CHINA XLX FERTILISER LTD.
中國心連心化肥有限公司*

(Incorporated in Singapore with limited liability)
(Hong Kong Stock Code: 1866)
(Singapore Stock Code: B9R)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "**Board**") of China XLX Fertiliser Ltd. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	4,5	**3,968,946**	3,945,584
Cost of sales		**(3,221,247)**	(3,225,942)
Gross profit	4	**747,699**	719,642
Other income and gains	5	**26,302**	29,080
Selling and distribution expenses		**(82,242)**	(69,462)
General and administrative expenses		**(275,984)**	(202,493)
Other expenses		**(9,079)**	(22,387)
Finance costs	6	**(95,073)**	(82,359)
Profit before tax	7	**311,623**	372,021
Income tax expense	8	**(52,230)**	(61,020)
Profit for the year		**259,393**	311,001
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investment:			
Change in fair value		**3,622**	(1,004)
Reclassification adjustment for impairment loss included in profit or loss		**–**	1,004
Other comprehensive income for the year, net of tax		**3,622**	–
Total comprehensive income for the year		**263,015**	311,001

	Note	**2013** *RMB'000*	2012 *RMB'000*
Profit attributable to:			
Owners of the parent		**264,052**	311,121
Non-controlling interest		**(4,659)**	(120)
		259,393	311,001
Total comprehensive income attributable to:			
Owners of the parent		**267,674**	311,121
Non-controlling interest		**(4,659)**	(120)
		263,015	311,001
Earnings per share attributable to ordinary equity holders of the parent			
Basic and diluted *(RMB cents)*	*10*	**22.45**	26.46

Details of the dividend proposed for the year are disclosed in note 9 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

		Group	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**4,735,403**	3,019,025
Prepaid land lease payments	*11*	**171,446**	175,290
Goodwill		**6,950**	6,950
Coal mining right		**41,232**	41,955
Available-for-sale investment		**7,500**	7,500
Deferred tax assets		**8,663**	4,706
Prepayments for purchases of items of plant and equipment	*11*	**687,469**	721,626
Total non-current assets		**5,658,663**	3,977,052
Current assets			
Due from a related company		**1,907**	1,760
Available-for-sale investment		**8,323**	4,701
Inventories		**261,377**	432,366
Trade receivables	*12*	**9,572**	15,520
Bills receivable	*12*	**3,897**	1,740
Prepayments		**186,930**	140,630
Deposits and other receivables		**198,995**	49,080
Income tax recoverable		**26,446**	3,858
Pledged deposits		**148,961**	12,900
Cash and cash equivalents		**797,813**	477,610
Total current assets		**1,644,221**	1,140,165
TOTAL ASSETS		**7,302,884**	5,117,217
Current liabilities			
Due to a related company		**–**	135
Trade payables	*13*	**88,171**	110,773
Bills payable	*14*	**260,143**	25,800
Accruals and other payables		**829,368**	422,437
Income tax payable		**4**	4
Deferred grants		**4,892**	3,596
Interest-bearing bank and other borrowings		**134,983**	172,000
Short-term bond payable		**300,000**	300,000
Total current liabilities		**1,617,561**	1,034,745
NET CURRENT ASSETS		**26,660**	105,420
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,685,323**	4,082,472

	Group	
	2013	2012
	RMB'000	*RMB'000*
Non-current liabilities		
Interest-bearing bank and other borrowings	**2,837,832**	1,679,485
Deferred grants	**33,026**	23,474
Deferred tax liabilities	**50,216**	51,081
Other payables	**398**	–
Long-term bond payable	**250,000**	–
Total non-current liabilities	**3,171,472**	1,754,040
TOTAL LIABILITIES	**4,789,033**	2,788,785
NET ASSETS	**2,513,851**	2,328,432
Equity attributable to owners of the parent		
Issued capital	**836,671**	836,671
Convertible bonds	**322,436**	322,436
Statutory reserve fund	**199,295**	167,873
Revaluation reserve	**3,622**	–
Retained profits	**1,089,256**	931,222
Proposed final dividend	**60,000**	63,000
	2,511,280	2,321,202
Non-controlling interest	**2,571**	7,230
Total equity	**2,513,851**	2,328,432
TOTAL EQUITY AND LIABILITIES	**7,302,884**	5,117,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. CORPORATION INFORMATION

