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This Circular is issued by China XLX Fertiliser Ltd.. If you are in any doubt as to the action you should take, you should consult your stockbroker, registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your Shares in the capital of China XLX Fertiliser Ltd., you should at once hand this Circular, the Notice of Extraordinary General Meeting and attached Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



CHINA XLX FERTILISER LTD.

中國心連心化肥有限公司*

(A limited liability company incorporated in the Republic of Singapore)

(Company Registration No. 200610384G)

Singapore Stock Code: B9R.SI

Hong Kong Stock Code: 01866

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	25 April 2010 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	27 April 2010 at 10.30 a.m. (or as soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 9.30 a.m. shall have concluded or shall have been adjourned)
Place of Extraordinary General Meeting	:	Vanda 6 Room, Level 6 Marina Mandarin Singapore 6 Raffles Boulevard, Marina Square Singapore 039594

* *for identification purpose only*

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

”Act” or ”Companies Act”	:	The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
”Annual Report”	:	The annual report of the Company for the financial year ended 31 December 2009
”Articles”	:	The articles of association of the Company as amended, modified or supplemented from time to time
”Audit Committee”	:	The audit committee of the Company for the time being
”Board” or ”Board of Directors”	:	The board of directors of the Company
”CDP”	:	The Central Depository (Pte) Limited
”CEO”	:	Chief executive officer
”CFO”	:	Chief financial officer
”Company”	:	China XLX Fertiliser Ltd., a company incorporated in Singapore with limited liability and the Shares of which are listed on the Main Board of SGX-ST and the Main Board of SEHK
”Depositors”	:	The term ”Depositors” shall have the meaning ascribed to it by section 130A of the Act
”Director”	:	A director for the time being of the Company
”EGM”	:	The extraordinary general meeting of the Shareholders, notice of which is set out on pages 40 to 44 of this Circular
”EPS”	:	Earnings per Share
”FY” or ”Financial Year”	:	Financial year ended or, as the case may be, ending 31 December
”Group”	:	The Company and its subsidiary

DEFINITIONS

“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	:	The Rules Governing the Listing of Securities on the SEHK, as amended, modified or supplemented from time to time
“Hong Kong Takeovers Code”	:	The Hong Kong Code on Takeovers and Mergers
“Latest Practicable Date”	:	17 March 2010, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“M&A”	:	The Memorandum and Articles
“Memorandum”	:	The memorandum of association of the Company, as amended, modified or supplemented from time to time
“Net debt”	:	Loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents.
“NTA”	:	Net tangible assets
“RMB”	:	Renminbi, the lawful currency of the People’s Republic of China
“Securities Accounts”	:	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent (as defined in Section 130A of the Act)
“SEHK”	:	The Stock Exchange of Hong Kong Limited
“SFC”	:	The Securities and Futures Commission of Hong Kong, as amended, modified or supplemented from time to time

DEFINITIONS

“SFO”	:	The Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buy-Back Mandate”	:	The general mandate given by Shareholders to authorise the Directors to exercise the powers of the Company to purchase or otherwise acquire its issued Shares in accordance with the rules and regulations set forth in the Act, the Singapore Listing Rules, the Hong Kong Listing Rules and such other laws and regulations as may for the time being applicable
“Shareholder(s)”	:	Registered holder(s) of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Singapore Listing Rules”	:	Rules of the Listing Manual, as amended, modified or supplemented from time to time
“Singapore Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified and supplemented from time to time
“Substantial Shareholder(s)”	:	Shall have the respective meanings as ascribed to it under the Companies Act, the Singapore Listing Rules, the Hong Kong Listing Rules and the SFO, as the context may require
“S\$”, “SGD” or “\$” and “cents”	:	Singapore dollars and cents respectively
“Total capital”	:	Equity attributable to the equity holders of the parent less the fair value adjustment reserve and non-distributable statutory reserve fund
“%”	:	Percentage and per centum

DEFINITIONS

The terms “Depository” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Singapore Listing Rules, the Hong Kong Listing Rules, the SFO or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Singapore Listing Rules, the Hong Kong Listing Rules, the SFO or any modification thereof, as the case may be.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to a time of a day in this Circular is a reference to Singapore time.

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

Unless otherwise stated, the following exchange rates which are used in this Circular are for information only:

RMB1.00 = HK\$1.14

S\$1.00 = HK\$5.57

LETTER FROM THE BOARD



CHINA XLX FERTILISER LTD.

中國心連心化肥有限公司*

(A limited liability company incorporated in Singapore)

(Company Registration No. 200610384G)

Singapore Stock Code: B9R.SI

Hong Kong Stock Code: 01866

Directors:

Liu Xingxu (*Executive Director, Chairman and CEO*)

Yan Yunhua (*Executive Director and CFO*)

Li Buwen (*Executive Director*)

Ong Kian Guan (*Lead Independent Non-executive Director*)

Ong Wei Jin (*Independent Non-executive Director*)

Li Shengxiao (*Independent Non-executive Director*)

Registered Office:

333 North Bridge Road
#08-00 KH KEA Building,
Singapore 188721

Principal Office

in Hong Kong:

2201-03, 22/F.,
World-Wide House,
19 Des Voeux Road Central,
Hong Kong

23 March 2010

To the Shareholders

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

The Singapore Listing Rules and the Hong Kong Listing Rules contain provisions to regulate repurchase by companies with primary listings of their securities on the SGX-ST and the SEHK respectively.

The purpose of this Circular is to provide Shareholders with information relating to, and to seek their approval for, the renewal of the Share Buy-Back Mandate at the EGM to be held immediately following the forthcoming annual general meeting of the Company on 27 April 2010.

* *for identification purpose only*

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This Circular also serves as an explanatory statement (as required under the Hong Kong Listing Rules) to provide the Shareholders with the requisite information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant ordinary resolution.

IMPORTANT: In cases where there are discrepancies between the applicable laws, rules and/or regulations of Hong Kong and Singapore, the more stringent set of laws, rules and regulations shall prevail.

The SGX-ST, the SEHK and Hong Kong Exchanges and Clearing Limited assume no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Proposed renewal of the Share Buy-Back Mandate

Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by the Articles, the Companies Act, the Singapore Listing Rules, the Hong Kong Listing Rules and such other laws and regulations as may for the time being be applicable.

At an extraordinary general meeting held on 5 November 2009, Shareholders had granted a general and unconditional mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares, on the terms of that mandate, and will expire on 27 April 2010, being the date of the annual general meeting of the Company, and it is proposed that such authority be renewed at the EGM.

