5. Other income and expense

(a) Other income

6. Pro t before tax

This is determined after charging (crediting) the following and items in Notes 5 and 7:

	Group	
	2008 Rmb'000	2007 Rmb'000
Amortisation of land use rights	1,388	217
Write-off of technical know-how	–	1,350
Depreciation of property, plant and equipment	78,465	43,984
(Write back)/allowance for doubtful trade receivables	(83)	360
Write-off of doubtful trade receivables	75	1,030
Write-off of technical know-how	–	1,350
Write-off of tax recoverable	–	732
Professional fees	6,280	5,030
Research expenses	41	993
Transportation expenses	7,155	7,968
Operating lease expenses		
- related parties	49	34,360
- others	1,845	737
Director fees	700	700
Personnel expenses* (Note 7)	83,477	76,402

* Included are directors' remuneration and remuneration of key management personnel as disclosed in Note 8(b).

7. Personnel expenses

	Group	
	2008 Rmb'000	2007 Rmb'000
Salaries and bonus	74,827	70,593
Contribution to de ned contribution plans	6,101	4,119
Welfare expenses	2,549	1,690
	83,477	76,402

	2008	2007
Number of employees	3,099	2,310

8. Related party transactions

(a) In addition to those related party information disclosed elsewhere in the nancial statements, the Group had the following transactions with related parties on terms agreed between the parties:

	Group	
	2008 Rmb'000	2007 Rmb'000
Sale of nished goods	–	319
Sale of raw materials and consumables	–	137
Sale of water, electricity and steam	2,726	2,737
Service fee income	82	72
Purchase of nished goods	–	728
Purchase of raw materials and consumables	15,065	2,681
Service fee expenses	2,413	766
Operating lease expenses	492	34,360
Interest expense	5,835	–
Payment on behalf for purchase of raw materials	–	1,998
Purchase of property, plant and equipment	–	209,909

These transactions were between the Group and Henan Xinlianxin Chemicals., Ltd and its subsidiaries and associates which certain directors have signi cant in uence over but which did not form part of the Relevant Business acquired by the Group. The executive directors and executive of cers have in

9. Financial income and expense

10. Income tax expense (cont'd)

Relationship between tax expense and accounting pro t

The reconciliation between tax expense and the product of pro t before tax multiplied by the applicable corporate tax rate for the nancial years ended 31 December 2007 and 2008 is as follows:

	Group	
	2008	2007
	Rmb'000	Rmb'000
Pro t before tax	349,768	333,319

12. Property, plant and equipment

12. Property, plant and equipment (cont'd)

31 December 2008	Buildings Rmb'000	Other xtures and constructions Rmb'000	Plant and machinery Rmb'000	Of ce equipment and furniture Rmb'000	Motor vehicles Rmb'000	Construction-in-progress Rmb'000	Total Rmb'000
Group							
Cost							
At 1 January 2008	84,010	94,997	863,752	28,952	6,000	71,603	1,149,314
Additions	2,776	701	26,097	4,064	2,497	687,171	723,306
Transfers	574	3,570	3,739	–	–	(7,883)	–
Disposals	(221)	(324)	(7,109)	(6)	(319)	–	(7,979)
At 31 December 2008	87,139	98,944	886,479	33,010	8,178	750,891	1,864,641
Accumulated							

14. Investment in subsidiary

	Company	
	2008 Rmb'000	2007 Rmb'000
Unquoted shares, at cost	800,000	400,000

The Company had the following subsidiary as at 31 December 2008:

Name of company	Country of incorporation and place of business	Principal activities	Equity interest held by the Group	
			2008 %	2007 %
Henan Xinlianxin Fertiliser Co., Ltd.	People's Republic of China	Manufacture and sale of urea, compound fertiliser, methanol, liquid ammonia and ammonia solution; and to carry out business relating to import and export of goods	100	100

15. Inventories

16. Prepayments

	Group		Company	
	2008	2007	2008	2007
	Rmb'000	Rmb'000	Rmb'000	Rmb'000

17. Loans and receivables (cont'd)

Other receivables

	Group		Company	
	2008 Rmb'000	2007 Rmb'000	2008 Rmb'000	2007 Rmb'000
Advances to employees	1,560	1,061	–	–
Deposits	18	–	17	–
Interest receivable	1,492	–	1,492	–
Others	3,024	3,242	–	551
	6,094	4,303	1,509	551

The Group does not have any other receivables balance which is past due as at the balance sheet date.

