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**CHINA XLX FERTILISER LTD.**

**中國心連心化肥有限公司\***

*(Incorporated in Singapore with limited liability)*

**(Hong Kong Stock Code: 1866)**

**(Singapore Stock Code: B9R)**

**ANNOUNCEMENT  
VOLUNTARY DISCLOSURE PURSUANT TO  
RULE 13.09 OF THE LISTING RULES**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

On 30 April 2010, the Company, Go Power and Anchun Holdings (amongst others) entered into (A) the Deed of Accession and Ratification in relation to the CLA, pursuant to which the Company and Go Power agreed to participate in the Convertible Loan Facility by extending an amount of RMB21,778,000 (equivalent to approximately HK\$24,747,727) and RMB18,222,000 (equivalent to approximately HK\$20,706,818) respectively to Anchun Holdings; (B) the Deed of Accession and Ratification in relation to the Deed of Share Charge, pursuant to which the founding shareholders of Anchun Holdings agreed to charge the Charged Shares to the Investors; and (C) the Deed of Accession and Ratification in relation to the Put Option Agreement, pursuant to which the founding shareholders and the executive chairman of Anchun Holdings agreed to grant a put option to the Investors.

On 30 April 2010, Henan XLX Fertiliser, a wholly-owned subsidiary of the Company, and Hunan Anchun entered into the Memorandum pursuant to which the parties thereto agreed to co-operate for future development in respect of technologies and equipment used in the business.

To the best knowledge of the Directors, save for Go Power, Anchun Holdings and the other parties to the Deeds of Accession and Ratification and their respective associates are independent third parties. Go Power is wholly-owned by Ms. Yan Yunhua, a Director, and accordingly is an associate and a connected person of the Group. As at the date hereof, Go Power holds approximately 28.06% of the total issued shares of the Company and is therefore a substantial shareholder of the Company.

**Shareholders of the Company and investors should exercise caution when dealing in the shares in the Company.**

## (I) DEEDS OF ACCESSION AND RATIFICATION

The Company wishes to announce its investment in Anchun Holdings by entering into the Deeds of Accession and Ratification.

### (A) Deed of Accession and Ratification in relation to the CLA

Pursuant to the Deed of Accession and Ratification in relation to the CLA, the Company and Go Power agreed to participate in the Convertible Loan Facility by extending an amount of RMB21,778,000 (equivalent to approximately HK\$24,747,727) and RMB18,222,000 (equivalent to approximately HK\$20,706,818) respectively to Anchun Holdings subject to the terms and conditions of the CLA (as supplemented by the Deed of Accession and Ratification in relation to the CLA). Details of the investment in Anchun Holdings by the Company under the Convertible Loan Facility are set out in the paragraph headed “Investment in Anchun Holdings” below.

#### Investment in Anchun Holdings

The Company’s investment in Anchun Holdings will be in two tranches. The first tranche will involve an immediate investment in Anchun Holdings, with the second tranche being invested by way of the Convertible Loan Facility, convertible into shares in Anchun Holdings. Details of the investment are as follows:

|                                  | Company   | Go Power  |
|----------------------------------|---|---|
| <b>First tranche</b>             |   |   |
| Value of investment:             | S\$2,232.00   | S\$1,868.00   |
| Shareholding in Anchun Holdings: | 2,232 shares in Anchun Holdings at S\$1.00 for each share, comprising 4.54% of its current issued share capital   | 1,868 shares in Anchun Holdings at S\$1.00 for each share, comprising 3.80% of its current issued share capital   |
| <b>Second tranche</b>            |   |   |
| Value of investment:             | RMB21,778,000 (equivalent to approximately HK\$24,747,727)  | RMB18,222,000 (equivalent to approximately HK\$20,706,818)  |
| Form of investment:              | by way of granting Anchun Holdings with a convertible loan of RMB21,778,000, convertible on the occurrence of certain events into shares in Anchun Holdings | by way of granting Anchun Holdings with a convertible loan of RMB18,222,000, convertible on the occurrence of certain events into shares in Anchun Holdings |

