



Press Release
(For immediate release)

China XLX announces 2010 unaudited interim results **Profit jumped 52% as revenue 32% up**

Financial Highlights:

- Revenue increased by 32% year-on-year to RMB1.354 billion.
- Sales volume of urea, compound fertiliser and methanol increased by 37%, 19% and 137% year-on-year respectively.
- Overall gross profit margin climbed to 16% from 14% in the first half of 2009.
- Net profit attributable to owners of the Company advanced by 52% year-on-year to RMB 98 million.

(29 July 2010, Hong Kong) China XLX Fertiliser Ltd. (“China XLX” or the “Company”)(HKSE: 01866.HK; SGX: B9R.SI), one of the largest and most cost efficient coal-based urea producers in China, today announced unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 (the “Review Period”).

During the Review Period, the Group’s revenue expanded by 32% year-on-year to RMB 1,354 million on the back of increased sales volumes of urea and methanol and higher average methanol selling prices. Overall gross profit margin advanced to 16% from 14% in the first half of 2009, due to improvement in gross profit margins of urea, compound fertiliser and methanol. Net profit attributable to owners of the Company reached RMB 98 million, representing a substantial increase of 52% year-on-year. Basic earnings per share were RMB9.8 cents. The board of directors does not recommend paying an interim dividend in order to conserve funding for future business development.

Mr. Liu Xingxu, Chairman and CEO of China XLX, commented, “The fertiliser industry in China was full of challenges and opportunities in the first half. Urea prices gradually recovered early this year amid an improvement in market demand. Nevertheless, the average selling price has retreated remarkably since March due to chilly weather in the north area and droughts in the south-western region and flooding in Southern China. Meanwhile, robust demand in the downstream application propelled significant methanol

price increases during the first half. During the Review Period, the Group completed upgrading our first production plant, thereby further enhancing our efficiency. As a result, our cost competitiveness was further improved, laying a solid foundation for our sustainable business development.”

Business Review

In the first half of this year, the Group’s sales volume of urea, compound fertiliser and methanol edged up by 37%, 19% and 137% year-on-year, respectively, due to increased production capacity. Gross profit margins improved substantially. The gross profit margin of urea climbed 3 percentage points to 20% from the same period of last year because of lower average raw material prices and better operating efficiency derived from the commencement of operation of the third plant. The gross profit margin of compound fertiliser shot up to 11% from -2% in the first half of 2009. The turnaround was mainly attributed to lower prices for raw material mono-ammonium phosphate in 2010 compared to that in first-half 2009, which were bought at higher prices in 2008. The gross profit margin of methanol improved remarkably to -1% from -35% in the first half of 2009. The average selling price of methanol bounced back amid the increasing demand from the downstream sector while the economy recovered.

The Group maintained a sound financial position. During the Review Period, net cash generated from operating activities increased by 67% year-on-year to RMB 111 million, supported by the satisfactory operating results. Net assets topped RMB 1.543 billion as at 30 June 2010, an increase of 5% over the end of 2009.

Looking ahead, Mr. Liu added, “The central government made it clear in its No. 1 Document for year 2010 that it will increase fiscal spending to support development of agriculture. Under the favourable macro economic environment, the domestic fertiliser industry is expected to maintain healthy growth. Moreover, the National Development and Reform Commission of the PRC has recently announced policies to stabilize domestic coal prices. Furthermore, domestic natural gas prices are under pressure to increase, benefitting coal based urea producers’ competitiveness. We will seize market opportunities to expand our business. Meanwhile, we will also make relentless efforts in enhancing operating efficiency in order to strengthen our



cost leadership and to create better return on investment for our shareholders.”

- The End -

About China XLX Fertiliser Ltd.

China XLX Fertiliser Ltd. is one of the largest and most cost efficient coal-based urea producers in China. It is mainly engaged in the production and sale of urea, compound fertiliser and methanol. Its production capacities of urea, compound fertiliser and methanol are 1.25 million tons, 600,000 tons and 200,000 tons respectively. The Company’s shares are dually traded on the main boards of the Stock Exchange of Hong Kong Limited (stock code: 01866.HK) and the Singapore Stock Exchange (stock code: B9R.SI).

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