Accordingly, the purpose of the EGM is to seek Shareholders' approval by way of an ordinary resolution for a renewed general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate. If approved at the EGM, the authority conferred by the Share Buy-back Mandate will continue in force until the date the next annual general meeting is held or is required by law to be held, whichever is earlier (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the date the next annual general meeting is held or is required by law to be held, whichever is earlier).

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2.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate will give the Directors the flexibility to exercise the powers of the Company, to purchase or acquire the Shares when circumstances permit, with the objective of increasing Shareholders' value and to improve, inter alia, the return of equity of the Group. A share buy-back at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements, in an expedient and cost efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the Company's share structure and may, depending on market conditions, lead to an enhancement of the EPS and/ or NTA value per Share.

The Share Buy-Back Mandate will provide the Company with an efficient mechanism to enhance return to Shareholders when circumstances permit. The Share Buy-Back Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short term speculation.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity (for example, share trading volume) and financial position of the Company and the Group and the trading and listing status of the Shares on the SGX-ST and/or the SEHK, or will result in the Company being delisted from the SGX-ST and/or the SEHK.

2.3 Terms of the Share Buy-Back Mandate

The terms of the Share Buy-Back Mandate are summarised below:

2.3.1 *Maximum number of Shares*

The total number of Shares which can be purchased pursuant to the Share Buy-Back Mandate is such number of Shares which represents up to a maximum of 10% of the issued Shares as at the date of the EGM on which the Share Buy-Back Mandate is renewed. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 1,000,000,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the EGM, not more than 100,000,000 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

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2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the grant of the Share Buy-Back Mandate is approved, up to the earlier of:

- (i) the date of the next annual general meeting of the Company; or
- (ii) the date by which the next annual general meeting of the Company is required by law to be held; or
- (iii) the time when such mandate is revoked or varied by the Shareholders in a general meeting.

2.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares can be effected by the Company in one of the following ways or all:

- (i) market purchases of Shares may be made by way of on-market purchase(s) (“**Market Purchase(s)**”), transacted on the SGX-ST through the SGX-ST’s Central Limit Order Book (CLOB) trading system and/or the SEHK (any other securities exchange on which the Shares may for the time being be listed and quoted, recognised by the SFC and the SEHK for this purpose) through the ready markets, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) in Singapore, an off-market acquisition on an equal access scheme as defined in section 76C of the Act (“**Off-Market Purchase(s)**”). The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Singapore Listing Rules and the Act, as they consider fit in the interests of the Company in connection with or in relation to Off-Market Purchase schemes. The Off-Market Purchase scheme must, however, satisfy the following conditions:
 - (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (b) all of those persons shall be given a reasonable opportunity to accept the offers made;

LETTER FROM THE BOARD

- (c) the terms of all the offers are the same, except that there shall be disregarded:
- (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares; and/or
- (iii) in Hong Kong, companies with a primary listing of its equity securities in Hong Kong may only engage an off-market share repurchase approved in accordance with Rule 2 of the Code on Share Repurchases (the “**Hong Kong Repurchase Code**”) of the SFC. According to the Hong Kong Repurchase Code, off-market purchases must be approved by the Executive Director of the Corporate Finance Division of the SFC before a repurchasing company acquires any shares pursuant to such share repurchase. Such approval will normally be conditional upon, amongst others, approval of the proposed off-market repurchase by at least three-fourths of the votes cast on a poll by disinterested shareholders in attendance in person or by proxy at a general meeting of shareholders duly convened and held to consider the proposed transaction. The repurchasing company should also comply with such other applicable requirements under the Hong Kong Repurchase Code.

In view of the requirements in Hong Kong in relation to Off-Market Purchases, the Company does not intend to exercise the Share Buy-Back Mandate to purchase or acquire any Shares by way of Off-Market Purchases in Hong Kong. Should the Company later decides to exercise the Share Buy-Back Mandate to purchase or acquire any Shares by way of Off-Market Purchases in Hong Kong, the Company will comply with all the requirements in relation to Off-Market Purchases under the applicable laws, rules and regulations of Hong Kong and Singapore.

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2.3.4 Price Restrictions

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for a Share as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 105% of the average closing market price. For this purpose, the average closing market price is:
 - (a) (if the Market Purchase is made on SGX-ST) the average of the closing market prices of a Share for the 5 consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company, or (if the Market Purchase is made on the SEHK) the average closing market price for the 5 preceding trading days on which the Shares were traded on the SEHK; and
 - (b) deemed to be adjusted for any corporate action that occurs after the relevant five Market Days/trading days period (as the case may be); or
- (ii) in the case of an Off-Market Purchase, 120% of the highest price at which a Share is transacted on the SGX-ST on the Market Day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an Off-Market Purchase Offer stating the purchase price and the relevant terms of the equal access scheme,

(the “**Maximum Price**”) in either case.

2.4 Status of purchased shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

In addition, as the Company is concurrently primarily listed on the Main Board of the SGX-ST and the Main Board of the SEHK, the Company is required to comply with the relevant Singapore and Hong Kong laws, the Singapore Listing Rules and the Hong Kong Listing Rules, including, inter alia, the listing requirements of the SGX-ST and the SEHK. Pursuant to Rule 10.06(5) of the Hong Kong Listing Rules, the listing of all purchased Shares by the Company (whether on the SEHK or otherwise) shall be automatically cancelled upon such purchase.

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2.5 Treasury Shares

Under the Act, as amended by the Companies Amendment Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act, as amended by the Companies Amendment Act, are summarised below:

2.5.1 *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

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2.6 Source of Funds

In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its M&A, and the applicable laws in Singapore and Hong Kong. The Company may not purchase its Shares for a consideration other than cash and where relevant settlement shall be in accordance with the trading rules of the SGX-ST and the SEHK. Previously, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may only be made out of the Company's distributable profits. The Act now permits the Company to also purchase or acquire its own Shares out of capital, as well as from its distributable profits.

The Company may use internal resources and/or external borrowings to finance the Company's purchase or acquisition of Shares. The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity (for example, share trading volume) and financial position of the Company and the Group.

2.7 Financial Effects

If the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. The consideration to be paid by the Company for the purchase or acquisition of Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there is no change in the Company's issued capital. However, there will be financial effects as illustrated in paragraphs 2.7.1 and 2.7.2.

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired, the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares are cancelled or held in treasury.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest audited financial statements as at 31 December 2009) if the Share Buy-Back Mandate is exercised in full. However, Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements or the gearing levels of the Company as compared with the position disclosed in the latest published audited financial statements of the Company which in the opinion of the Directors are from time to time appropriate for the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Buy-Back Mandate will be exercised with a view of enhancing the EPS and/or the NTA value per Share.