|  | <b>Company</b>   | <b>Go Power</b>  |
|--|--|--|
| Shareholding in Anchun Holdings upon conversion: | Upon conversion of the Convertible Loan Facility, the Company will hold, taking into account its existing holding of 2,232 shares in Anchun Holdings, approximately 4.9% of the enlarged share capital in Anchun Holdings  | Upon conversion of the Convertible Loan Facility, Go Power will hold, taking into account its existing holding of 1,868 shares in Anchun Holdings, approximately 4.1% of the enlarged share capital in Anchun Holdings |
| Conversion event:                                | The convertible loan will be automatically converted into shares in the Anchun Holdings within five (5) Business Days from the issuance of the written notice by Anchun Holdings to the Investors (including the Company and Go Power) notifying them of the receipt by Anchun Holdings of the eligibility-to-list letter from the SGX-ST in respect of Anchun Holdings' listing application |  |
| Maturity date:                                   | If by 30 June 2011 conversion of the Convertible Loan Facility into shares in Anchun Holdings has not occurred, the convertible loan will be fully repaid  |  |

**(B) Deed of Accession and Ratification in relation to the Deed of Share Charge**

Pursuant to the Deed of Accession and Ratification in relation to the Deed of Share Charge, the founding shareholders of Anchun Holdings (as chargors) shall, in consideration of the Company and Go Power (amongst others) entering into the Deed of Accession and Ratification in relation to the CLA, charge in favour of the Investors by way of first legal charge, all their rights, titles and interests, present and future in and to all the Charged Shares and assign and agree to assign to the Investors absolutely all the rights under the Charged Shares, and further agree to hold the Charged Shares for the Investors absolutely as a continuing security for the due and punctual payment, performance, observance and discharge of the secured obligations by Anchun Holdings.

**(C) Deed of Accession and Ratification in relation to the Put Option Agreement**

Pursuant to the Deed of Accession and Ratification in relation to the Put Option Agreement, the parties thereto agreed that the founding shareholders and the executive chairman of Anchun Holdings shall, in consideration of the payment of a sum of S\$1.00 by each Investor, grant to each Investor (including the Company and Go Power) the right of put option to require the founding shareholders and the executive chairman of Anchun Holdings, jointly and severally, to purchase from each Investor all of the Conversion Shares held by them.

## **Rationale for the Investment In Anchun Holdings**

The Directors are of the view that as Anchun Holdings is one of suppliers of the Group's technology and equipment, the Company's investment in Anchun Holdings will enable the Group to benefit from having a more direct involvement in the manufacture and supply of its equipment and the development of the technology which it uses in the fertiliser industry.

Further, the Company's investment in Anchun Holdings under the Deeds of Accession and Ratification is substantially similar to the CLA, Deed of Share Charge and Put Option Agreement. The Directors are of the view that the terms of the Deeds of Accession and Ratification (including the terms and conditions of the CLA, Deed of Share Charge and Put Option Agreement) are on normal commercial terms, fair and reasonable and the entering into of the Deeds of Accession and Ratification is in the interest of the Company and the Shareholders as a whole.

## **Investment Amount and Payment Terms**

The amount of the Company's participation in the Convertible Loan Facility and the Conversion Shares to be allotted and issued to the Company were negotiated at arm's length between the parties. The monies invested by the Company pursuant to the Deeds of Ratification and Accession was funded by the Company's internal sources of funds and fully paid in cash.

## **(II) MEMORANDUM**

The Board wishes to announce that on 30 April 2010, Henan XLX Fertiliser, the wholly-owned subsidiary of the Company, and Hunan Anchun entered into the Memorandum pursuant to which the parties thereto agreed to co-operate for future development in respect of new technologies and equipment used in the business.

