[Immediate Release]

A Strong 6 Months for China XLX in 1H2008 in both Revenue and Profit Growth

Highlights:

- Revenue increased 34.9% to RMB992 million
- Urea margin topped 31.6% due to higher selling prices and better cost efficiencies despite coal prices increasing 32.8%
- Net profit increased 23.9% to RMB204.1 million
- Basic earnings per share were RMB20.41 cents

Singapore, 31 July 2008 – China XLX Fertiliser Limited ("China XLX" or the "Group"; stock code: CXLX.SG), one of the largest and cost efficient coal-based producers of urea and compound fertiliser in the PRC, today announced its financial results for the six months ended 30 June 2008.

Performance Overview

During the period under review, revenue reached RMB992 million, an increase of 34.9% as compared to RMB735.3 million for the same period last year. Net profit attributable to shareholders increased by approximately RMB39.4 million, or 23.9%, to RMB204.1 million in the first half of 2008 from RMB164.8 million in the corresponding period in 2007.

The increase in net profit was mainly due to the higher revenue led by higher average selling prices of urea, methanol and compound fertiliser as well as the increase in sales volume of urea and compound fertilizer which rose by 5.9% and 40.9%, respectively, in the review period as compared to the corresponding period in 2007.

The directors of the Group do not recommend payment of dividends for the period under review.

	Consolidated results of the Group		
	Unaudited		
	HalfYear ended		Increase/
	30/6/2008	30/6/2007	(Decrease)
	RMB'000	RMB'000	%
Revenue	991,967	735,285	34.9
Gross profit	272,551	203,189	34.1
Profit from operations	222,445	176,153	26.3
Profit before tax	214,482	164,755	30.2
Net profit attributable to shareholders	204,125	164,755	23.9

China XLX Chairman and CEO Mr. Liu Xingxu said, "We are very pleased with our results for the 6 months ended 30 June 2008. Our growth momentum clearly demonstrates that we are on the right track in embracing cost efficiency and technology measures. As a major player in the fertiliser industry, we believe we play an important part in boosting crop yields and at the same time improving farmers' livelihood, thereby, contributing positively to the country's booming economy."

Gross Margin

Overall gross profit margin was 27.5% in the review period as compared to 27.6% in the corresponding period in 2007.

In the period under review, urea's gross profit margin was slightly reduced by 0.8% to approximately 31.6% from approximately 32.4% in the corresponding period in 2007. This is despite a sharp increase in the average anthracite coal price by 32.8% in the first half of 2008 due to closure of small coal mines ahead of the Olympic Games. Due to our cost efficiency measures, we were able to reduce the amount of coal used by 37 kg per each ton of urea produced, or by 5.5%, in HY2008 compared against HY2007. Hence the average production cost of urea per ton increased only 10.4% in HY2008 as compared to the corresponding period in 2007.

Methanol's gross profit margin increased by 9.5% to 35.2% in the first half of 2008 from approximately 25.7% in the corresponding period in 2007. The increase was brought on by higher average selling prices that increased by 35.8% from about RMB1,976/ton in the first half of 2007 to RMB2,684/ton in same period of 2008. Although anthracite coal prices negatively impacted methanol's production costs, the average unit cost of methanol only increased by 18.5% as a result of technology upgrades that helped reduce the amount of coal required used in methanol production.

The gross profit margin of compound fertilizer increased by 1.9% to approximately 18.0% in the first half of 2008 from 16.1% in the same period in 2007. Fuelled by higher phosphorous and potassium prices, the average selling prices of compound fertiliser increased by about 35.7% in the review under period. Again, thanks to our effective cost control measures, the average unit cost of compound fertiliser increased only 32.6% as compared to same period in 2007.

Operations

Selling and distribution expenses increased by RMB2.3 million, or by 28.7%, to RMB10.2 million in the period under review from approximately RMB8.0 million in the same period last year. The increase was largely the result of increased transportation costs of RMB2.2 million and loading and unloading costs of RMB1.8 million that were in line with the expansion of the Group's compound fertiliser customer base in the North-Eastern PRC market. We managed to partially offset the increased costs by reducing promotion and advertising costs by approximately RMB2.0 million.