Due from related parties

Related parties comprise Henan Xinlianxin Chemicals Co., Ltd and its subsidiaries and associates which certain directors have signi cant in uence over but did not form part of the Relevant Business acquired

17. Loans and other receivables (cont'd)

Receivables that are impaired

	Group	
	Individually Impaired	
	2008	2007
	Rmb'000	Rmb'000
Trade receivables	322	409
Less: Allowance for doubtful trade receivables	(322)	(409)

19. Deferred grant

	Group	
	2008 Rmb'000	2007 Rmb'000
Cost		
At 1 January	8,240	–
Received during the year	1,500	8,240
At 31 December	9,740	8,240

Deferred grant relates to government grant given to the Group for installation and building of machineries with the aim to implement energy-saving production methods and reduce production cost. There are no unfulfilled conditions or contingencies attached to these grants.

20. Interest-bearing loans and borrowings

(a) Short-term borrowings

	Group	
	2008 Rmb'000	2007 Rmb'000
Bank loans:		
Bank of China [1]	80,000	30,000
Bank of Communications [5]	–	40,000
China Construction Bank [2]	50,000	37,700
China Everbright Bank [3]	10,000	10,000
Guangdong Development Bank [5]	–	40,000
Shanghai Pudong Development Bank [4]	5,000	12,000
Xinxiang Commercial Bank [5]	–	80,000
	145,000	249,700
Long-term borrowings, current portion	–	37,300
	145,000	287,000

1 These two short-term bank loans (2007: one) are secured by a corporate guarantee from an unrelated third party and bear interest at a fixed rate. The weighted average rate of the two loans is 7.26% (2007: 6.57%) per annum.

2 This short-term bank loan (2007: one) is unsecured and bears interest at a fixed rate of 7.47% per annum.

3 This short-term bank loan (2007: one) is secured by a corporate guarantee from an unrelated third party and bears interest at a fixed rate of 6.57% per annum.

4 This short-term bank loan (2007: one) is secured by a corporate guarantee from an unrelated third party and bears interest at a fixed rate of 6.14% per annum.

5 These short term bank loans were repaid during the year.

20. Interest-bearing loans and borrowings (cont'd)

(b) Long-term borrowings

	Group		Company	
	2008 Rmb'000	2007 Rmb'000	2008 Rmb'000	2007 Rmb'000
Bank loans:				
China Construction Bank [1]	–	67,300	–	–
China Construction Bank [2]	100,000	–		
Industrial and Commercial Bank of China [3]	15,000	50,000	–	–
ABN AMRO and other banks[4]	307,557	–	307,557	–
	422,557	117,300	307,557	–
Loan from government [5]	10,417	10,348	–	–
Loan from related party [6]	90,000	–	90,000	–
	522,974	127,648	397,557	–
Due within 12 months	–	(37,300)	–	–
Due after 12 months	522,974	90,348	397,557	–

1 These long term bank loans were repaid during the year.

2 These three long-term bank loans (2007: ve) are unsecured and bear interest at a xed rate of 7.56% per annum. The loans are repayable in full in 2010.

3 This long-term bank loan (2007: one) is secured by a corporate guarantee from an unrelated third party and bears interest at a xed are of 7.61% per annum. The loan is repayable in full in 2010.

4 This syndicated long-term bank loan has a principal sum of USD 45,000,000 is unsecured and bears interest at a oating rate of USD LIBOR + 2.25%. The LIBOR and applicable rate is revised every quarter. The loan principal is to be repaid in 7 quarterly instalments commencing 18 months from 30 Sept 08.

5 This loan from government bears interest at a oating rate of 0.3% above the market prime lending rate and is not expected to be repaid within the next 12 months.

6 This loan from related party, Henan Xinlianxin Chemical Ltd., bears interest at a xed discount of 5% to the prevailing PBOC 5-year loan interest rate. The loan is for a period of ve years and is not expected to be repaid within the next 12 months.

