIL



1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

2. Whether the figure have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for 1Q2014 have been reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Please refer to the attached auditors' review report for the three months ended 31 March 2014.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited financial statements have been applied.

The Group has adopted all the new/revised Singapore Financial Reporting Standards ("SFRS") that became effective on or after 1 January 2014. The Group has consistently adopted the same accounting policies and methods of computation in the financial statements for the current period as those in its audited consolidated financial statements for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed and as well the reason for, and the effect of, the changes.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

- Revised SFRS 27 *Separate Financial Statements*
- Revised SFRS 28 *Investments in Associates and Joint Ventures*
- SFRS 110 *Consolidated Financial Statements*
- SFRS 111 *Joint Arrangements*
- SFRS 112 *Disclosures of Interests in Other Entities*
- Amendments to SFRS 32 *Offsetting of Financial Assets and Financial Liabilities*
- Amendments to SFRS 110 *Consolidated Financial Statements*
- Amendments to SFRS 111 *Joint Arrangements*
- Amendments to SFRS 112 *Disclosures of Interest in Other Entities*
- Amendments to SFRS 27 *Separate Financial Statements*
- Amendments to SFRS 28 *Investments in Associates and Joint Ventures*
- Amendments to SFRS 110 *Consolidated Financial Statements*, SFRS 111 *Joint Arrangements* and SFRS 112 *Disclosure of Interests in Other Entities – Transition Guidance*
- Amendments to SFRS 110 *Consolidated Financial Statements*, SFRS 112 *Disclosures of Interests in Other Entities* and SFRS 27 *Separate Financial Statements – Investment Entities*
- Amendments to SFRS 36 *Recoverable Amount Disclosures for Non-financial Assets*
- Amendments to SFRS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- INT SFRS 121 *Levies*

The adoption of these standards and interpretations did not have material effect on the results and financial position of the financial statements, or their presentation.



6. Earnings per ordinary share of the Group for the recent financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued in 2011) of 1,176,000,000, as adjusted to reflect the convertible bonds issued in 2011.

The calculations of basic and diluted earnings per share are based on the following data:

	3 months ended 31/3/2014	3 months ended 31/3/2013
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation (<i>RMB' 000</i>)	48,209	112,234
Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued during the year) for the purpose of calculating basic and diluted earnings per share (<i>'000</i>)	1,176,000	1,176,000
Basic and diluted earnings per share based on weighted average number of ordinary shares in issue (<i>RMB' cents</i>)	4.10	9.54

7. Net assets value (for the Company and Group) per ordinary share based on issued share capital of the Issuer at the end of:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
Net assets value per share	31/3/2014	31/12/2013	31/3/2014	31/12/2013
Net assets value per ordinary share (RMB) based on issued capital at the end of:				
Number of ordinary shares in issue:				
1,000,000,000 shares	<u><u>2.56</u></u>	<u><u>2.51</u></u>	<u><u>1.22</u></u>	<u><u>1.22</u></u>



8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, cost, and the earnings of the Group for the current financial period reported on, including (where applicable) seasonal and cyclical factors; and**
 - (b) **any material factors that affected the cash flows, working capital, assets and liabilities of the Group during the current financial period reported on.**

PERFORMANCE REVIEW

Revenue

Revenue for the three months ended 31 March 2014 (“**1Q2014**”) increased by approximately RMB264 million or 26.3% from approximately RMB1,006 million in the three months ended 31 March 2013 (“**1Q2013**”) to approximately RMB1,270 million in 1Q2014. The increase was mainly due to the increase in sales volume for urea, methanol and compound fertiliser. Urea sales volume increased by approximately 61.3% in 1Q2014 due to the commencement of the Plant IV with annual urea capacity of approximately 800,000 tons. Methanol sales volume increased by approximately 47.3% in 1Q2014 mainly due to the adjustment of production plan between urea and methanol to gain better margins. The increase of compound fertiliser sales volume by approximately 35.7% was resulted from expansion of the sales network and brand building efforts to increase the acceptance of the customers.

Gross profit margin

Overall gross profit margin decreased from approximately 22.9% in 1Q2013 to 17.4% in 1Q2014 due to the decrease in gross profit margins of urea and compound fertiliser.

Gross profit margin of urea decreased from approximately 28.7% in 1Q2013 to 16.4% in 1Q2014 due to decrease in urea average selling prices by approximately 24.5%. The decrease in average selling prices was partially offset by the decrease in average cost of sales by approximately 11.4%. The decrease in urea average cost of sales was mainly due to the declined coal prices led by the reopening of the coal mines after the consolidation of smaller coal mines.

Gross profit margin of methanol improved from approximately 5.5% in 1Q2013 to approximately 24.3% in 1Q2014. This was mainly due to decrease in average cost of sales by approximately 9.8% led by the lower coal prices and the increase in methanol average selling prices by approximately 12.7%.