In the review period, our general and administrative expenses increased by RMB16.4 million or 70.4% to RMB39.8 million from approximately RMB23.3 million in the corresponding period in 2007. The increase was due mainly to increased staff costs and directors' remuneration by RMB8.9 million and depreciation and amortization of intangible assets by about RMB2.5 million. In addition, professional fees increased by RMB2.8 million and office expenses increased by RMB1.0 million resulting from post-listing obligations.

Our subsidiary in China is a wholly foreign-owned enterprise and is entitled to full exemption from income tax for the first two years and a 50% reduction in income tax for the next three years. The subsidiary has elected 2007 as the first profitable year for the purpose of determining the tax holiday period. As such, it was still entitled to full exemption from income tax in the first half of 2008. The income tax expense of RMB10.4 million relates mainly to a 5% withholding tax on accumulated profits of its China subsidiary from 1 January 2008 onwards.

Financial Position

The carrying amount of property, plant and equipment as at 30 June 2008 increased by approximately RMB76.7 million or 7.9% from approximately RMB974.3 million as at 31 December 2007. The increase was due mainly to the construction of our third urea plant and upgrades of existing production machinery.

As at 30 June 2008, current assets increased by approximately RMB76.1 million or 9.4% from RMB809.7 million to RMB885.8 million. The increase was due principally to the increase in prepayments amounting to RMB257.2 million, which comprised prepayments for plant and equipment of RMB207.9 million and prepayments for raw material of RMB45 million.

Current liabilities decreased by approximately RMB171.2 million or by 30.0% from RMB 571.2 million due principally to the discharge of interest-bearing borrowings amounting to RMB202.0 million.

Cash and cash equivalents decreased by RMB288.4 million in HY2008. The decrease was mainly due to purchase of property, plant and equipment of approximately RMB335.3 million, the payment of dividends amounting to RMB71.5 million and the repayment of loans and borrowings of RMB212.0 million.

Outlook

Looking ahead, we believe the demand of our main products (i.e. urea, compound fertiliser and methanol) will continue to grow. To enable us to fulfill market demand, we have taken measures to upgrade our production equipment and technology that will enhance the production volume of urea and compound fertiliser by approximately 40,000 tons and 30,000 tons respectively.

The technical upgrades coupled with new power plants enable us to achieve greater cost efficiencies. With these continuous energy and cost saving initiatives, China XLX will continue to be one of the most cost-efficient urea producers in China.

“Needless to say, agricultural yields per hectare are critical in China with its over 1.3 billion population growing at a steady pace. Arable land, on the other hand, is shrinking as a result of urban sprawl, industrialization, soil salination, and desertification. Chemical fertilizer has now become a necessity rather than an option,” said Chairman Liu. “The Chinese government will take measures to support and promote the agriculture sector. We, in the fertiliser industry, who play an integral part in farming, will benefit from the government measures. We will continue to focus on organic growth through implementation of cost and production efficiencies to create greater value for our shareholders.”

Income statements for the Second Quarter (3 months) and the Half-Year (6 months) ended 30 June 2008 together with comparative statements for the corresponding period of the immediately preceding financial year.

	Group					
	Unaudited 3 months ended		Increase/ (Decrease)	Unaudited 6 months ended		Increase/ (Decrease)
	30/6/2008 RMB'000	30/6/2007 RMB'000	%	30/6/2008 RMB'000	30/6/2007 RMB'000	%
Revenue	509,667	421,482	20.9	991,967	735,285	34.9
Cost of sales	(390,676)	(317,518)	23.0	(719,416)	(532,096)	35.2
Gross profit	**118,991**	**103,964**	14.5	**272,551**	**203,189**	34.1
Other operating income/(expenses)	508	1,582	(67.9)	(114)	4,254	(102.7)
Selling and distribution expenses	(4,770)	(3,753)	27.1	(10,238)	(7,954)	28.7
General and administrative expenses	(15,464)	(13,990)	10.5	(39,754)	(23,336)	70.4
Profit from operations	**99,265**	**87,803**	13.1	**222,445**	**176,153**	26.3
Financial income	2,102	304	591.4	3,528	1,388	154.2
Financial expenses	(5,452)	(2,492)	118.8	(11,491)	(12,786)	(10.1)
Profit before tax	**95,915**	**85,615**	12.0	**214,482**	**164,755**	30.2
Income tax	(4,491)	-	100.0	(10,357)	-	100.0
Net profit attributable to shareholders	**91,424**	**85,615**	6.8	**204,125**	**164,755**	23.9