21. Financial liabilities

	Group		Company	
	2008 Rmb'000	2007 Rmb'000	2008 Rmb'000	2007 Rmb'000
Trade and other payables (current)				
Trade payables	47,760	27,685	–	–
Bills payable to bank	–	5,000	–	–
Other payables	154,302	179,501	–	–
Due to related parties	1,676	1,682	–	–
	203,738	213,868	–	–
Add:				
- Accruals and other liabilities (Note 22)	130,709	61,195	10,563	4,078
- Short-term borrowings (Note 20)	145,000	287,000	–	–
- Long-term borrowings (Note 20)	522,974	90,348	307,557	–
Total nancial liabilities carried at				

22. Accruals and other liabilities

	Group		Company	
	2008 Rmb'000	2007 Rmb'000	2008 Rmb'000	2007 Rmb'000
Accrued operating expenses	32,017	26,064	10,563	4,078
Accruals for purchase of property, plant and equipment	98,692	35,131	–	–

31 December 2008

27. Segment information (cont'd)

(ii) Compound fertiliser

Compound fertiliser is a type of round, hard, colourful granulated fertiliser and has various distinctive characteristics such as high concentration, high absorption rate by crops, and enhancement of resistance of crops to diseases, insects, droughts and lodges. The use of compound fertiliser generally improves the quality of crops and the productivity of the land. It can be used as syound fertiliser or added fertiliser and is suitable for the syowing of wheat, paddy, corn, peanuts, tobacco, fruit trees, vegetables and cotton.

(iii) Methanol

Methanol is a colourless, tasteless, highly volatile, and ammable liquid alcohol that is toxic if swallowed. It is an important organic chemical raw material which is mainly used to produce formaldehyde, which is a vital raw material for producing various kinds of resin. Methanol is also a good fuel and has been used as an energy resource in some power stations. Methanol is also widely used in the industrial production of synthetic bre, plastic, pharmaceutical, pesticides, dye and synthetic protein.

(iv) Service income

Service income pertains to the rendering of consultation and marketing services to the distributors in the various provinces; to help promote the sale of urea products from them to the nal consumer. The Gyoup mainly assists in co-ordinating the sales of Urea and promotional activities, and in providing knowledge of the products to the end consumer when necessary. The service contracts are on average, for a period of 6 months.

In addition to the four main business segments, the Gyoup is also involved in the production of liquid ammonia and ammonia solution.

Geographical segments

There is no geographical segment information as the Gyoup operates in the PRC only.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating income operating expenses, nancial income and expenses and tax expense.

27. Segment information (cont'd)

Group assets and liabilities cannot be directly attributable to individual segments as it is impracticable to allocate them to the segments. Assets of the Group are utilised interchangeably between the different segments and there is no reasonable basis to allocate liabilities of the Group between the different segments. Accordingly, it is not meaningful to disclose assets, liabilities and capital expenditure by business segments.

Group 2008	Urea Rmb'000	Compound fertiliser Rmb'000	Methanol Rmb'000	Others Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue	1,281,996	708,268	214,836	36,302	(156,459)	2,084,943
Gross pro t (loss)	256,760	167,646	42,401	21,063		487,870
Unallocated expenses, net						(115,538)
Finance expenses, net						(22,564)
Pro t before tax						349,768
Income tax expense						(3,369)
Net pro t attributable to shareholders						346,399
Write-back of doubtful trade receivables						(83)
Write-off of doubtful trade receivables						75
Depreciation of property, plant and equipment						78,465
Amortisation of land use rights						1,388