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For illustrative purposes only, assuming that the Company had purchased 100,000,000 Shares representing 10% of the Shares in issue as at the Latest Practicable Date, the financial effects on the audited financial statements of the Company and the Group ended 31 December 2009 would have been as follows based on a SGD:RMB exchange rate of S\$1:RMB4.89946 as on 17 March 2010:

2.7.1 Market Purchase

For illustrative purposes only:

Where the Shares purchased or acquired are cancelled, in a Market Purchase, assuming that the Maximum Price is S\$0.61, which is 5% above the average closing market prices of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 100,000,000 Shares (representing 10% of the total issued share capital of the Company as at the Latest Practicable Date), which is the maximum number of Shares the Company is able to purchase or acquire under and during the duration of the Share Buy-Back Mandate. The financial effects of the purchase or acquisition on the financial position of the Company and the Group for the year ended 31 December 2009 are as follows:

As at 31 December 2009, the Group and the Company had cash and bank balances of approximately RMB161.0 million (equivalent to approximately S\$33.2 million) and RMB2.8 million (equivalent to approximately S\$0.6 million), respectively. In order to effect a purchase of up to 100,000,000 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB298.9 million (equivalent to approximately S\$61.0 million) will be required.

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Assuming using internal resources to purchase the Shares

	Group		Company	
	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000
As at 31 December 2009				
Current assets	530,837	231,970	11,686	(287,181)
Current liabilities	508,895	508,895	15,599	15,599
Working capital	21,942	(276,925)	(3,913)	(302,780)
Shareholders' funds	1,474,643	1,175,776	796,087	497,220
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,081,576	796,087	497,220
Net debt ⁴	1,239,016	1,537,883	2,835	301,702
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share				
(RMB cents)	147.46	130.64	79.61	55.25
Earning per Share				
(RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.59	0.00	0.38
Current ratio (times)	1.04	0.46	0.75	N.M.

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Assuming using external borrowings to purchase the Shares

	Group		Company	
	Before	After	Before	After
	Share	Share	Share	Share
	Buy-Back	Buy-Back	Buy-Back	Buy-Back
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009				
Current assets	530,837	530,837	11,686	11,686
Current liabilities	508,895	807,762	15,599	314,466
Working capital	21,942	(276,925)	(3,913)	(302,780)
Shareholders' funds	1,474,643	1,175,776	796,087	497,220
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,081,576	796,087	497,220
Net debt	1,239,016	1,537,883	2,835	301,702
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share				
(RMB cents)	147.46	130.64	79.61	55.25
Earning per Share				
(RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.59	0.00	0.38
Current ratio (times)	1.04	0.66	0.75	0.04

As illustrated above, the exercise of the Share Buy-Back Mandate will have the effect of reducing the working capital and the NTA of the Group, and the NTA of the Company, by the purchase price of the Shares purchased. The NTA per Share of the Group as at 31 December 2009 (and adjusted for the number of issued Shares of the Group as at the Latest Practicable Date) will decrease from RMB147.46 cents (equivalent to approximately S\$30.10 cents) to RMB130.64 cents (equivalent to approximately S\$26.66 cents).

Assuming that the Market Purchase had taken place on 31 December 2009, the basic earning per Share of the Group for the year ended 31 December 2009 would be increased from RMB11.92 cents (equivalent to approximately S\$2.43 cents) to RMB13.25 cents (equivalent to approximately S\$2.70 cents) per Share as a result of the reduction in the number of issued Shares.

Where the Shares purchased or acquired are held in treasury, in a Market Purchase, assuming that the Maximum Price is S\$0.61, which is 5% above the average closing market prices of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 100,000,000 Shares (representing 10% of the total issued share capital of the Company as at the Latest Practicable Date), which is the maximum number of

LETTER FROM THE BOARD

Shares the Company is able to purchase or acquire under and during the duration of the Share Buy-Back Mandate. The financial effects of the purchase or acquisition on the financial position of the Company and the Group for the year ended 31 December 2009 are as follows:

As at 31 December 2009, the Group and the Company had cash and bank balances of approximately RMB161.0 million (equivalent to approximately S\$32.9 million) and RMB2.8 million (equivalent to approximately S\$0.6 million), respectively. In order to effect a purchase of up to 100,000,000 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB298.9 million (equivalent to approximately S\$61.0 million) will be required.

Assuming using internal resources to purchase the Shares

	Group		Company	
	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000
As at 31 December 2009				
Shares held in treasury ('000)	–	100,000	–	100,000
Current assets	530,837	231,970	11,686	(287,181)
Current liabilities	508,895	508,895	15,599	15,599
Working capital	21,942	(276,925)	(3,913)	(302,780)
Shareholders' funds	1,474,643	1,175,776	796,087	497,220
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,081,576	796,087	497,220
Net debt	1,239,016	1,537,883	2,835	301,702
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share (RMB cents)	147.46	130.64	79.61	55.25
Earning per Share (RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.59	0.00	0.38
Current ratio (times)	1.04	0.46	0.75	N.M.

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Assuming using external borrowings to purchase the Shares

	Group		Company	
	Before	After	Before	After
	Share	Share	Share	Share
	Buy-Back	Buy-Back	Buy-Back	Buy-Back
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009				
Shares held in treasury ('000)	–	100,000	–	100,000
Current assets	530,837	530,837	11,686	11,686
Current liabilities	508,895	807,762	15,599	314,466
Working capital	21,942	(276,925)	(3,913)	(302,780)
Shareholders' funds	1,474,643	1,175,776	796,087	497,220
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,081,576	796,087	497,220
Net debt	1,239,016	1,537,883	2,835	301,702
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share				
(RMB cents)	147.46	130.64	79.61	55.25
Earning per Share				
(RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.59	0.00	0.38
Current ratio (times)	1.04	0.66	0.75	0.04

As illustrated above, the exercise of the Share Buy-Back and the Mandate will have the effect of reducing the working capital and the NTA of the Group, NTA of the Company, by the purchase price of the Shares purchased. The NTA per Share of the Group as at 31 December 2009 (and adjusted for the number of issued Shares of the Group as at the Latest Practicable Date) will decrease from RMB147.46 cents (equivalent to approximately S\$30.10 cents) to RMB130.64 cents (equivalent to approximately S\$26.66 cents).