The Memorandum provides that (1) Hunan Anchun shall notify Henan XLX Fertiliser at the first instance in respect of any new development of technologies and equipment which Hunan Anchun has undertaken, whilst Henan XLX Fertiliser shall inform Hunan Anchun at the first instance when the Group requires any new technologies and equipment for its business; (2) when the Company undertakes any tender process for new technologies and equipment, it shall preferentially purchase such technologies and equipment from Hunan Anchun under the same terms; and (3) Hunan Anchun shall preferentially supply and sell the technologies and equipment to Henan XLX Fertiliser. The Memorandum shall be valid for two years from the date of the Memorandum.

Hunan Anchun is a leading integrated chemical equipment manufacturer and technology solutions provider to the PRC chemical, coal chemical and petrochemical industries. They provide end-to-end advisory and consultancy services from system design to system assembly and overall project management. Using their award-winning proprietary technologies, they provide turnkey engineering and manufacturing services as well as energy-saving and waste-reduction solutions to customers in the PRC. To the best knowledge of the Directors, Hunan Anchun and its associates are independent third parties.



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|---------------------------------------|---|
| “Charged Shares”                      | means (i) the 4,500 ordinary shares in the issued share capital of Anchun Holdings collectively held by the founding shareholders thereof as at the date of the Deed of Share Charge (which shall be increased to 22,500 ordinary shares after the issuance of new shares of Anchun Holdings pursuant to the Deed of Accession and Ratification in relation to the CLA); (ii) all allotments, accretions, benefits and advantages whatsoever at any time accruing in respect of the shares of Anchun Holdings (the “ <b>Further Shares</b> ”); (iii) all certificates or other evidence of title to any of the shares or any of the Further Shares of Anchun Holdings now and from time to time after the date of the Deed of Share Charge deposited with or transferred to the original chargee (being the original investor under the CLA); and (iv) all moneys at any time arising in respect of any of the shares or any of the Further Shares of Anchun Holdings (except insofar as the original inventor has, in writing, released such moneys and dividends to the founding shareholders of Anchun Holdings) |
| “CLA”                                 | the convertible loan agreement dated 22 December 2009 entered into by and among Anchun Holdings and the other original CLA parties in relation to the provision of the Convertible Loan Facility to Anchun Holdings   |
| “Company”                             | China XLX Fertiliser Ltd., a company incorporated in Singapore with limited liability, the issued shares of which are listed on the main board of the Stock Exchange and SGX-ST   |
| “Conversion Shares”                   | 800 new ordinary shares of Anchun Holdings which will be allotted and issued to the Investors upon conversion of the Convertible Loan Facility on and subject to the terms of the CLA (as supplemented by the Deed of Accession and Ratification in relation to the CLA), all of which shall in all respects rank pari passu with the ordinary shares of Anchun Holdings  |
| “Convertible Loan Facility”           | the convertible loan facility of the principal amount of RMB80 million (equivalent to approximately HK\$90,909,091) subject to the terms and conditions of the CLA (as supplemented by the Deed of Accession and Ratification in relation to the CLA), being the aggregate loan amount extended by the Investors to Anchun Holdings   |
| “Deeds of Accession and Ratification” | (A) Deed of Accession and Ratification in relation to the CLA, (B) Deed of Accession and Ratification in relation to the Deed of Share Charge, and (C) the Deed of Accession and Ratification in relation to the Put Option Agreement, all dated 30 April 2010 entered into by, amongst others, the Company, Go Power, and Anchun Holdings  |