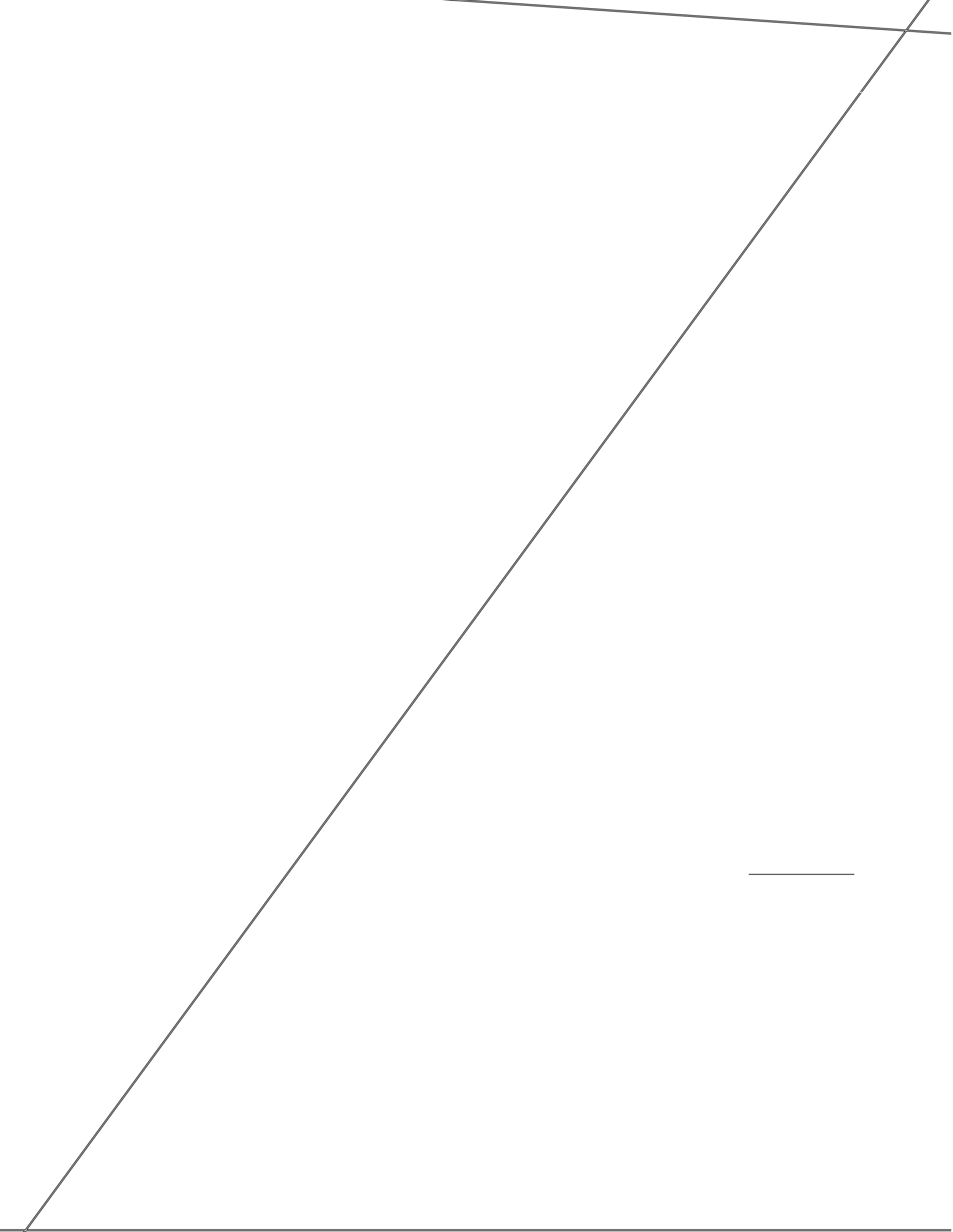
27. Segment information (cont'd)

Group 2007	Urea Rmb'000	Compound fertiliser Rmb'000	Methanol Rmb'000	Others Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue	1,034,135	400,521	205,891	14,155	(113,280)	1,541,422
Gross pro t (loss)	292,866	58,715	66,745	(1,905)		416,421
Unallocated expenses, net						(73,037)
Finance expenses, net						(10,065)
Pro t before tax						333,319
Income tax expense						(16,142)
Net pro t attributable to shareholders						317,177
Allowance for doubtful trade receivables						360
Write-off of doubtful trade receivables						1,030
Write-off of tax recoverable						732
Write-off of technical know -how						1,350
Depreciation of property, plant and equipment						43,984
Amortisation of land use rights						217

28. Commitments

(a) Capital expenditure and other commitments contracted for as at the balance sheet date but not recognised in the nancial statements are as follows:

	Group	
	2008 Rmb'000	2007 Rmb'000
Capital expenditure		
Commitments in respect of contracts entered into for construction-in-progress	329,617	104,422
Others		
Commitments in respect of purchase of raw materials	262,572	21,193



29. Financial risk management objectives and (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

– The carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the aging analysis of each product category of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2008		2007	
	Rmb'000	% of total	Rmb'000	% of total
Urea	6,626	86	1,136	63
Compound fertiliser	1,036	13	521	29
Methanol	–	–	132	7
Others	5	1	4	1
Total	7,667	100	1,793	100

At the balance sheet date, approximately 53% (2007: 33%) of the Group's trade receivables were due from 10 major customers located in the PRC.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

29. Financial risk management objectives and (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity pro le of the Group's and the Company's nancial liabilities at the balance sheet date based on contractual undiscounted payments.