2.7.2 Off-Market Purchase

For illustrative purposes only:

Where the Shares purchased or acquired are cancelled, in a Off-Market Purchase, assuming that the Maximum Price is S\$0.70, which is 20% above the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 100,000,000 Shares (representing 10% of the total issued share capital of the Company as at the Latest Practicable Date), which is the maximum number of Shares the Company is able to purchase or acquire under and during the duration of the Share Buy-Back Mandate. The financial effects of the purchase or

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acquisition on the financial position of the Company and the Group for the year ended 31 December 2009 are as follows:

As at 31 December 2009, the Group and the Company had cash and bank balances of approximately RMB161.0 million (equivalent to approximately S\$32.9 million) and RMB2.8 million (equivalent to approximately S\$0.6 million), respectively. In order to effect a purchase of up to 100,000,000 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB343.0 million (equivalent to approximately S\$70.0 million) will be required.

Assuming using internal resources to purchase the Shares

	Group		Company	
	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000
As at 31 December 2009				
Current assets	530,837	187,875	11,686	(331,276)
Current liabilities	508,895	508,895	15,599	15,599
Working capital	21,942	(321,020)	(3,913)	(346,875)
Shareholders' funds	1,474,643	1,131,681	796,087	453,125
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,037,481	796,087	453,125
Net debt	1,239,016	1,581,978	2,835	345,797
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share				
(RMB cents)	147.46	125.74	79.61	50.35
Earning per Share				
(RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.60	0.00	0.43
Current ratio (times)	1.04	0.37	0.75	N.M.

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Assuming using external borrowings to purchase the Shares

	Group		Company	
	Before	After	Before	After
	Share	Share	Share	Share
	Buy-Back	Buy-Back	Buy-Back	Buy-Back
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009				
Current assets	530,837	530,837	11,686	11,686
Current liabilities	508,895	851,857	15,599	358,561
Working capital	21,942	(321,020)	(3,913)	(346,875)
Shareholders' funds	1,474,643	1,131,681	796,087	453,125
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,037,481	796,087	453,125
Net debt	1,239,016	1,581,978	2,835	345,797
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share				
(RMB cents)	147.46	125.74	79.61	50.35
Earning per Share				
(RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.60	0.00	0.43
Current ratio (times)	1.04	0.62	0.75	0.03

As illustrated above, the exercise of the Share Buy-Back Mandate will have the effect of reducing the working capital and the NTA of the Group, and the NTA of the Company, by the purchase price of the Shares purchased. The NTA per Share of the Group as at 31 December 2009 (and adjusted for the number of issued Shares of the Group as at the Latest Practicable Date) will decrease from RMB147.46 cents (equivalent to approximately S\$30.10 cents) to RMB125.74 cents (equivalent to approximately S\$25.66 cents).

Assuming that the Market Purchase had taken place on 31 December 2009, the basic earning per Share of the Group for the year ended 31 December 2009 would be increased from RMB11.92 cents (equivalent to approximately S\$2.43 cents) to RMB13.25 cents (equivalent to approximately S\$2.70 cents) per Share as a result of the reduction in the number of issued Shares.

Where the Shares purchased or acquired are held in treasury, in a Off-Market Purchase, assuming that the Maximum Price is S\$0.70, which is 20% above the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 100,000,000 Shares (representing 10% of the total issued share capital of the Company as at the Latest Practicable Date), which is the maximum number of Shares the Company is

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able to purchase or acquire under and during the duration of the Share Buy-Back Mandate. The financial effects of the purchase or acquisition on the financial position of the Company and the Group for the year ended 31 December 2009 are as follows:

As at 31 December 2009, the Group and the Company had cash and bank balances of approximately RMB161.0 million (equivalent to approximately S\$32.9 million) and RMB2.8 million (equivalent to approximately S\$0.6 million), respectively. In order to effect a purchase of up to 100,000,000 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB343.0 million (equivalent to approximately S\$70.0 million) will be required.

Assuming using internal resources to purchase the Shares

	Group		Company	
	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000	Before Share Buy-Back RMB'000	After Share Buy-Back RMB'000
As at 31 December 2009				
Shares held in treasury ('000)	–	100,000	–	100,000
Current assets	530,837	187,875	11,686	(331,276)
Current liabilities	508,895	508,895	15,599	15,599
Working capital	21,942	(321,020)	(3,913)	(346,875)
Shareholders' funds	1,474,643	1,131,681	796,087	453,125
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,037,481	796,087	453,125
Net debt	1,239,016	1,581,978	2,835	345,797
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share				
(RMB cents)	147.46	125.74	79.61	50.35
Earning per Share				
(RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.60	0.00	0.43
Current ratio (times)	1.04	0.37	0.75	(21.24)

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Assuming using external borrowings to purchase the Shares

	Group		Company	
	Before	After	Before	After
	Share	Share	Share	Share
	Buy-Back	Buy-Back	Buy-Back	Buy-Back
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009				
Shares held in treasury ('000)	–	100,000	–	100,000
Current assets	530,837	530,837	11,686	11,686
Current liabilities	508,895	851,857	15,599	358,561
Working capital	21,942	(321,020)	(3,913)	(346,875)
Shareholders' funds	1,474,643	1,131,681	796,087	453,125
Less: Statutory reserve fund	(94,200)	(94,200)	–	–
Total capital	1,380,443	1,037,481	796,087	453,125
Net debt	1,239,016	1,581,978	2,835	345,797
Number of Shares	1,000,000	900,000	1,000,000	900,000
Financial Ratios				
NTA per Share				
(RMB cents)	147.46	125.74	79.61	50.35
Earning per Share				
(RMB cents)	11.92	13.25	5.61	6.24
Gearing ratio (times)	0.47	0.60	0.00	0.43
Current ratio (times)	1.04	0.62	0.75	0.03

As illustrated above, the exercise of the Share Buy-Back Mandate will have the effect of reducing the working capital and the NTA of the Group, and the NTA of the Company, by the purchase price of the Shares purchased. The NTA per Share of the Group as at 31 December 2009 (and adjusted for the number of issued Shares of the Group as at the Latest Practicable Date) will decrease from RMB147.46 cents (equivalent to approximately S\$30.10 cents) to RMB125.74 cents (equivalent to approximately S\$25.66 cents).

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the year ended 31 December 2009, and is not necessarily representative of future financial performance.

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share buy-back before execution.

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

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2.8 Price Range

The highest and lowest prices of the Shares traded on the SEHK during each of the last four months are as follows:

Month	Price Range (HK\$)	
	Highest	Lowest
December 2009 (from 8 December 2009)	10.00	3.07
January 2010	4.84	2.97
February 2010	3.30	2.82
1 March 2010 to 17 March 2010 (being the Latest Practicable Date)	3.45	3.11

Source: <http://www.hkex.com.hk>

2.9 Listing Rules

2.9.1 Singapore Listing Rules

The Singapore Listing Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.: (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

While the Singapore Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, to comply with Rule 1207(18) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchase during the period commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Company’s half year or full year results, as the case may be, and ending on the date of the relevant results.

