



For a Better Tomorrow

China XLX Fertiliser Limited
(Stock Code: CXLX.SG)

www.chinaxlx.com.sg

Investor Fact Sheet

December 2008

Company Profile

China XLX Fertiliser Limited ("China XLX" or the "Company") is a listed company whose shares trade on The Stock Exchange of Singapore Limited (the "Stock Exchange") under the stock code "CXLX". The Company is the 6th largest coal-based producer of urea in terms of production capacity in the PRC. Headquartered in Xinxiang, Henan Province, manufacturing plants are equipped with advance technology to achieve optimal production efficiency and the 4th lowest cost coal-based producer of urea in the PRC.

Plant Facilities

China XLX currently leases two production plants which are located in Xinxiang, Henan, PRC. From 1 January 2007, the aggregated annual production capacities of urea, compound fertiliser and methanol were 680,000 tons, 300,000 tons and 100,000 tons respectively. At present, the Company has two production lines for the production of urea, three production lines for the production of compound fertiliser and two production lines for the production of methanol.

Competitive Advantages

- Primary Advantage: Cost Efficient
- One of the Largest Coal-based Urea Producers in PRC
- Largest Soil R&D Center in Henan
- Geographically in Heart of Agricultural Belt
- Environmentally Friendly
- Highly Recognized Brand and Product Quality
- Experienced Management Team
- Strong Financial Position

Cost Efficient

- CXLX's total urea cost is 23% cheaper than the industry average
- Uses 10% less coal
 - Urea industry average is 725kg coal per ton of urea while ours is approximately 650kg
- Uses 20% less electricity
 - Urea industry average is 1000KWH per ton while ours is 800KWH
- Better continuous runtime
 - Urea industry average annual operating days are 330 days while ours 350 days a year
- Proximity to coal mines
 - Production plants just 150km away from coal mines in Shanxi which supplies 100% of the Company's coal needs



Market Facts

Stock Price (30 November 08)	SGD0.340
52 Week Range	High – SGD1.340 Low – SGD0.270
Issued Share	1,000,000,000
Market Cap	SGD340.0 Million
Financial Year End	31 December

Products

China XLX's principle focus is the production and sale of coal-based urea and compound fertiliser. Besides urea and compound fertiliser, the Company also produces and sells methanol. All products are sold under "Xin Lian Xin" brand name, which is renowned for its quality in the PRC.

Urea



- High industry demand led by:
 - Rising oil prices
 - Rising farmers' purchasing power from high crop prices and government subsidies
 - Cost leadership
 - Cheaper electricity input prices
 - Better resource efficiency (upgrades in old plant)

Compound Fertiliser



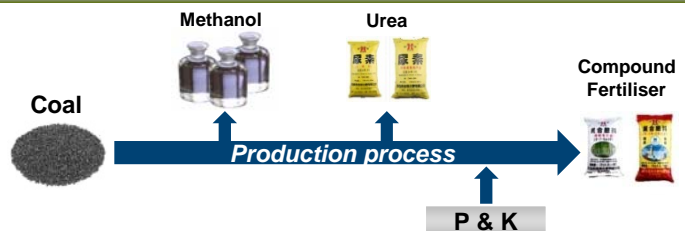
- High industry demand for concentrated compound
- New customer base in NE China
- Largest R&D service centre in Henan
- Higher ASP expected due to higher P & K prices
- No price ceiling for compound fertiliser

Methanol



- Huge industry potential with increasing demand for DME (a chemical compound)
- Cost synergies with production of urea and methanol at same time

Production Process



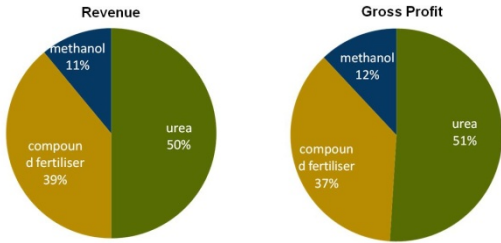
Business Strategies

- Strengthen strategic relationships. Example: Sinofert (297.HK), with 8%-10% market share of N fertiliser market, sells potassium to China XLX, and China XLX uses Sinofert's distribution channels to sell nitrogen fertiliser (~25%-30% of XLX's sales)
- Increase nationwide market share
- Develop multiple sources to stabilise raw material cost and supply. Will supplement four major and 20 total coal suppliers
- Boost sales volumes in Henan province that accounts for 10% of China's total agricultural acreage
- Broaden distribution to China's key food production provinces, i.e., Heilongjiang, Jilin and Liaoning
- Longer term, potential vertical integration via acquisition(s) of coal suppliers and / or distributors