China XLX Fertiliser Ltd. is a limited liability company incorporated in Singapore on 17 July 2006 under the Singapore Companies Act and its shares are dual primary-listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and The Stock Exchange of Hong Kong Limited (the "**SEHK**"). The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore, 068898. The principal place of business of the Group is located at Xinxiang High Technology Development Zone (Xiaoji Town), Henan Province, the People's Republic of China (the "**PRC**"). The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are mainly manufacturing and trading of urea, compound fertiliser, methanol, liquid ammonia and ammonia solution.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("**SFRSs**") (which include all Singapore Financial Reporting Standards and Singapore Financial Reporting Interpretations ("**INT SFRSs**")) issued by the Singapore Accounting Standards Council.

These financial statements have been prepared on a historical cost basis, except for a current available-for-sale investment, which has been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values in the tables are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

- Amendments to SFRS 1 *Presentation of Financial Statements – Presentation Items of Other Comprehensive Income*
- Revised SFRS 19 *Employee Benefits*
- SFRS 113 *Fair Value Measurement*
- Amendments to SFRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Improvements to SFRSs 2012
  - Amendment to SFRS 1 *Presentation of Financial Statements*
  - Amendment to SFRS 16 *Property, Plant and Equipment*
  - Amendment to SFRS 32 *Financial Instruments: Presentation*
  - Amendments to SFRS 34 *Interim Financial Reporting*
  - Amendments to SFRS 101 *First-time Adoption of International Financial Reporting Standards*
- INT SFRS 120 *Stripping Costs in the Production Phase of a Surface Mine*

The adoption of these standards and interpretations did not have material effect on the results and financial position of the financial statements, or their presentation.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products, and has three reportable operating segments as follows:

– Manufacturing and sale of urea

– Manufacturing and sale of compound fertiliser

– Manufacturing and sale of methanol

An analysis by principal activity of contribution to the results is as follows:

For the year ended 31 December 2013	**Urea** *RMB'000*	**Compound fertiliser** *RMB'000*	**Methanol** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Sales to external customers	**2,257,520**	**1,095,927**	**601,492**	**14,007**	**–**	**3,968,946**
Intersegment sales	**81,357**	**–**	**2,228**	**172,376**	**(255,961)**	**–**
Total revenue	**2,338,877**	**1,095,927**	**603,720**	**186,383**	**(255,961)**	**3,968,946**
Segment profit	**498,427**	**119,220**	**127,526**	**2,526**	**–**	**747,699**
Interest income						**3,847**
Unallocated other income, net						**22,455**
Unallocated expenses						**(367,305)**
Financial costs						**(95,073)**
Profit before tax						**311,623**
Income tax expense						**(52,230)**
Profit for the year						**259,393**
Other segment information:						
Loss on disposal of items of property, plant and equipment						**5,191**
Depreciation of items of property, plant and equipment						**183,455**
Amortisation of prepaid land lease payments						**3,844**
Amortisation of coal mining right						**1,603**

For the year ended 31 December 2012	Urea	Compound fertiliser	Methanol	Others	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sales to external customers	2,498,534	937,973	495,163	13,914	–	3,945,584
Intersegment sales	318,658	–	–	5,743	(324,401)	–
Total revenue	2,817,192	937,973	495,163	19,657	(324,401)	3,945,584
Segment profit	571,285	127,463	19,466	1,428	–	719,642
Interest income						4,463
Unallocated other income, net						24,617
Unallocated expenses						(294,342)
Financial costs						(82,359)
Profit before tax						372,021
Income tax expense						(61,020)
Profit for the year						311,001
Other segment information:						
Write-off of trade receivables						43
Write-down of inventories to net realisable value						5,410
Impairment of an available-for-sale investment						1,004
Loss on disposed of items of property, plant and equipment						10,146
Depreciation of items of property, plant and equipment						178,866
Amortisation of prepaid land lease payments						3,350
Amortisation of coal mining right						1,568

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

	2013	2012
	RMB'000	*RMB'000*
REVENUE		
Sale of goods	**3,968,946**	3,945,584
OTHER INCOME AND GAINS		
Bank interest income	**3,847**	4,463
Net profit from sales of by-products	**10,747**	9,178
Amortisation of deferred grants	**1,121**	1,095
Subsidy income	**3,184**	12,489
Realised exchange gain	**6,865**	–
Others	**538**	1,855
Total other income	**26,302**	29,080