2.9.2 Hong Kong Listing Rules

Pursuant to the Hong Kong Listing Rules, the Company shall ensure that after its purchase of Shares on any stock exchange, at least 25% of its Shares will remain in the hands of the public.

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In addition, under the Hong Kong Listing Rules, an issuer shall not purchase its shares on SEHK at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the SEHK in accordance with the Hong Kong Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules); and (b) the deadline for the issuer to publish an announcement of its results for any year or half-year under the Hong Kong Listing Rules, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules), and ending on the date of the results announcement, the issuer may not purchase its shares on the SEHK, unless the circumstances are exceptional. Further, an issuer shall not knowingly purchase its shares from a connected person and a connected person shall not knowingly sell shares to the issuer, on the SEHK.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders (as defined under the Act) maintained by the Company as at the Latest Practicable Date, 375,600,000 Shares, representing 37.56% of the issued share capital, are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-Back Mandate, the number of Shares in the hands of the public would be reduced to 275,600,000 Shares, representing approximately 30.62% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued share capital held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued share capital up to the full 10% limit pursuant to the proposed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST and/or the SEHK and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST and/or the SEHK, and cause market illiquidity or adversely affect the orderly trading of the Shares.

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2.10 Listing Status on SGX-ST and SEHK

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by the public, which the Hong Kong Listing Rules require at least 25% of the issuer's total issued share capital must at all times be held by the public. The Company will ensure that any Shares purchased by the Company will not result in a fall in the percentage of Shares held by the public to below 10% of the total number of issued Shares. The number of Shares held in the hands of the public was 375,600,000 or 37.56% of the Company's issued share capital as at the Latest Practicable Date.

Assuming that (a) the Company purchases a maximum of 10% of the issued Shares from the public and (b) the Shares held by the Substantial Shareholders of the Company and the Directors remain unchanged, the percentage of Shares in the hands of the public after such a buy-back will be approximately 30.62%.

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trade of the Shares or the listing status of the Company.

As at the Latest Practicable Date, the Company has no securities apart from its Shares listed on the SGX-ST and the SEHK.

2.11 Taxation

Shareholders who are in doubt as to their respective tax positions or the tax implications of Shares to be purchased or acquired by the Company in accordance with the proposed Share Buy-Back Mandate, or who may be subject to tax whether in or outside Singapore and/or Hong Kong, should consult their own professional advisers.

2.12 Take-over Code Implications

2.12.1 Singapore Take-over Code Implications

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Singapore Take-over Code. If such increase results in the change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Singapore Take-over Code.

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Under the Singapore Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, namely (a) a company with any of its directors; and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of a least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Singapore Take-over Code.

The effect of Rule 14 and Appendix 2 of the Singapore Take-over Code is that, unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Singapore Take-over Code, a Shareholder and persons acting in concert with him will incur an obligation to make a take-over offer after a share buy back if, *inter alia*, their voting rights increase to 30% or more as a result of a share buy back by the Company and they acquire any Shares between the date of the notice of resolution to authorise the Share Buy-Back Mandate and the next annual general meeting of the Company, or, if they already hold between 30% and 50% of the Company's voting rights and as a result of a share buy back by the Company their voting rights increase by more than 1% in any period of six months and they acquire ordinary shares between the date of the notice of resolution to authorise the Share Buy-Back Mandate and the next annual general meeting of the Company.

Under Appendix 2 of the Singapore Take-over Code, a Shareholder, not acting in concert with the Directors, will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its ordinary shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

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As at the Latest Practicable Date, the Company’s issued share capital comprises 1,000,000,000 Shares of which the aggregate shareholdings and voting rights of our CEO, Chairman and executive Director, Liu Xingxu, and in the event of share buy-backs up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate are as follows:

	Percentage of Shares and voting rights as at the Latest Practicable Date	Percentage of Shares and voting rights after the maximum share buy-backs permitted under the Share Buy- Back Mandate⁽¹⁾
Liu Xingxu	–	–
Pioneer Top Holdings Limited (“Pioneer Top”) ⁽²⁾	34.34%	38.15%
Total	34.34%	38.15%

Notes:

- (1) The above is based on the assumption that the Shares bought back by the Company will be cancelled immediately.
- (2) Pioneer Top is an investment holding company established in the British Virgin Islands. Our CEO, Chairman and executive Director, Liu Xingxu, beneficially owns approximately 42% in Pioneer Top, and holds approximately 58% in Pioneer Top on trust for the beneficiaries under the trust agreement dated 26 July 2006. Mr Liu has the full discretion to exercise the voting rights held by Pioneer Top in the Company.

Based on the shareholdings of Liu Xingxu as set out above, in the event that the Company undertakes share buy-backs under the Share Buy-Back Mandate up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate, the shareholdings and voting rights of Liu Xingxu will increase from 34.34% to 38.15%. Under the Singapore Take-over Code, in the event that the aggregate shareholding and voting rights of Liu Xingxu increases by more than 1% within a 6-month period as a result of a share buy-back by the Company, he will be required to make a take-over offer under Rule 14.1(b).

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As at the Latest Practicable Date, the aggregate shareholdings and voting rights of our CFO and executive Director, Yan Yunhua, and in the event of share buy-backs up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate are as follows:

	Percentage of Shares and voting rights as at the Latest Practicable Date	Percentage of Shares and voting rights after the maximum share buy-backs permitted under the Share Buy- Back Mandate⁽¹⁾
Yan Yunhua	0.03%	0.03%
Go Power Investments Limited (“Go Power”) ⁽²⁾	<u>28.06%</u>	<u>31.18%</u>
Total	<u><u>28.09%</u></u>	<u><u>31.21%</u></u>

Notes:

- (1) The above is based on the assumption that the Shares bought back by the Company will be cancelled immediately.
- (2) Go Power is an investment holding company established in the British Virgin Islands. Our CFO and executive Director, Yan Yunhua beneficially owns approximately 12.74% in Go Power, and holds approximately 87.26% in Go Power on trust for the beneficiaries under another trust agreement dated 26 July 2006 and a trust confirmation dated 16 June 2009. Ms Yan has the full discretion to exercise the voting rights held by Go Power in the Company.

Based on the shareholdings of Yan Yunhua, in the event that the Company undertakes share buy-backs under the Share Buy-Back Mandate up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate, the shareholdings and voting rights of Yan Yunhua will increase from 28.09% to 31.21%. Under the Singapore Take-over Code, in the event that the aggregate shareholding and voting rights of Yan Yunhua increases to 30% or more as a result of a share buy back by the Company, Ms. Yan will be required to make a take-over offer under Rule 14.1(a).