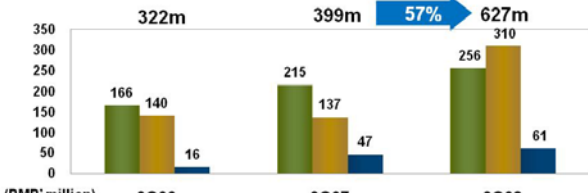
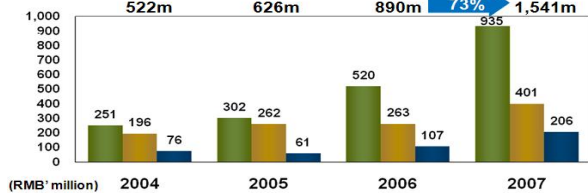
For a Better Tomorrow

Revenues / Profit Breakdown (9M08)

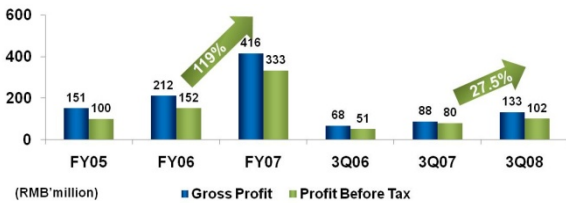


Strong Performance

Revenue Growth



Gross Profit / PBT



Future Plans

- Goal**
 - Enhance cost-leadership and size/scale in the industry
- Size**
 - Technical upgrades - increase urea capacity by 40k tons (in FY08)
 - 3rd plant – increase the capacity of urea by 400k tons and methanol 50k tons (by 3Q09)
 - Adopt advanced coal gassing technology in future (using powder coal)
 - Possible vertical integration
 - Possible M&A upon advent of industry consolidation
- Cost reductions**
 - Railway
 - Technical upgrades to lower 5% coal usage
 - Increase electricity self-sufficiency from 30% to 70%

Future Production Capacities

PRODUCTS		FY04	FY05	FY06	FY07	FY08E	FY09E	FY10E
Urea	Production Capacity ('000 tons)	230	250	315	680 ³	720	920	1120
	Actual Output	229	250	370 ¹	705			
	Utilisation Rate (%)	99.6	100	94.3	103.7			3 rd Plant- 400k
Compound Fertiliser	Production Capacity ('000 tons)	180	260	300	300	300	400	500
	Actual Output	142	161	174	231			
	Utilisation Rate (%)	78.9	61.9	58.0	77.0			100k more/yr
Methanol	Production Capacity ('000 tons)	35	35	35	100 ³	100	125	150
	Actual Output	39	33	48 ²	93			
	Utilisation Rate (%)	111.4	94.3	97.1	93.0			3 rd Plant- 50k

Financials

Balance Sheet

(RMB MM)	Dec 2007	Sep 2008	Diff
Fixed Asset	1,023	1,340	317
Current Asset	810	843	33
Current Liability	(571)	(511)	60
Non-current Liability	(105)	(271)	(166)
Equity	1,156	1,400	244

Summary of Group Results

(RMB MM)	9M07	9M08	%	3Q07	3Q08	%
Revenue	1,135	1,620	43	400	629	57
Cost of sales	(845)	(1,215)	44	(312)	(496)	58
Gross profit	290	405	39	88	133	51
PBT	244	316	29	80	102	28
Tax	-	(15)	N/A	-	(5)	N/A
PAT	244	301	23	80	97	21

Update on Recent Regulations

- On 1 September 2008, the PRC government reduced urea export tax from 185% to 110%
- Reduce urea export tariff during peak season from 185% to 110%.
- New tariff collection method in off-season periods will be implemented:
 - If the export price is lower than the base price, the tariff will be 10%;
 - If the export price is higher than the base price, the tariff will be (1.1 - base price/export price)*100%. The base price is RMB 2.3/kg.

Peak season/off-season periods:

Period	Season
December 2008-January 2009	Off-season
February-June 2009	Peak season
July-August 2009	Off-season
September 1-November 15, 2009	Peak season
November 16-December 31, 2009	Off-season

Minor impact to Henan XLX - mostly domestic sales

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