6. FINANCE COSTS

The Group's finance costs are analysed as follows:

	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans, overdrafts, other loans and bonds, wholly repayable within five years	**164,550**	90,311
Interest on bank loans, overdrafts and other loans, wholly repayable after five years	**–**	19,465
Interest on government loans	**243**	342
	164,793	110,118
Less: Interest capitalised	**(69,720)**	(27,759)
	95,073	82,359

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2013	2012
	RMB'000	*RMB'000*
Cost of inventories sold	**3,221,247**	3,225,942
Depreciation of items of property, plant and equipment	**183,455**	178,866
Amortisation of prepaid land lease payments	**3,844**	3,350
Amortisation of coal mining right	**1,603**	1,568
Minimum lease payments under operating leases:		
Land	**1,319**	1,313
Buildings	**1,066**	480
	2,385	1,793
Auditors' remuneration	**1,322**	1,659
Employee benefit expenses (including directors' remuneration):		
Salaries and bonuses	**203,336**	198,555
Contributions to defined contribution plans	**5,667**	41,931
Welfare expenses	**25,044**	14,298
	234,047	254,784
Impairment of an available-for-sale investment	**–**	1,004
Unrealised exchange loss, net	**144**	706
Loss on disposal of items of property, plant and equipment	**5,191**	10,146
Write-down of inventories to net realisable value	**–**	5,410
Write-off of trade receivables	**–**	43

8. INCOME TAX

The Company is incorporated in Singapore and is subject to income tax rate of 17% (2012: 17%) for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The Company's subsidiaries in Mainland China are subject to income tax rate of 25% (2012: 25%). In the prior year, one of the subsidiaries was awarded the New/High Tech Enterprise Award as recognition of its innovation and use of state-of-the-art equipment. This award brought this subsidiary a tax concession of a lower income tax rate (i.e. 15%) for the years ended 31 December 2012 and 31 December 2013.

The major components of income tax expense for the financial years ended 31 December 2013 and 2012 are:

	2013	2012
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**55,767**	64,941
Underprovision in respect of prior years	**780**	1,145
Deferred	**(4,317)**	(5,066)
Total tax charge for the year	**52,230**	61,020

9. DIVIDEND

	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend – RMB6.00 cents (2012: RMB6.30 cents) per ordinary share	**60,000**	63,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued) of 1,176,000,000 (2012: 1,176,000,000), as adjusted to reflect the convertible bonds issued in 2011.

The calculations of basic and diluted earnings per share are based on the following data:

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**264,052**	311,121

	2013	2012
	Number of shares	*Number of shares*
Shares		
Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued) for the purpose of calculating basic and diluted earnings per share	**1,176,000,000**	1,176,000,000

11. PROPERTY, PLANT AND EQUIPMENT, PREPAID LAND LEASE PAYMENTS AND PREPAYMENTS

The Group's capital expenditure in respect of property, plant and equipment and prepaid land lease payments for the year ended 31 December 2013 amounted to approximately RMB1,632 million. The capital expenditure primarily consisted of the followings:

	2013
	RMB' million
Upgrades of existing production facilities	33
Expansion of Xinjiang Xinlianxin Energy Chemical Co., Ltd.	571
Construction of Production Plant III *(note 1)*	9
Railway project *(note 2)*	1
Construction of Production Plant IV *(note 3)*	959
Land use rights	59
Total	1,632

Notes:

1. The construction of production plant 3 ("**Production Plant III**") was completed in April 2009. Production Plant III is an extension of the second production plant ("**Production Plant II**"), which owns a production project with the designed annual capacity of approximately 527,000 tons of urea and 95,200 tons of methanol, located at Xinxiang Economic and Technology Development Zone, Qing Long Road East Section, Henan Province, the PRC.

2. The construction of a railway extension from Xinxiang East Railway Station to Production Plant II and Production Plant III enables the Group to load and unload its products and raw materials directly at the production plants, and thus eliminating the need for arranging for land transportation to and from the railway station.

3. The construction of production plant 4 ("**Production Plant IV**") commenced in November 2010. Production Plant IV is an extension of Production Plants II and III, which will have a designed annual capacity of approximately 800,000 tons of urea.

12. TRADE AND BILLS RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**9,572**	15,520
Bills receivable	**3,897**	1,740

Trade receivables are non-interest-bearing and are normally settled on terms of 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group's bills receivable are non-interest-bearing and are normally settled on terms of 90 to 180 days. Trade and bills receivables are denominated in RMB.

