



China XLX Announces Financial Results for its 1Q 2010 Revenue Expanded by 52% and Net Profit 74% up YoY

Financial Highlight:

- Due to increased ASP and sales volume of urea and methanol in 1Q2010, total revenue for 1Q2010 expanded significantly from RMB479.2m by 52% to RMB727.6m
- Total gross profit increased to RMB149m, 70% up YoY and net profit increased by 74% to RMB75m YoY
- Overall gross profit margin recovered from 18.3% in 1Q09 to 20.5% in 1Q2010

(April 28, 2010 – Hong Kong) – **China XLX Fertiliser Ltd.** (“China XLX” or the “Group”; stock code: 01866.HK; B9R.SI), one of the largest and most cost efficient coal-based urea producers in the PRC, today announced its 1Q 2010 results for the periods ended 31 March 2010.

Financial Performance Review

Revenue

Revenue for 1Q2010 increased significantly by about RMB248.4 million or 52% from approximately RMB479.2 million in 1Q2009 to approximately RMB727.6 million in 1Q2010. The increase was mainly due to the increase in urea and methanol average selling prices and sales volume. Urea and methanol average selling prices increased 1.0% and 33.8% respectively. The sales volume of urea and methanol increased by 68.8% and 149.3% respectively due to increase in production capacity as the third plant was completed in April 2009 and has begun production since then.

Gross profit margin

Overall gross profit margin increased from 18.3% in 1Q2009 to 20.5% in 1Q2010 due to the increase in gross profit margins of urea, methanol and compound fertiliser.

Gross profit margin of urea increased from 21.1% in 1Q2009 to 24.2% in 1Q2010 due to an increase in urea average selling prices and decline in average cost of sales. Urea average selling prices increased about 1.0% due to the shortage of coal, natural gas and electricity supply in the early part of 1Q2010 which caused a decline in the production utilisation for most producers. The Group also achieved better production efficiency in raw material utilization with the commencement of the third plant, contributing to the decrease in average cost of sales by about 2.9%.

Gross profit margin of methanol increased significantly from negative 32.4% in 1Q2009 to positive 5.3% in 1Q2010. This was due to an increase in average selling prices by about 33.8% and reduction in cost of sales by about 4.3%. Methanol average selling prices increased due to higher oil prices and a stronger economy, resulting from better demand in the DME, automotive and other downstream methanol industries. The legalising of methanol use as a fuel additive also helped to boost demand.

Gross profit margin of compound fertiliser increased significantly from negative 3.7% in 1Q2009 to positive 15.9% in 1Q2010. This was mainly due to reduction in average cost of sales by approximately 22.9%. Gross profit margin of compound fertiliser was previously affected by higher-priced raw materials, Mono-Ammonium Phosphate (MAP), purchased in FY2008. As all the higher cost raw materials purchased in FY2008 had been fully consumed in FY2009, the gross profit margin of compound fertiliser is no longer affected by it.

Outlook

Looking ahead, Mr. Liu Xingxu said, “In the year of 2010, Chinese government continued to give strong support to agriculture industry. The Central Government has issued No.1 Document on the issues of *Agriculture, Farmers and Rural Areas* for 7 consecutive years, addressing stronger fiscal support to agriculture sector. The Group also witnessed a strong recovery of fertilizer market since 3Q2009 and the demand for urea has been growing. We are well prepared to seize the opportunities in fertilizer market.”

Mr. Liu Xingxu finally added, “As the most cost-efficient player among all large coal-based producers in the PRC, China XLX has established solid foundation to enjoy a prosperous future. We are also hoping to engage more quality global investors to improve our shareholder base. We are dedicated to becoming the most profitable coal-based urea producer. With continuous efforts, we will be able to create higher returns for our shareholders.”

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About China XLX

China XLX Fertiliser Ltd., a limited liability company incorporated in Singapore with headquarters in Xinxiang of Henan Province in the PRC, is one of the largest and most cost-efficient coal-based urea producers in China. With advanced technologies and machineries, the Group is currently operating 3 production plants. The aggregated annual production capacities of urea, compound fertiliser and methanol are approximately 1.25 million tons, 600,000 tons and 200,000 tons respectively. China XLX has been listed on the Main Board in Hong Kong since December 2009 with stock code “01866” and Singapore stock exchange since June 2007 with a ticker symbol of “B9R.SI”. For more information about the Group, please visit the corporate website at <http://www.chinaxlx.com.sg>.

This press release is issued by Wonderful Sky Financial Group Limited on behalf of China XLX Fertiliser Ltd.

For further information, please contact:

Wonderful Sky Financial Group Limited

Lydia Leung / Scarlett Shi / Dorothy Ying / Ivan Chow

Telephone: (852) 2851 1038

Fax: (852) 2815 1352

E-mail: lydialeung@wsfg.hk / scarlettshi@wsfg.hk / dorothyying@wsfg.hk / ivanchow@wsfg.hk