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

For a Better Tomorrow

www.chinaxlx.com.sg

Investor Fact Sheet

May 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, also the 6th largest methanol producer 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

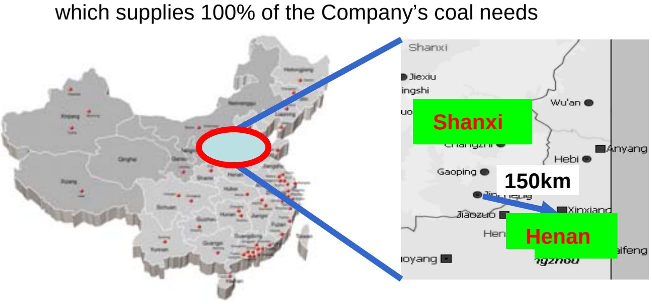
China XLX currently leases two production plants which are located in Xinxiang, Henan, PRC. From 1 January 2007, the aggregated annual production capacities of urea, compound fertiliser and methanol were 680,000 tons, 300,000 tons and 100,000 tons respectively. At present, the Company has two production 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 (2May08)	SGD0.935
52 Week Range	High – SGD1.500 Low – SGD0.465
Issued Shared	1,000,000,000
Market Cap	SGD935.0 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

- igh industry demand led by:
- ising oil prices
- ising farmers’ purchasing power from high crop prices and government subsidies
- heaper electricity input prices
- etter resource efficiency (upgrades in old plant)

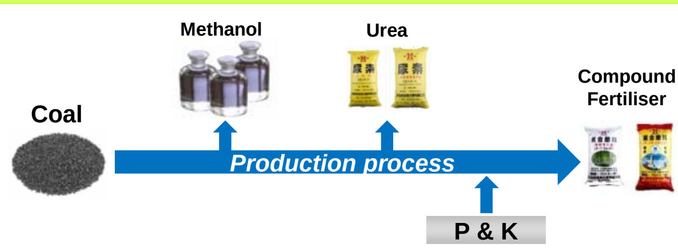
Compound Fertiliser

- 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)
- 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

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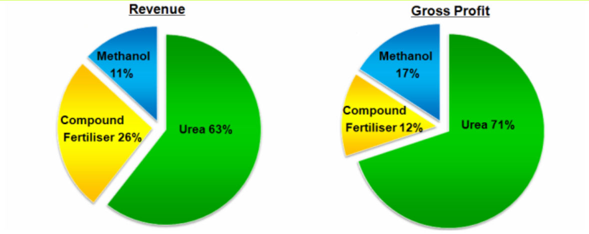
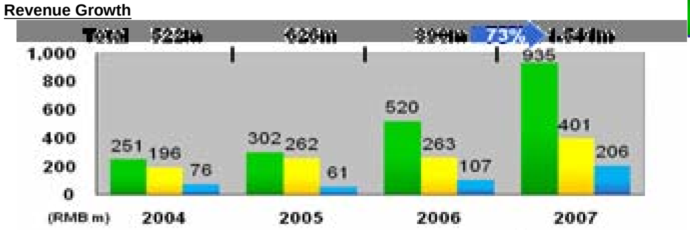
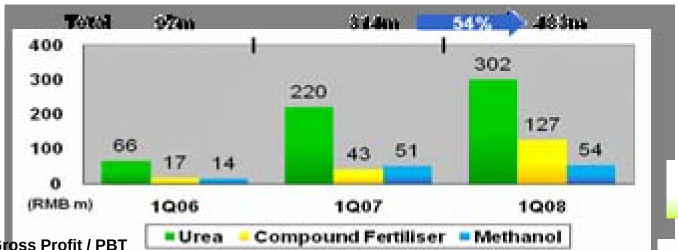
Revenues / Profits Breakdown (1Q08)



Strong Performance





Financials

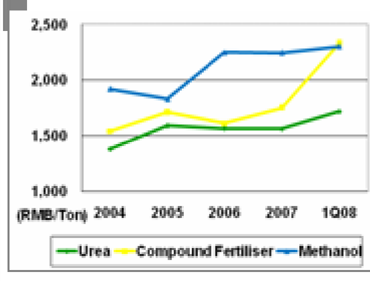
Balance Sheet

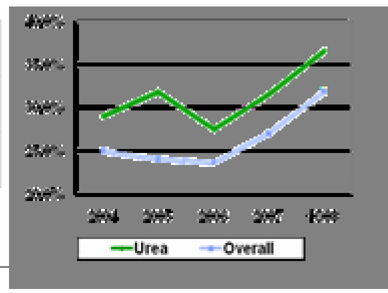
(RMB'million)	Dec 06	Dec 07	Mar 08
Fixed Assets	216	1,022	1,051
Current Assets	362	810	843
Current Liabilities	(392)	(571)	(425)
Net Current Assets	(30)	239	418
Non-current Liabilities	(120)	105	201
Net Assets	66	1,156	1,269

Summary of Group Results

(RMB' million)	FY06	FY07	%	1Q07	1Q08	%
Revenue	890.2	1,541.4	73	313.8	482.3	54
Cost of sales	678.6	1,125.0	66	214.6	328.7	53
Gross profit	211.6	416.4	97	99.2	153.6	55
PBT	152.4	333.3	119	79.1	118.6	50
Tax	23.3	16.1	(31)	-	5.9	NA
PAT	129.1	317.2	146	79.1	112.7	42

Gross Margins/ Selling Prices Rising





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)
  - Vertical integration
  - Possible M&A upon advent of industry consolidation
- **Cost reductions**
  - Railway extension
  - Technical upgrades

Update on Recent Regulations

- **On 17 April 2008, the PRC government increased urea export tax from 35% to 135%**
- **Although this will increase urea domestic supply, the following factors exist which provide support to urea prices:**
  a) high demand for urea led by:
  - Rising farmers' purchasing power from high crop prices and government subsidies
  - Q2&3 peak growing season
  - Switching away from P&K towards more N

  b) low urea stockpile due to high urea exports in 1Q08
- **Duration of 135% export tax policy - 20 April 2008 till 30 September 2008**
- **Minor impact to Henan XLX - mostly domestic sales**
- **Management remains optimistic as to Company's prospects**

Future Production Capacities

PRODUCTS		FY04	FY05	FY06	FY07	FY08E	FY09E	FY10E
Urea	Production Capacity ('000 tons)	230	250	315	680	720	920	1120
	Actual Output	229	250	370[1]	705			
	Utilisation Rate (%)	99.6	100	94.3	103.7			
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			
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			

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