	Group							
	2008 Rmb'000				2007 Rmb'000			
	1 year or less	1 to 3 years	Over 3 years	Total	1 year or less	1 to 3 years	Over 3 years	Total
Trade payables	47,760	–	–	47,760	27,685	–	–	27,685
Other payables	154,302	–	–	154,302	179,501	–	–	179,501
Accruals and other liabilities	130,709	–	–	130,709	61,195	–	–	61,195
Interest-bearing loans and borrowings	145,000	449,410	10,767	605,177	287,000	86,038	10,613	383,651
Loan from related party	90,000	–	–	90,000	–	–	–	–

	Company							
	2008 Rmb'000				2007 Rmb'000			
	1 year or less	1 to 3 years	Over 3 years	Total	1 year or less	1 to 3 years	Over 3 years	Total
Accruals and other liabilities	10,563	–	–	10,563	4,078	–	–	4,078
Interest-bearing loans and borrowings	–	307,557	–	307,557	–	–	–	–

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash ows of the Group's and the Company's nancial instruments will uctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's nancial assets and liabilities at oating rates are contractually repriced

29. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the SGD and USD exchange rates (against RMB), with all other variables held constant, on the Group's pro t net of tax and equity.

		Group	
		2008 Rmb'000 Pro t (loss) net of tax	2007 Rmb'000 Pro t (loss) net of tax
SGD	- strengthened 5% (2007: 1%)	1,104	4,566
	- weakened 5% (2007: 1%)	(1,104)	(4,566)
USD	- strengthened 2% (2007: 6%)	(1,966)	(1)
	- weakened 2% (2007: 6%)	1,966	1

30. Fair value of nancial instruments

The fair value of a nancial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, interest rate swaps, current trade and other payables, other liabilities, current bank loans and non-current oating rate loans based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

As disclosed in Note 25, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the nancial years ended 31 December 2008 and 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 70%.

31. Capital management (cont'd)

The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes convertible redeemable preference shares, equity attributable to the equity holders of the parent less the fair value adjustment reserve and the above mentioned restricted statutory reserve fund.

	Group	
	2008 Rmb'000	2007 Rmb'000
Short-term borrowings	145,000	287,000
Long-term borrowings	432,974	90,348
Loan from related party	90,000	–
Trade payables	47,760	27,685
Bills payable to bank	–	5,000
Other payables	154,302	179,501
Due to related parties	1,676	1,682
Other liabilities	130,709	61,195
Less: Cash and cash equivalents	(200,114)	(506,810)
Net debt	802,307	145,601
Shareholders equity	1,450,906	1,156,168
Less: Statutory reserve fund	(77,770)	(40,514)
Less: Hedging reserve	(19,807)	–
Total capital	1,353,329	1,115,654
Capital and net debt	2,155,636	1,261,255
Gearing ratio	37.2%	11.5%

32. Authorisation of nancial statements for issue

The nancial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 31 March 2009.

as at 17 March 2009

Analysis of shareholdings

Number of Shares - 1,000,000,000
Class of shares - Ordinary shares
Voting rights - One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	8	0.15	2,633	0.00
1,000 - 10,000	3,340	61.23	21,586,048	2.16
10,001 - 1,000,000	2,087	38.26	95,927,000	9.59
1,000,001 and above	20	0.37	9.59	

Substantial Shareholders as shown in the register of substantial shareholders

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Pioneer Top Holdings Limited	343,376,000*	34.34	–	–
Go Power Investments Limited	280,944,900**	28.09	–	–
Liu Xingxu	–	–	343,376,000*	34.34
Yan Yunhua	300,000	0.03	280,944,900**	28.09

* Pioneer Top Holdings Limited is a company incorporated in British Virgin Islands. Mr Liu holds 42% interest in Pioneer Top Holdings Limited, with the remaining 58% held on trust by Mr Liu for the bene ciaries under a trust arrangement. The bene ciaries under the trust arrangement are Li Buwen, with 16% equity interest, Li Yushun, Ru Zhengtao, Wang Nairen, Zhang Qingjin, Zhu Xingye and Shang Dewei, with 7% equity interest respectively.

** Go Power Investments Limited is a company incorporated in British Virgin Islands. Madam Yan holds 12.92% interest in Go Power Investments Limited, with the remaining 87.08% held on trust by Madam Yan for the bene ciaries under a trust arrangement. The bene ciaries under the trust arrangement comprise a total of 1,465 current and past employees and certain past and present customers/suppliers of the Group.

