

[Immediate Release]

China XLX Reports Financial Results For First Quarter 2009

Highlights (for three months ended 31/3/2009):

- The Group achieved a net profit of RMB59.1 million and full utilization of production facilities in the first quarter despite the impact of rising coal costs and the financial crisis
- Revenue decreased slightly by 0.4% YoY to RMB480.3 million
- The Group continued to focus on enhancing its cost efficiency and increasing its size, with the third urea plant commencing operation ahead of schedule in April 2009

Singapore, 27 April 2009 – China XLX Fertiliser Limited (“China XLX” or the “Group”; stock code: CXLX.SG), one of the largest and most cost efficient coal-based producers of urea and compound fertiliser in the PRC, announces the unaudited financial results of the Company and its subsidiaries (the “Group”) for the quarter ended 31 March 2009 (“Review Period”).

Performance Overview

Revenue for the Review Period amounted to RMB480.3 million, a slight decrease of 0.4% from RMB482.3 million for the same period last year. The reduction was mainly due to a drop in average selling prices of methanol fertiliser and a decrease in sales volume for methanol and compound fertiliser, which was partially offset by an increase in urea revenue by RMB37.9 million.

Net profit attributable to shareholders totaled RMB59.1 million for the first quarter of 2009, a decrease of 47.6% from the corresponding period last year. The decline was primarily attributable to lower average selling prices for methanol and higher costs of raw materials. The board did not recommend the payment of any dividend for the Review Period.

Commenting on the first quarter results, China XLX Chairman and CEO Mr. Liu Xingxu said, “The fertilizer sector was adversely affected by rising prices of anthracite coal during the period under review. However, we remained profitable by focusing on improving cost efficiency, while our production facilities were fully utilized. Moreover, the third urea plant commenced

operation well ahead of the original schedule and our production capacities and operating efficiency will thus be further enhanced.”

Gross Margin

The average selling price of urea decreased by 0.2% year-on-year to RMB1,718/ton for the first quarter of 2009. The average selling price of methanol dropped by 35.4% year-on-year to RMB1,488/ton while the average selling price of compound fertiliser fell by 10.8% year-on-year to RMB2,081/ton.

Overall gross profit margin for the Review Period was 18.9% compared to 31.8% for the corresponding period last year. Decline in overall gross margin was primarily due to the decrease in gross profit margins for urea, compound fertiliser and methanol.

The gross profit margin of urea for the first quarter declined to 21.4% from 36.5% for the same period last year due to higher coal costs. Anthracite coal prices was about 38% higher in first quarter 2009 as compared to the same period in 2008 because most coal mines remained shut after coal supply was temporarily disrupted when a major coal mine collapsed in Shanxi in February and heightened safety checks of coal mines during the National People’s Congress in March 2009.

The gross profit margin of compound fertiliser fell to -3.7% from 20.8% for the first quarter of 2008. This was mainly due to an increase in cost of sales by RMB17 million resulting from higher-priced Mono-Ammonium Phosphate inventory purchased in the previous year.

As average selling prices of methanol decreased on declining oil prices, weaker demand for DME, construction, automotive and other downstream methanol industries and higher production costs incurred due to higher coal prices, the gross margin for methanol dropped to -32.4% from 33.2% for the same period last year.

The Third Urea Plant

Construction of the third urea plant was completed ahead of schedule in the third quarter of 2009 and it commenced operation on 14 April 2009. Annual production capacities of urea and methanol will increase by 400,000 tons and 50,000 tons respectively upon full operation of the plant. Together with ongoing upgrades of the existing two plants, the Group’s total annual production capacities are expected to reach 1.25 million tons of urea, 600,000 tons of compound fertiliser and 200,000 tons of methanol, making it the 4th largest coal-based urea producer in the PRC. Management believes that the commencement of operation of the third urea plant, together with technical upgrades at the first plant and building a dedicated railway track to the second plant will help improve the Group’s overall cost efficiency.

Financial Position

As at 31 March 2009, non-current assets amounted to approximately RMB1,861.4 million, representing an increase of RMB171 million or 10.1% over the end of last year. The increase in non-current assets was mainly due to the construction of the third urea plant and upgrades of existing plants.

Non-current liabilities as at 31 March were RMB647.4 million, up RMB105.8 million or 19.5% from the end of 2008. The increase in non-current liabilities was due to an increase in interest-bearing loans to support capital expenditure requirements.

Current assets decreased by RMB97.3 million or 12.3% to RMB694.4 million at 31 March from the end of last year. The decrease was principally due to a drop in inventories by RMB103.9 million resulting from a lower reserve inventory level required after the winter and stabilized raw materials supply. Coal inventory at 31 March represented about a half month of turnover.

Current liabilities decreased by RMB76.8 million or 15.7% to RMB412.6 million at 31 March from the end of last year. The decrease was mainly due to a net decrease of interest-bearing borrowings amounting to RMB30.0 million and the decrease in other payables and accruals by RMB28.0 million and RMB12.4 million respectively.

As at 31 March 2009, the Group had cash and cash equivalents of RMB225.4 million, up RMB25.2 from the end of last year. The increase was mainly due to cash generated from operations of RMB135.9 million and a net increase in bank loans of RMB72.0 million.

Outlook

Looking ahead, China XLX Chairman and CEO Mr. Liu Xingxu said, “Although the fertiliser industry will continue to face uncertainties, we do see signs of improvement in the market, including the government’s supportive measures for the sector, a decrease in anthracite coal prices and an expected rebound in methanol prices in the second quarter.”