The Group's trading terms with its customers are mainly payment in advance or on credit for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 1 month	**2,152**	13,876
1 to 3 months	**819**	830
3 to 6 months	**2,372**	469
6 to 12 months	**3,990**	345
Over 12 months	**239**	–
	9,572	15,520

13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 1 month	**66,288**	44,495
1 to 3 months	**11,115**	55,750
3 to 6 months	**4,504**	4,948
6 to 12 months	**2,143**	1,941
Over 12 months	**4,121**	3,639
	88,171	110,773

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. Trade payables are denominated in RMB.

14. BILLS PAYABLE

The Group's bills payable had an average maturity period of 90 to 180 days and were interest-free. Bills payable were denominated in RMB and were secured by time deposits of RMB148,961,000 (2012: RMB12,900,000).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Revenue

Revenue for the financial year ended 31 December 2013 ("**FY2013**") increased by approximately RMB23 million or 0.6% from approximately RMB3,946 million in the financial year ended 31 December 2012 ("**FY2012**") to approximately RMB3,969 million in FY2013. The increase was mainly due to the increase in urea, methanol and compound fertiliser sales volume.

Urea

Revenue derived from the sales of urea decreased by approximately RMB241 million or approximately 9.6% from approximately RMB2,499 million in FY2012 to approximately RMB2,258 million in FY2013. Such decrease was mainly due to the decrease in average selling price by approximately 13.8%. The decrease in average selling price was offset by the increase in sales volume by approximately 4.8%.

Methanol

Revenue derived from the sales of methanol increased by approximately RMB106 million or approximately 21.4% from approximately RMB495 million in FY2012 to approximately RMB601 million in FY2013. Such increase was mainly due to the increase in sales quantity by approximately 23.5% despite the decrease in the average selling price by approximately 1.6%.

Compound fertiliser

Revenue derived from the sales of compound fertiliser increased by approximately RMB158 million or approximately 16.8% from approximately RMB938 million in FY2012 to approximately RMB1,096 million in FY2013. Such increase was mainly due to the increase in sales volume by approximately 30.6% despite the decrease in average selling price by approximately 10.5%.

Profitability

Overall profit margin increased from 18.2% in FY2012 to 18.8% in FY2013 due to the increase in methanol gross profit margins.

Urea

Gross profit margin for urea sales decreased from approximately 22.9% in FY2012 to 22.1% in FY2013 due to the lower urea average selling prices. The urea average selling prices decreased by approximately 13.8% as compared against FY2012. The decrease in average selling prices was offset by the decrease in average cost of sales by approximately 12.8%.

Methanol

Gross profit margin for methanol increased from approximately 3.9% in FY2012 to 21.2% in FY2013 despite the decrease in the average selling prices by approximately 1.6% in FY2013. This was mainly due to lower coal prices which reduced the methanol average cost of sales by about 19.1% in FY2013 as compared against FY2012.

Compound fertiliser

Gross profit margin for compound fertiliser decreased from approximately 13.6% in FY2012 to 10.9% in FY2013. This was mainly due to the decrease in the compound fertiliser average selling prices by approximately 10.5% and was partially offset by the decrease in average cost of sales by approximately 7.7%.

Other income and gains

Other income decreased by approximately RMB3 million from approximately RMB29 million in FY2012 to approximately RMB26 million in FY2013 mainly due to the decrease of RMB9 million in government subsidies in FY2013. The decrease was partially offset by the increase in exchange gain of approximately RMB7 million due to the appreciation of RMB against the US Dollar.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB13 million from approximately RMB69 million in FY2012 to approximately RMB82 million in FY2013. The increase in selling and distribution expenses was mainly due to increases in travelling expenses, salaries, transportation expenses and publicity expenses by approximately RMB4 million, RMB4 million, RMB4 million and RMB1 million respectively so as to strengthen the Group's sales networks.

General and administrative expenses

General and administrative expenses increased by approximately RMB74 million or 36.3% from approximately RMB202 million in FY2012 to approximately RMB276 million in FY2013. The increase was mainly due to the increase in advertising and publicity expenses by approximately RMB29 million to strengthen the Group's distribution networks, which is in line with the Group's expansion. Staff costs and welfare expenses increased by approximately RMB17 million due to the engagement of new employees to be trained for Production Plant IV and Xinjiang Project. Office, environmental and consultancy expenses have also increased by approximately RMB7 million due to the Group's expansion. Other general and administrative expenses such as research and development expenses, depreciation and amortisation costs increased by approximately RMB20 million.