Percentage of Shareholdings In Public Hands

As at 17 March 2009, approximately 37.53% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with the Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Connection 1, Level 3 Amara Hotel, 165 Tanjong Pagar Road, Singapore 088539, on Monday, 27 April 2009 at 10.30 a.m., to transact the following businesses: -

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the nancial year ended 31 December 2008 and the Auditors Report thereon. (Resolution 1)

2. To declare a nal dividend of 1.6 Singapore cents per ordinary share in respect of the nancial year ended 31 December 2008. (Resolution 2)

3. To approve Directors' Fees of RMB 8.6 million for the year ended 31 December 2008. (Resolution 3)

4. To re-elect Mr Li Buwen, a Director retiring under Article 89 of the Articles of Association of the Company. (Resolution 4)

5. To re-elect Madam Yan Yunhua, a Director retiring under Article 89 of the Articles of Association of the Company. (Resolution 5)

6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to x their remuneration. (Resolution 6)

As Special Business

To consider, and if thought t, to pass the following Ordinary Resolutions (with or without amendments): -

7 (a). "That pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem t, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) m ake or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

(ii) the 50 per cent. limit in sub-paragraph (i) above may be increased to 100% for issues of shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 7)
[See Explanatory Note 1]

8. "That subject to and conditional upon the passing of Resolution 7 above, approval be and is hereby given to the directors of the Company at any time to issue shares (other than on a pro-rata basis to shareholders of the Company) at an issue price for each share which shall be determined by the directors of the Company in their absolute discretion provided that such price shall not represent a discount of more than 20 per cent. to the weighted average price of a share for trades done on the SGX-ST (as determined in accordance with the requirements of SGX-ST)." (Resolution 8)
[See Explanatory Note 2]

9. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Ms Foo Soon Soo
Mr Jeremy Cheah Soon Ann
Joint Company Secretaries

Singapore, 11 April 2009

Explanatory Notes on Special Business to be transacted: -

1. The Ordinary Resolution 7 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company of which (a) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) by way of a rights issue does not exceed 100% of the total number of issued shares excluding treasury shares, (b) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) to be issued on a pro rata but non-renounceable basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares, and (c) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares provided always the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) under (a), (b) and (c) shall not exceed 100% of the total number of issued shares excluding treasury shares.

   The increased limit of up to 100% for renounceable rights issue will be effective up to 31 December 2010 pursuant to SGX-ST's noti cation dated 19 February 2009 and the increased limit is subject to the conditions that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on tTj 0.0278 Tw ndi7-Mshares excludingdom9b 0hares exudingdom9wsreing

(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the Company, this Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, (Name)

of (Address)

being *a member/members of CHINA XLX FERTILISER LTD. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at Connection 1, Level 3 Amara Hotel, 165 Tanjong Pagar Road, Singapore 088539, on 27 April 2009 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no speci ed directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolution	For*	Against*
1.	To receive and adopt the Audited Financial Statements of the Company for the nancial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon.		
2.	To declare a nal dividend of 1.6 Singapore Cents per share in respect of the nancial year ended 31 December 2008.		
3.	To approve the Directors' fee of RMB 8.6 million for the nancial year ended 31 December 2008.		
4.	To re-elect Mr Li Buwen, a Director of the Company, pursuant to Article 89 of the Company's Articles of Association.		
5.	To re-elect Madam Yan Yunhua, a Director of the Company, pursuant to Article 89 of the Company's Articles of Association.		
6.	To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to x their remuneration.		
7.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
8.	Authority for directors to issue shares at a discount		

* Please indicate your vote ÒForÓ or ÒAgainstÓ with a Ò PÓwithin the box provided.

** If you wish to exercise all your votes ÒForÓ or ÒAgainstÓ, please tick (P) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this day of 2009.

Total Number of Shares Held

Signature(s) of Member(s)/Common Seal

Notes:

1. A member shall not be entitled to appoint more than two proxies to attend and vote at the Annual General Meeting. A proxy need not be a member of the Company.

2. Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

3. An instrument appointing a proxy for any Member shall be in writing and in the case of an individual Member, shall be signed by the Member or his attorney duly authorized in writing; and in the case of a Member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorized in writing or a duly authorized of cer of the corporation.

4. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks t to act as its representative at any General Meeting. The person so authorized shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of the Company's Articles of Association (subject to the Act) be deemed to be prese nt

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Company Registration No. 200610384G