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The Securities Industry Council had on 17 March 2010 granted a waiver to exempt (a) Liu Xingxu together with Pioneer Top, the “Liu Concert Party Group” and (b) Yan Yunhua together with Go Power, the “Yan Concert Party Group” from the requirement under Rule 14 of the Code to make a mandatory offer for the Company in the event that Liu Concert Party’s Group and Yan Concert Party Group’s aggregate percentage of total voting rights increases by more than 1% in any 6-month period and increases to 30% or more, respectively as a result of any purchase or acquisition by the Company under the Share Buy-Back Mandate, subject to the following conditions:

- (a) the circular to shareholders on the resolution to approve the Share Buy-back Mandate to contain advice to the effect that by voting for the resolution, Shareholders are waiving their rights to a general offer at the required price from Liu Concert Party Group and Yan Concert Party Group, and persons acting in concert with them who, as a result of the Share Buy-back, would increase their voting rights by more than 1% in any 6-month period and increase their voting rights to 30% or more, respectively; and the names of Liu Concert Party Group and Yan Concert Party Group, and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed Share purchase to be disclosed in the same circular;
- (b) the resolution to approve the Share Buy-Back Mandate to be approved by a majority of those Shareholders present and voting at the EGM on a poll who could not become obliged to make an offer as a result of the Share Buy-back;
- (c) Liu Concert Party Group and Yan Concert Party Group, and persons acting in concert with them to abstain from voting for and recommending Shareholders to vote in favour of the resolution to approve the Share Buy-Back Mandate; and
- (d) Liu Concert Party Group and Yan Concert Party Group, and persons acting in concert with them, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (ii) the date the Company announces it has bought back such number of Shares as authorised by the Shareholders at the latest general meeting or it has decided to cease buying back its Shares as the case may be,

if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding 6 months and increase to 30% or more, respectively.

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If the Company ceases to buy back its Share and the increase in aggregate voting rights held by Liu Concert Part Group and Yan Concert Party Group and their concert parties at such time is less than 1% in any 6-month period and less than 30% respectively, Liu Concert Party Group and Yan Concert Party Group and their concert parties will be allowed to acquire voting shares in the Company. However, any increase in Liu Concert Party Group and Yan Concert Party Group and their concert parties' percentage of voting rights as a result of the Share Buy-Back will be taken into account together with any Shares acquired by Liu Concert Party Group and Yan Concert Party Group and their concert parties (by whatever means) in determining whether Liu Concert Party Group and Yan Concert Party Group and their concert parties have increased their aggregate voting rights in the Company by more than 1% in any 6-month period and to 30%, respectively.

Other than as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder is, or may be regarded as, a party acting in concert such that his interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Singapore Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

It should be noted that approving the Share Buy-Back Mandate will constitute a waiver by the Shareholders in respect of their right to a general offer by Liu Xingxu and Yan Yunhua and/or persons acting in concert with them, if any, at the required price, if a share buy-back by the Company results in the aggregate shareholding of Liu Xingxu and Yan Yunhua and/or persons acting in concert with them, if any, to cause their aggregate voting rights to increase in accordance with the proportions stipulated under Rule 14 of the Singapore Take-over Code.

Shareholders are advised to consult their professional advisers and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate.

2.12.2 Hong Kong Takeovers Code Implications

If, as a result of the repurchase of securities by the Company pursuant to the Share Buy-Back Mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Hong Kong Takeovers Code.

In the event that the Directors exercise the Share Buy-Back Mandate in full, the total number of Shares which will be repurchased pursuant to the Share Buy-Back Mandate shall be 100,000,000 Shares (being 10% of the issued share capital of the Company as at the Latest Practicable Date).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company's issued share capital comprises 1,000,000,000 Shares of which the aggregate shareholdings and voting rights of our CEO, Chairman and executive Director, Liu Xingxu and in the event of share buy-backs up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate are as follows:

	Percentage of Shares and voting rights after the maximum share buy-backs permitted under the Share Buy- Back Mandate⁽¹⁾
	Percentage of Shares and voting rights as at the Latest Practicable Date
Liu Xingxu	–
Pioneer Top ⁽²⁾	34.34%
	<hr/>
Total	38.15%
	<hr/> <hr/>

Notes:

- (1) The above is based on the assumption that the Shares bought back by the Company will be cancelled immediately.
- (2) Pioneer Top is an investment holding company established in the British Virgin Islands. Our CEO, Chairman and executive Director, Liu Xingxu, beneficially owned approximately 42% in Pioneer Top, and held approximately 58% in Pioneer Top on trust for the beneficiaries under the trust agreement dated 26 July 2006. Mr Liu has the full discretion to exercise the voting rights held by Pioneer Top in the Company.

Based on the shareholdings of Liu Xingxu as set out above, in the event that the Company undertakes share buy-backs under the Share Buy-Back Mandate up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate, the shareholdings and voting rights of Liu Xingxu will increase from 34.34% to 38.15%. Such increase would give rise to an obligation to make a mandatory offer on the part of Liu Xingxu under Rule 26 of the Hong Kong Takeovers Code.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the aggregate shareholdings and voting rights of our CFO and executive Director, Yan Yunhua and in the event of share buy-backs up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate are as follows:

	Percentage of Shares and voting rights as at the Latest Practicable Date	Percentage of Shares and voting rights after the maximum share buy-backs permitted under the Share Buy- Back Mandate⁽¹⁾
Yan Yunhua	0.03%	0.03%
Go Power ⁽²⁾	28.06%	31.18%
Total	28.09%	31.21%

Notes:

- (1) The above is based on the assumption that the Shares bought back by the Company will be cancelled immediately.
- (2) Go Power is an investment holding company established in the British Virgin Islands. Our CFO and executive Director, Yan Yunhua beneficially owns approximately 12.74% in Go Power, and held approximately 87.26% in Go Power on trust for the beneficiaries under another trust agreement dated 26 July 2006 and the trust confirmation dated 16 June 2009. Ms Yan has the full discretion to exercise the voting rights held by Go Power in the Company.

Based on the shareholdings of Yan Yunhua, in the event that the Company undertakes share buy-backs under the Share Buy-Back Mandate up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate, the shareholdings and voting rights of Yan Yunhua will increase from 28.09% to 31.21%. Such increase would give rise to an obligation to make a mandatory offer on the part of Yan Yunhua under Rule 26 of the Hong Kong Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences which may arise under the Hong Kong Takeovers Code as a result of any repurchase be made under the Share Buy-Back Mandate and under the Hong Kong Takeovers Code.