Gross profit margin of compound fertiliser decreased from approximately 16.3% in 1Q2013 to approximately 15.5% in 1Q2014. This was mainly due to decrease in average selling prices.



Other income, net

Other income, net increased approximately RMB3 million from approximately RMB1 million in 1Q2013 to approximately RMB4 million in 1Q2014. This was due to the increase in subsidy income from the government, sales of by-products and interest income by approximately RMB4 million, RMB2 million and RMB1 million respectively. The increase was partially offset by the increased unrealised exchange losses by approximately RMB5 million.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB26 million or 142.8% from approximately RMB18 million in 1Q2013 to RMB44 million in 1Q2014. This was mainly due to the increase of transportation cost and sales staff costs by approximately RMB19 million and RMB6 million respectively. The increase in transportation costs was mainly due to the sales of 62,600 tons of urea to Northeast China. The increased sales staff costs are in line with the increased sales volume for urea and compound fertiliser.

General and administrative expenses

General and administrative expenses increased by approximately RMB9 million or 13.8% from approximately RMB63 million in 1Q2013 to RMB72 million in 1Q2014. The increase was mainly due to the increase in bank loan transaction fees, depreciation and amortization expenses and professional fees by approximately RMB4 million, RMB1 million and RMB1 million respectively. The increased general and administrative expenses are in line with the Group's expansion.

Finance costs

Finance costs increased by approximately RMB35 million or 210.9% from approximately RMB16 million in 1Q2013 to RMB51 million in 1Q2014. The increase was mainly due to the interest-bearing bank and other borrowings raised in 1Q2014 as compared against 1Q2013.

Income tax expense

Income tax expense decreased by approximately RMB10 million or 50.3% from approximately RMB21 million in 1Q2013 to RMB11 million in 1Q2014 due to lower profits.

Profit for the period

The profit for the period decreased by approximately RMB65 million or 57.8% from approximately RMB112 million in 1Q2013 to approximately RMB47 million in 1Q2014. This was mainly due to the increase in selling and distribution expenses, general and administration expenses and finance costs by approximately RMB26 million, RMB9 million and RMB35 million respectively. The decrease in profit for the period was partially offset by the decrease in income tax expenses by approximately RMB10 million as compared against 1Q2013.



FINANCIAL POSITION

Non-current assets

Non-current assets increased by approximately RMB503 million or 8.9% from RMB5,659 million as at 31 December 2013 to approximately RMB6,162 million as at 31 March 2014. Non-current assets comprised property, plant and equipment, prepaid land lease payments, goodwill, coal mining right, available-for-sale investment, deferred tax assets, due from related companies and prepayments for purchases of items of plant and equipment. Non-current assets increased as property, plant and equipment and prepayment increased by approximately RMB451 million and RMB51 million respectively. The increases were mainly due to the construction of the Plant IV and Xinjiang Project.

Current assets

Current assets decreased by approximately RMB287 million or 17.5% from RMB1,644 million as at 31 December 2013 to RMB1,357 million as at 31 March 2014. The decrease in current assets was mainly due to the decrease in cash and cash equivalents by approximately RMB420 million. The decrease was offset by the increase in pledged deposits, trade receivables, bills receivables, prepayments, deposits and other receivables and inventories by approximately RMB65 million, RMB12 million, RMB20 million, RMB16 million, RMB15 million and RMB7 million respectively. Trade and bills receivables increased due to increase in compound fertiliser sales. Prepayments increased mainly due to the purchase of raw materials for the production of compound fertiliser. The increase in deposits and other receivables was mainly due to the deductible value added tax arising from the purchase of equipment for the construction of the Plant IV.

Current liabilities

Current liabilities increased by approximately RMB313 million or 19.4% from RMB1,618 million as at 31 December 2013 to RMB1,931 million as at 31 March 2014. Interest-bearing bank and other borrowings and bills payable increased by approximately RMB222 million and RMB90 million respectively. The increase of interest-bearing bank and other borrowings was mainly due to the bank loans being reclassified from non-current liabilities to current liabilities. The increase of bills payable was mainly due to the drawing down of such bank facilities, which can be used to make payments to suppliers in lieu of cash payment for materials. The bills payable have an average maturity period of 90 to 180 days and are interest free.



Non-current liabilities

Non-current liabilities decreased by approximately RMB144 million or 4.5% from RMB3,171 million as at 31 December 2013 to RMB3,027 million as at 31 March 2014. This was mainly due to the decrease in long-term interest-bearing bank and other borrowings by approximately RMB148 million. Interest-bearing bank and other borrowings were decreased due to the reclassification from non-current liabilities to current liabilities based on the tenor of the bank loans.