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| “Deed of Accession and Ratification in relation to the CLA”                  | the deed of accession and ratification in relation to the CLA dated 30 April 2010 entered into by, amongst others, the Company, Go Power, and Anchun Holdings, pursuant to which the Company and Go Power (amongst others) agreed to participate in the Convertible Loan Facility by extending an amount of RMB21,778,000 (equivalent to approximately HK\$24,747,727) and RMB18,222,000 (equivalent to approximately HK\$20,706,818) respectively to Anchun Holdings subject to the terms and conditions of the CLA (as supplemented by the Deed of Accession and Ratification in relation to the CLA) |
| “Deed of Accession and Ratification in relation to the Deed of Share Charge” | the deed of accession and ratification in relation to the Deed of Share Charge dated 30 April 2010 entered into by, amongst others, the Company, Go Power, and Anchun Holdings, pursuant to which the founding shareholders of Anchun Holdings agreed to charge the Charged Shares to the Investors   |
| “Deed of Accession and Ratification in relation to the Put Option Agreement” | the deed of accession and ratification in relation to the Put Option Agreement dated 30 April 2010 entered into by, amongst others, the Company, Go Power, and Anchun Holdings, pursuant to which the founding shareholders and the executive chairman of Anchun Holdings agreed to grant a put option to the Investors   |
| “Deed of Share Charge”   | the deed of share charge dated 22 December 2009 entered into by and among the original chargee (being the original investor under the CLA), Anchun Holdings and its founding shareholders, pursuant to which the founding shareholders of Anchun Holdings agreed to charge their respective shares in Anchun Holdings to the said original chargee  |
| “Director(s)”  | the director(s) of the Company  |
| “Go Power”   | Go Power Investments Limited, a company incorporated in British Virgin Islands on 18 May 2006, the entire issued share capital of which is directly held by Ms. Yan Yunhua, a Director and an associate and therefore a connected person of the Group. As at the date of this announcement, Go Power holds approximately 28.06% of the total issued share capital of the Company and is a substantial shareholder of the Company  |
| “Group”  | the Company and its subsidiaries  |
| “Henan XLX Fertiliser”   | Henan Xinlianxin Fertiliser Co., Ltd.* (河南心連心化肥有限公司), a wholly-owned subsidiary of the Company established in the PRC on 24 July 2006   |

|                                |  |
|--------------------------------|--|
| “Hunan Anchun”                 | Hunan Anchun Advanced Technology Co., Ltd., a company established in the PRC and an independent third party of the Group   |
| “independent third party(ies)” | third parties and their ultimate beneficial owner(s) which are independent of the Company and its connected persons  |
| “Investors”                    | the Company, Go Power and other investors who have extended the Convertible Loan Facility to Anchun Holdings pursuant to the CLA and the Deed of Accession and Ratification in relation to the CLA   |
| “Listing Manual”               | the listing rules of the SGX-ST which set out the requirements applicable to issuers relating to, inter alia, (i) the manner in which securities are to be offered and (ii) the continuing obligations of issuers  |
| “Listing Rules”                | the Rules Governing the Listing of the Securities on the Stock Exchange  |
| “Memorandum”                   | the strategic co-operation memorandum entered into between Hunan Anchun and Henan XLX Fertiliser on 30 April 2010  |
| “PRC”                          | the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region of PRC and Taiwan  |
| “Put Option Agreement”         | the put option agreement dated 22 December 2009 entered into by and among the original investor under the CLA, Anchun Holdings and its executive chairman and founding shareholders, pursuant to which the founding shareholders and the executive chairman of Anchun Holdings agreed to grant the original investor the right to require the founding shareholders and the executive chairman of Anchun Holdings, jointly and severally, to purchase from the original investor all the new shares issued and allotted in accordance with the CLA |
| “SGX-ST”                       | the Singapore Exchange Securities Trading Limited  |
| “Shareholders”                 | the shareholder(s) of the Company  |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited  |
| “HK\$”                         | Hong Kong dollar, the lawful currency of Hong Kong   |
| “RMB”                          | Renminbi, the lawful currency of the PRC   |

“S\$” Singapore dollar, the lawful currency of Singapore

“%” per cent

By Order of the Board  
**China XLX Fertiliser Ltd.**  
**Liu Xingxu**  
Chairman

Hong Kong, 7 May 2010

*As at the date of announcement, the executive Directors of the Company are Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Li Buwen; and the independent non-executive Directors are Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin.*

*For the purpose of this announcement, all amounts denominated in RMB and S\$ have been translated (for information only) into HK\$ using the exchange rate of RMB0.88:HK\$1.00 and S\$0.18:HK\$1.00. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

\* for identification purposes only