LETTER FROM THE BOARD

2.13 Details of Share Buy-Back pursuant to a Share Buy-Back Mandate

For the previous six months and up to the Latest Practicable Date, the Company has not undertaken any Shares buy-back pursuant to the Share Buy-Back Mandate.

2.14 Reporting Requirements

2.14.1 Singapore Listing Rules

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include details of the date of the purchase, the total number of shares purchased, number of shares cancelled or held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

The Directors shall lodge with the share registrar of the Company (the “**Registrar**”) a notice of share purchase within thirty days of a share buy-back. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of treasury shares held, the Company’s issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases and such other particulars as may be required in the prescribed form.

Within thirty days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

2.14.2 Hong Kong Listing Rules

Under the Hong Kong Listing Rules, after a listed issuer has made a purchase of its shares whether on the SEHK or otherwise, the listed issuer shall:

- (a) submit for publication to the SEHK not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a purchase of shares (whether on the SEHK or otherwise), the total number of shares purchased by the issuer the previous day, the purchase price per share or the highest and lowest prices paid for such purchases, where relevant, and shall confirm that those purchases which were made on the SEHK were made in accordance with the Hong Kong Listing Rules and if the issuer’s primary

LETTER FROM THE BOARD

listing is on the SEHK, that there have been no material changes to the particulars contained in the explanatory statement issued by the listed issuer in relation to the mandate pursuant to which such share purchase is made. In respect of purchases made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange. Such reports shall be made on a return in such form and containing such information as the SEHK may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the SEHK; and

- (b) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the SEHK or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The section headed "Report of Directors" in the Annual Report shall contain reference to the purchases made during the year and the reasons for making such purchases.

The issuer shall procure that any broker appointed by the issuer to effect the purchase of its shares shall disclose to the SEHK such information with respect to purchases made on behalf of the issuer as the SEHK may request.

2.15 General

The Directors have undertaken to the SEHK that, so far as the same may be applicable, they will exercise the Share Buy-Back Mandate in accordance with the M&A, the Hong Kong Listing Rules and the applicable laws of Singapore in force from time to time.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the Share Buy-Back Mandate is approved by the Shareholders, to sell any Shares to the Company.

As at the Latest Practicable Date, no connected persons (as defined in the Hong Kong Listing Rules) of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company or has undertaken not to do so, if the Share Buy-Back Mandate is approved by the Shareholders.

LETTER FROM THE BOARD

3. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 (i) Directors' Interests

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Liu Xingxu ⁽¹⁾	–	–	343,376,000	34.34
Yan Yunhua ⁽²⁾	300,000	0.03	280,624,000	28.06
Li Buwen ⁽¹⁾	–	–	54,940,000	5.49
Ong Kian Guan	100,000	0.01	–	–
Li Shengxiao	–	–	–	–
Ong Wei Jin	–	–	–	–

Notes:

- (1) Liu Xingxu is deemed or taken to be, interested in 343,376,000 Shares (approximately 34.34% of the issued share capital of the Company) all of which are held by Pioneer Top Holdings Limited (“**Pioneer Top**”). Pioneer Top is an investment holding company established in the British Virgin Islands, of which Mr. Liu is the registered owner of 100% shareholding in Pioneer Top. Mr. Liu beneficially owns approximately 42% of the equity interest in Pioneer Top, and holds approximately 58% of the equity interest in Pioneer Top on trust for 7 beneficiaries, including approximately 16% for Li Buwen, an executive Director, and approximately 7% for Li Yushun, 7% for Ru Zhengtao, 7% for Wang Nairen and 7% for Zhang Qingjin, the Group’s senior management, and approximately 7% for Zhu Xingye and 7% for Shang Dewei, the employees of the Group. Mr. Liu has the absolute discretion to exercise the voting rights held by Pioneer Top in the Company in accordance with a trust agreement dated 26 July 2006.
- (2) Yan Yunhua is deemed or taken to be, interested in 280,624,000 Shares (approximately 28.06% of the issued share capital of the Company) all of which are held by Go Power Investment Limited (“**Go Power**”). Go Power is an investment holding company established in British Virgin Islands, of which Ms. Yan is the registered owner of 100% shareholding in Go Power. Ms. Yan beneficially owns approximately 12.74% of the equity interest in Go Power, and holds approximately 87.26% of the equity interest in Go Power on trust for 1,464 beneficiaries. Ms. Yan has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust agreement dated 26 July 2006 and the trust confirmation dated 16 June 2009.

LETTER FROM THE BOARD

(ii) Directors' interests pursuant to the SFO

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which have been notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies contained in the Hong Kong Listing Rules and which have been recorded in the register maintained by the Company pursuant to Section 352 of the SFO were as follows:

Name of Director	Name of Corporation	Capacity/nature of interests	Number of Shares directly or indirectly held	Approximate percentage of issued share capital (%)
Liu Xingxu ⁽¹⁾	The Company	Deemed interest and interest of controlled company	343,376,000	34.34
Yan Yunhua ⁽²⁾	The Company	Deemed interest and interest of controlled company	280,624,000	28.06
Yan Yunhua	The Company	Registered and beneficial owner	300,000	0.03
Li Buwen ⁽¹⁾	The Company	Deemed interest and interest of controlled company	54,940,000	5.5
Ong Kian Guan	The Company	Registered and beneficial owner	100,000	0.01
Li Shengxiao	–	–	–	–
Ong Wei Jin	–	–	–	–

LETTER FROM THE BOARD

Notes:

- (1) Liu Xingxu is deemed or taken to be, interested in 343,376,000 Shares (approximately 34.34% of the issued share capital of the Company) all of which are held by Pioneer Top. Mr. Liu is the registered owner of 100% shareholding in Pioneer Top of which beneficially owns approximately 42% of the equity interest in Pioneer Top and holds approximately 58% of the equity interest in Pioneer Top on trust for 7 beneficiaries, including approximately 16% for Li Buwen, under a trust agreement dated 26 July 2006.
- (2) Yan Yunhua is deemed or taken to be, interested in 280,624,000 Shares (approximately 28.06% of the issued share capital of the Company) all of which are held by Go Power. Ms. Yan is the registered owner of 100% shareholding in Go Power of which Ms. Yan beneficially owns approximately 12.74% of the equity interest in Go Power and holds approximately 87.26% of the equity interest in Go Power on trust for 1,464 beneficiaries. Ms. Yan has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust agreement dated 26 July 2006 and the trust confirmation dated 16 June 2009.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company nor their respective associates had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which has been notified to the Company and the SEHK pursuant to the above mentioned Model Code of the Hong Kong Listing Rules.