CASH FLOW

Cash and cash equivalents decreased by approximately RMB420 million in 1Q2014. This was mainly due to cash used in operations and cash used in investing activities of approximately RMB12 million and RMB481 million respectively, offsetting with the increase in cash from financing activities of approximately RMB73 million.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Group expects the selling prices of urea to remain at low level due to overcapacity in the industry and the coal prices are likely to remain stable.

The Plant IV has started production and the annual urea production capacity of the Group has reached approximately 2.1 million tons. The new technology employed at Plant IV will enable the Group to further improve cost efficiency and strengthen the Group's leading position in the industry in China.

- 11. Dividend**

- (a) Current financial period reported on**

The Company did not recommend or declare any dividend for the financial period ended 31 March 2014.

- (b) Corresponding period of the immediately preceding financial year**

The Company did not declare or pay any dividend for the financial period ended 31 March 2013.



China XLX Fertiliser Ltd.

(Incorporated in Singapore on 17 July 2006)
Company registration number: 200610384G

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for interested person transactions (IPTs), the aggregated value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain any general mandate from its shareholder for IPTs.

CONFIRMATION BY THE BOARD

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 1Q2014 financial results of the Company and the Group to be materially false or misleading.

By Order of the Board

Yan Yunhua

Executive Director and Chief Financial Officer

30 May 2014

As at the date of this announcement, the executive directors of the Company are Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Li Buwen; the non-executive director of the Company is Mr. Lian Jie; and the independent non-executive directors of the Company are Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the board of directors of

China XLX Fertiliser Ltd.

(Incorporated in Singapore with limited liability)

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial information which comprises the condensed consolidated statement of financial position of China XLX Fertiliser Ltd. and its subsidiaries at 31 March 2014, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 31 March 2014, and explanatory information.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with Singapore Financial Reporting Standards ("SFRS") 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with SFRS 34.

OTHER MATTER

We draw attention to the fact that the comparative condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 31 March 2013 and the relevant explanatory information disclosed in the condensed consolidated interim financial information have not been reviewed in accordance with ISRE 2410.

Ernst & Young LLP

Public Accountants and Chartered Accountants

Singapore

30 May 2014



ING Bank N.V., Singapore Branch
9 Raffles Place
#19-02 Republic Plaza
Singapore 048619

ING Bank N.V., Hong Kong Branch
36/F., One International Finance Centre
1 Harbour View Street
Central, Hong Kong

30 May 2014

The Board of Directors
China XLX Fertiliser Ltd.
80 Robinson Road #02-00
Singapore 068898

Dear Sirs,

- (A) **THE PROPOSED CONDITIONAL CASH EXIT OFFER BY THE JOINT FINANCIAL ADVISORS FOR AND ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN) TO ACQUIRE ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF CHINA XLX FERTILISER LTD. OTHER THAN (I) THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR CONCERT GROUP; (II) THE UNDERTAKING SHARES AND (III) THE UNDERTAKING BONDS; AND**
- (B) **THE PROPOSED VOLUNTARY DELISTING OF THE SHARES OF CHINA XLX FERTILISER LTD. FROM THE OFFICIAL LIST OF THE MAINBOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") PURSUANT TO RULES 1307 AND 1309 OF THE MAINBOARD RULES OF THE LISTING MANUAL OF THE SGX-ST**

On 31 March 2014, Pioneer Top Holdings Limited ("**Offeror**") and China XLX Fertiliser Ltd. ("**China XLX**") jointly announced that the Offeror has presented to the directors of China XLX the formal proposal dated 31 March 2014 to seek the voluntary delisting of China XLX from the SGX-ST ("**Delisting**") pursuant to Rules 1307 and 1309 of the mainboard rules of the listing manual of the SGX-ST.

We have examined the unaudited consolidated financial statements of China XLX for the three-month period ended 31 March 2014 (the "**1Q2014 Results**") and have discussed the same with the management of China XLX. We have also considered the independent auditor's review report dated 30 May 2014 on the interim financial information of China XLX and its subsidiaries and associated companies ("**China XLX Group**") for the three-month period ended 31 March 2014. Based on the above, we are of the opinion that the 1Q2014 Results have been prepared by China XLX after due care and consideration.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with us by China XLX. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of China XLX. Save as provided in this letter, we do not express any other opinion or views on the 1Q2014 Results. The board of directors of China XLX remain solely responsible for the 1Q2014 Results.



This letter is provided to the board of directors of China XLX solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and Rule 10.9 of the Codes on Takeover of Hong Kong and not for any other purpose. We do not accept any responsibility to any person(s), other than the board of directors of China XLX, in respect of, arising out of, or in connection with this letter.

Yours faithfully,

For and on behalf of
ING Bank N.V., Singapore Branch

ING Bank N.V., Hong Kong Branch

Grenville Thynne
Managing Director

Andrew Lau
Director