Other expenses

Other expenses decreased by approximately RMB13 million from approximately RMB22 million in FY2012 to approximately RMB9 million in FY2013. The decrease was mainly due to the decrease in loss on disposal of items of property, plant and equipment, expenses for former owner of Tianli and impairment loss on available-for-sale investment by approximately RMB5 million, RMB7 million and RMB1 million respectively.

Finance costs

Finance costs increased by approximately RMB13 million or 15.4% from approximately RMB82 million in FY2012 to approximately RMB95 million in FY2013. The increase was due to an increase in interest-bearing bank and other borrowings raised in FY2013 as compared against FY2012.

Income tax expense

Income tax expense decreased by approximately RMB9 million or 14.4% from approximately RMB61 million in FY2012 to approximately RMB52 million in FY2013 due to lower taxable profits.

Profit attributable to owners of the parent

The net profit attributable to owners of the parent of the Company decreased by approximately RMB47 million or 15.2% from approximately RMB311 million in FY2012 to approximately RMB264 million in FY2013. This was mainly due to the increase in general and administrative expenses, selling and distribution expenses and finance expenses by approximately RMB74 million, RMB13 million and RMB13 million respectively. The decrease in net profit attributable to owners of the parent of the Company in FY2013 was partially offset by the increases in gross profit by approximately RMB28 million and decrease in other expenses and income tax expenses by approximately RMB13 million and RMB9 million respectively.

(II) FINANCIAL REVIEW

Gearing

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 below 90%.

	2013	2012
	RMB'000	*RMB'000*
Due to a related company	**–**	135
Trade payables	**88,171**	110,773
Bills payable	**260,143**	25,800
Accruals and other payables	**829,368**	422,437
Interest-bearing bank and other borrowings	**2,972,815**	1,851,485
Short-term bond payable	**300,000**	300,000
Other payable	**398**	–
Long-term bond payable	**250,000**	–
Less: Cash and cash equivalents	**(797,813)**	(477,610)
Less: Pledged deposits	**(148,961)**	(12,900)
Net debt	**3,754,121**	2,220,120
Equity attributable to owners of the parent	**2,511,280**	2,321,202
Less: Statutory reserve fund	**(199,295)**	(167,873)
Total capital	**2,311,985**	2,153,329
Capital and net debt	**6,066,106**	4,373,449
Gearing ratio	**61.9%**	50.8%

Net debt includes interest-bearing bank and other borrowings, short-term and long-term bonds payable, trade and bills payables, amounts due to a related company, accruals and other payables, less cash and cash equivalents and pledged deposits. Capital includes equity attributable to the owners of the parent less the above-mentioned restricted statutory reserve fund.

Loans

Amounts payable in one year or less, or on demand

	As at 31 December 2013		As at 31 December 2012	
	Secured	**Unsecured**	Secured	Unsecured
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Bank loans	**94,983**	**40,000**	–	172,000
Short-term bond payable	**–**	**300,000**	–	300,000
	94,983	**340,000**	–	472,000

Amounts payable after one year

	As at 31 December 2013		As at 31 December 2012	
	Secured	**Unsecured**	Secured	Unsecured
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Bank loans	**–**	**2,831,468**	–	1,672,212
Loan from government	**–**	**6,364**	–	7,273
RMB bond	**–**	**250,000**	–	–
	–	**3,087,832**	–	1,679,485

Details of collateral

As at 31 December 2013, the Group had a short-term loan of approximately RMB95 million secured by pledged fixed deposits. As at 31 December 2012, the Group had no secured loans.

(III) PROSPECTS

The Company expects the selling prices of urea to remain at a low level due to over-capacity in the industry and coal prices are likely to remain stable.

The Production Plant IV has commenced production and the annual urea production capacity of the Group has reached approximately 2.1 million tons. The new technology employed at Production Plant IV will enable the Group to further improve cost efficiency and strengthen the Group's position as one of the industry leaders in PRC.

(IV) PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB6.00 cents per share for the year ended 31 December 2013 (the "**Proposed Final Dividend**") (2012: RMB6.30 cents per share), subject to the shareholders' approval at the forthcoming annual general meeting of the Company. The Company will further announce details of the Proposed Final Dividend, the annual general meeting, and the period of closure of the Company's Register of Members for determining the entitlement to the Proposed Final Dividend in due course.