“The Chinese government announced a number of stimulus measures to support the agriculture sector, including 1) an increase in the budget for the sector from RMB595 billion in 2008 to RMB716 billion for 2009, 2) an increase in direct subsidies / grants to farmers from RMB103 billion in 2008 to RMB120 billion for 2009, 3) legalization of change of land use rights for agricultural land, 4) a plan to commence commercial farming in certain pilot areas and 5) an increase in minimum crop prices to encourage farming. We expect these initiatives will benefit the development of the fertiliser sector.”

“Moreover, the Chinese government had announced supportive measures to the fertiliser industry including the continuous provision of subsidies for the

industry in the areas of value-added tax, electricity tariff and railway tariff as well as the lifting of urea price cap.”

“In addition, anthracite coal prices have started to come down as coal mines that were previously shut down have resumed operation. Moreover, international coal prices have fallen below domestic prices, leading to an increase in coal imports into China.”

“Also, we expect methanol prices will continue to rebound in the second quarter as they have increased from their low of RMB1,600/ton in January this year to the current level of RMB2,000/ton.”

“The Group will continue to focus on enhancing cost efficiency and increasing our size. The early completion of the third plant will increase the production capacities of urea and methanol this year, laying a solid foundation for sustainable growth.”

- **The End** -

Income statements for the First Quarter (3 months) ended 31 March 2009 together with comparative statement for the respective corresponding period of the immediately preceding financial year.

	Group		
	Unaudited		
	3 months ended		Increase/ (Decrease)
	31/3/2009	31/3/2008	%
	RMB'000	RMB'000	%
Revenue	480,329	482,299	(0.4%)
Cost of sales	(389,406)	(328,740)	18.5%
Gross profit	90,923	153,559	(40.8%)
Other operating income/(expenses)	860	(622)	(238.3%)
Selling and distribution expenses	(6,397)	(5,468)	17.0%
General and administrative expenses	(16,885)	(24,289)	(30.5%)
Profit from operations	68,501	123,180	(44.4%)
Financial income	652	1,426	(54.3%)
Financial expenses	(124)	(6,039)	(97.9%)
Profit before tax	69,029	118,567	(41.8%)
Income tax expense	(9,923)	(5,866)	52.1%
Net profit attributable to shareholders	59,106	112,701	(47.6%)

Balance sheets (for the Issuer and Group), together with the comparative statements as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited		Unaudited	
	31/3/2009	31/12/2008	31/3/2009	31/12/2008
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,787,478	1,616,011	-	-
Land use rights	73,941	74,197	-	-
Investment in subsidiary	-	-	800,000	800,000
	1,861,419	1,690,208	800,000	800,000
Current assets				
Inventories	131,070	234,965	-	-
Prepayments	303,735	304,469	-	-
Trade receivables	11,747	7,667	-	-
Bills receivable from banks	11,070	18,580	-	-
Derivatives	5,523	19,807	5,523	19,807
Other receivables	2,844	6,094	150	1,509
Due from subsidiary	-	-	310,029	307,536
Fixed deposits	14,594	10,685	14,594	10,685
Cash and bank balances	213,763	189,429	1,941	12,352
	694,346	791,696	332,237	351,889
TOTAL ASSETS	2,555,765	2,481,904	1,132,237	1,151,889

	Group		Company	
	Unaudited		Unaudited	
	31/3/2009	31/12/2008	31/3/2009	31/12/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Deferred grants	10,540	9,740	-	-
Income tax payable	2,908	220	-	220
Interest-bearing loans and borrowings	115,000	145,000	-	-
Trade payables	33,071	47,760	-	-
Bills payable to bank	3,000	-	-	-
Other payables	126,306	154,302	-	-
Due to related parties	3,535	1,676	-	-
Accruals and other liabilities	118,267	130,709	8,121	10,563
	412,627	489,407	8,121	10,783
NET CURRENT ASSETS	281,719	302,289	324,116	341,106
Non-current liabilities				
Interest-bearing loans and borrowings	537,793	432,974	307,557	307,557
Loan from related party	90,000	90,000	-	-
Deferred tax liabilities	19,617	18,617	-	-
	647,410	541,591	307,557	307,557
TOTAL LIABILITIES	1,060,037	1,030,998	315,678	318,340
NET ASSETS	1,495,728	1,450,906	816,559	833,549
Equity attributable to equity holder of the Company				
Share capital	772,328	772,328	772,328	772,328
Statutory reserve fund	77,770	77,770	-	-
Hedging reserve	5,523	19,807	5,523	19,807
Accumulated profits	640,107	581,001	38,708	41,414
Total shareholders' equity	1,495,728	1,450,906	816,559	833,549
TOTAL EQUITY AND LIABILITIES	2,555,765	2,481,904	1,132,237	1,151,889

Company Profile

China XLX Fertiliser Limited is listed on the Singapore Stock Exchange under 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, its manufacturing plants are equipped with advanced technologies for optimal production efficiency, making them the 4th lowest cost coal-based producer of urea in the PRC. For more information, please visit the Company's website: www.chinaxlx.com.sg.

Teleconference Call

China XLX's management will host a global conference call at 7 p.m. Singapore Time on 27 April 2009 (12:00 a.m. London Time or 7:00 a.m. New York Time) to share their perspectives on the results and answer questions from analysts.

To access the teleconference, please dial:

- 852 3005 2050 (International)
- 800 852 3576 (Singapore Toll Free)
- 800 701 1223 (China Toll Free)

Pass Code: 541356#

*Please dial in approximately 10 minutes before the scheduled call time.

Disclaimer

This press release includes forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that China XLX expects or anticipates will or may occur in the future, are forward-looking statements. China XLX's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties. In addition, China XLX makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements

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