Profit before tax is arrived at after charging/ (crediting) the following:

	Group			
	Unaudited 3 months ended 30/6/2008 RMB'000	Unaudited 3 months ended 30/6/2007 RMB'000	Unaudited 6 months ended 30/6/2008 RMB'000	Unaudited 6 months ended 30/6/2007 RMB'000
Depreciation of property, plant and equipment	19,481	8,859	38,322	20,865
Amortisation of land use rights	266	-	532	-
Loss/(gain) on disposal of property, plant and equipment	28	(4)	348	(4)
Foreign exchange loss/(gain)	231	(2,446)	1,018	(3,193)
Interest income	(2,102)	(304)	(3,528)	(1,388)
Interest expenses	5,452	2,492	11,491	12,786

Balance sheets (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited		Unaudited	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,050,994	974,266	-	-
Land use rights	47,942	48,474	-	-
Investment in subsidiary	-	-	800,000	400,000
	1,098,936	**1,022,740**	**800,000**	**400,000**
Current assets				
Inventories	285,471	178,525	-	-
Prepayments	364,447	107,269	-	-
Trade receivables	4,301	1,793	-	-
Bills receivable from banks	11,147	5,528	-	-
Other receivables	2,026	4,303	13	551
Due from related parties	-	1,998	-	-
Cash and bank balances	184,657	56,789	2,358	5,254
Fixed deposits	33,775	453,529	33,775	435,078
	885,824	**809,734**	**36,146**	**440,883**
TOTAL ASSETS	**1,984,760**	**1,832,474**	**836,146**	**840,883**
Current liabilities				
Deferred grants	8,490	8,240	-	-
Income tax payable	290	930	290	930
Interest-bearing loans and borrowings	85,000	287,000	-	-
Trade payables	41,641	27,685	-	-
Bills payable to bank	-	5,000	-	-
Other payables	206,051	179,501	-	-
Due to related parties	297	1,682		
Accruals and other liabilities	58,234	61,195	4,884	4,078
	400,003	**571,233**	**5,174**	**5,008**
NET CURRENT ASSETS	**485,821**	**238,501**	**30,972**	**435,875**

	Group	Company

	Unaudited		Unaudited	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Interest-bearing loans and borrowings	180,209	90,348	-	-
Loan from related party	90,000	-	-	-
Deferred tax liabilities	25,723	14,725	-	-
	295,932	**105,073**	**-**	**-**
TOTAL LIABILITIES	**695,935**	**676,306**	**5,174**	**5,008**
NET ASSETS	**1,288,825**	**1,156,168**	**830,972**	**835,875**
Equity attributable to equity holder of the Company				
Share capital	772,328	772,328	772,328	772,328
Statutory reserve fund	40,514	40,514	-	-
Accumulated profits	475,983	343,326	58,644	63,547
Total shareholders' equity	**1,288,825**	**1,156,168**	**830,972**	**835,875**
TOTAL EQUITY AND LIABILITIES	**1,984,760**	**1,832,474**	**836,146**	**840,883**

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

Management of China XLX will host a global teleconference call to discuss HY/2Q 2008 results at 8:00 p.m. Singapore time (1:00 p.m. London Time or 8:00 a.m. New York Time) on Thursday, 31 July 2008.

To access the teleconference, please dial:

800 852 3576 (Singapore Toll Free)

1866 549 1292 (U.S. Toll Free)
0808 234 6305 (U.K. Toll Free)
+852 3005 2050 (International)

Pass Code: 541356#

Disclaimer

This press release includes forward-looking statements. All statements, other than statements of historical facts 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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