(V) SUPPLEMENTARY INFORMATION

1. Reconciliation between SFRSs and International Financial Reporting Standards ("IFRSs")

For the year ended 31 December 2013, there were no material differences between the consolidated financial statements of the Group prepared under SFRSs and IFRSs (which include all IFRS, International Accounting Standards and Interpretations).

2. Operational and Financial Risks

(i) Market Risk

The major market risks of the Group include changes in the average selling prices of key products, changes in the costs of raw materials (mainly coal) and fluctuations in interest and exchange rates.

(ii) Commodity Price Risk

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and costs of raw materials.

(iii) Interest Rate Risk

The major market interest rate risk that the Group is exposed to relates to the Group's long-term debt obligations which are subject to floating interest rates.

(iv) Foreign Exchange Risk

The Group's revenue and costs are primarily denominated in RMB. Some costs may be denominated in Hong Kong dollars, United States dollars or Singapore dollars.

(v) Inflation and Currency Risk

According to the data released by the National Bureau of Statistics of China, the consumer price index of the PRC increased by approximately 2.6% in the year ended 31 December 2013 as compared with an increase of approximately 2.6% in 2012. Such inflation in the PRC did not have a significant effect on the Group's operating results.

(vi) Liquidity Risk

The Group monitors its risk exposure to shortage of funds. The Group regularly reviews the maturity of both its financial investments and financial assets (e.g. trade receivables and other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. As at 31 December 2013, approximately RMB435 million (31 December 2012: RMB472 million), or approximately 12.3% (31 December 2012: 21.9%) of the Group's debts will mature in less than one year based on the carrying value of the borrowings reflected in the financial statements.

(vii) Gearing Risk

The Group monitors its capital ratios in order to support its business and maximise shareholders' 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 raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 2012. The gearing ratio of the Group (calculated as net debt divided by total capital plus net debt) increased from approximately 50.8% as at 31 December 2012 to approximately 61.9% as at 31 December 2013.

3. Contingent Liabilities

As at 31 December 2013, the Group had no material contingent liabilities (2012: Nil).

4. Material Litigation and Arbitration

As at 31 December 2013, the Group was not involved in any litigation or arbitration.

5. Audit Committee

The audit committee of the Company (the "**Audit Committee**") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The results for the year ended 31 December 2013 have been reviewed by the Audit Committee.

6. Compliance with the Corporate Governance Code

The Company devotes to best practice on corporate governance, and has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") for the year ended 31 December 2013, except for the following deviations:

Code provision A.2.1

This code provision stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Mr. Liu Xingxu has been the Chairman of the Board and Chief Executive Officer since the incorporation of the Company. The Board considers such structure beneficial to the Group as the Board believes that Mr. Liu Xingxu, who has extensive experience in the industry, can provide the Company with strong and consistent leadership and visions and also allows for effective and efficient planning and implementation of business decisions and strategies. He can also ensure timeliness of information flow between the Board and management.

In addition, the Directors are of the view that the balanced composition of executive and non-executive Directors (including independent non-executive Directors) on the Board and the existence of various Board Committees (comprising all or a majority of independent Directors) in overseeing different aspects of the Company's affairs, are adequate safeguards to ensure a balance of power and authority.

7. **Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers**

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the directors of the Company. The Board confirms that, having made specific enquiries with all directors of the Company, all of them have complied with the required standards of the Model Code during the year ended 31 December 2013.

8. **Purchase, Sales or Redemption of the Company's Securities**

For the year ended 31 December 2013, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the securities of the Company.

9. **Employees and Remuneration Policy**

As at 31 December 2013, there were 5,026 (2012: 4,073) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

10. **Disclosure on the Website of the SEHK**

This announcement is published on the website of the SEHK (http://www.hkex.com.hk) and on the website of the Company (http://www.chinaxlx.com.hk).

By Order of the Board
China XLX Fertiliser Ltd.
Yan Yunhua
Executive Director
and Chief Financial Officer

Singapore, 24 February 2014

As at the date of this announcement, the executive directors of the Company are Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Li Buwen; the non-executive director of the Company is Mr. Lian Jie; and the independent non-executive directors of the Company are Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin.

* *for identification purpose only*