3.2 (i) Substantial Shareholders' Interests pursuant to the Companies Act

The interests of the Substantial Shareholders of the Company in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Pioneer Top	343,376,000	34.34	–	–
Go Power	280,624,000	28.06	–	–

LETTER FROM THE BOARD

(ii) Substantial Shareholders' Interests pursuant to the SFO

As at the Latest Practicable Date, insofar as is known to the Directors and chief executive of the Company, the following persons who had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

Name of Substantial Shareholders	Name of Corporation	Capacity/nature of interests	Number of Shares directly or indirectly held	Approximate percentage of issued share capital of the Company (%)
Pioneer Top ⁽¹⁾	The Company	Registered and beneficial owner	343,376,000	34.34
Liu Xingxu ⁽¹⁾	The Company	Deemed interest and interest of controlled company	343,376,000	34.34
Go Power ⁽²⁾	The Company	Registered and beneficial owner	280,624,000	28.06
Yan Yunhua ⁽²⁾	The Company	Deemed interest and interest of controlled company	280,624,000	28.06
Yan Yunhua	The Company	Registered and beneficial owner	300,000	0.03

Notes:

- (1) Liu Xingxu is deemed or taken to be, interested in 343,376,000 Shares (approximately 34.34% of the issued share capital of the Company) all of which are held by Pioneer Top. Mr. Liu is the registered owner of 100% shareholding in Pioneer Top of which beneficially owns approximately 42% of the equity interest in Pioneer Top and holds approximately 58% of the equity interest in Pioneer Top on trust for 7 beneficiaries under a trust agreement dated 26 July 2006.
- (2) Yan Yunhua is deemed or taken to be, interested in 280,624,000 Shares (approximately 28.06% of the issued share capital of the Company) all of which are held by Go Power. Ms. Yan is the registered owner of 100% shareholding in Go Power of which Ms. Yan beneficially owns approximately 12.74% of the equity interest in Go Power and holds approximately 87.26% of the equity interest in Go Power on trust for 1,464 beneficiaries. Ms. Yan has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust agreement dated 26 July 2006 and the trust confirmation dated 16 June 2009.

LETTER FROM THE BOARD

4. LIMITS ON SHAREHOLDINGS

The Company does not have any limits on the shareholding of any Shareholder.

5. DIRECTORS' RECOMMENDATIONS

The Directors, having carefully considered the terms and rationale of the Share Buy-Back Mandate, are of the view that the proposed renewal of the Share Buy-Back Mandate is in the interests of the Group and are not prejudicial to Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution relating to the Share Buy-Back Mandate to be proposed at the EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is circulated with this Circular, is being convened at Vanda 6 Room, Level 6, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 27 April 2010 at 10.30 a.m. (or as soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 9.30 a.m. shall have concluded or shall have been adjourned) for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolution in relation to the renewal of Share Buy-Back Mandate. Pursuant to the Hong Kong Listing Rules, the voting on the proposed ordinary resolutions at the EGM will be taken by way of poll.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant proxy form will be deemed to be revoked.

8. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Hong Kong Listing Rules and Singapore Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate and there are no material facts, the omission of which would make any statement in this Circular misleading.

LETTER FROM THE BOARD

Where information contained in this Circular has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, and the office of the Hong Kong Company Secretary, Rm 2201-2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong, during normal business hours for three (3) months from the date hereof:

- (a) The M&A; and
- (b) The Annual Report.

Yours faithfully
For and on behalf of the Board of Directors
China XLX Fertiliser Ltd.
Mr. Liu Xingxu
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING



CHINA XLX FERTILISER LTD.

中國心連心化肥有限公司*

(Incorporated in Singapore on 17 July 2006)

(Company Registration No. 200610384G)

Singapore Stock Code: B9R.SI

Hong Kong Stock Code: 01866

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of the Members of China XLX Fertiliser Ltd. (the “**Company**”) will be held at Vanda 6 Room, Level 6, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 27 April 2010 at 10.30 a.m. (or as soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 9.30 a.m. shall have concluded or shall have been adjourned) for the purpose of considering and, if thought fit, passing with or without any modifications the following ordinary resolution:

Ordinary Resolution: Proposed Renewal of a Shareholders’ Mandate for the Company to Buy Back its own Shares (the “Share Buy-Back Mandate”)

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchase(s) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and/or The Stock Exchange of Hong Kong Limited (the “**SEHK**”) (or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the SEHK for this purpose), through the ready markets, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) in Singapore, off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined

* for identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally;

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date of the next annual general meeting of the Company; or
 - (ii) the date by which the next annual general meeting of the Company is required by law to be held; or
 - (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
 - (iv) the time when the Share Buy-Back Mandate is revoked or varied by the Shareholders of the Company in general meeting.
- (c) in this Resolution:

“**Maximum Percentage**” means the number of Shares representing ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and “**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase, one hundred and five per cent. (105%) of the average closing market price. For this purpose, the average closing market price is the average of the closing market prices of the Shares transacted on the SGX-ST (if the market purchase is made on SGX-ST) or SEHK (if the market purchase is made on the SEHK) over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST and SEHK for any corporate action which occurs after the relevant five (5) day period; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) in the case of an off-market purchase in Singapore, one hundred and twenty per cent. (120%) of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme.
- (d) The Directors of the Company be and are hereby authorised to take all necessary steps and to negotiate, finalise and enter into all transactions, arrangements and agreements and to execute all such documents (including but not limited to the execution of application forms and transfers) with full and discretionary powers to make or assent to any modifications or amendments thereto in any manner they may deem necessary, expedient, incidental or in the interests of the Company and the Group for the purposes of giving effect to this Resolution and the transactions contemplated thereunder.

By Order of the Board
China XLX Fertiliser Ltd.
Mr. Liu Xingxu
Chief Executive Officer

Singapore, 23 March 2010

Notes:

1. A Member of the Company entitled to attend and vote at the above EGM may appoint more than one proxy to attend and vote instead of him. A proxy need not be a member and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.
2. The instrument appointing a proxy shall, in the case of an individual, be signed by the appointer or his attorney, and in the case of a corporation shall be either under the common seal or signed by its attorney or an officer on behalf of the corporation.
3. The instrument appointing a proxy must be deposited at the Share Registrar's office of the Company at KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building Singapore 188721 (for Singapore shareholders) or Tricor Investor Services Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong (for Hong Kong shareholders), not less than forty-eight (48) hours before the time for holding the EGM.