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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is a reproduction of the announcement made by China XLX Fertiliser Ltd. (the “**Company**”), regarding the annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2013 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited, for compliance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to the attached announcement on the next page issued on the Singapore Exchange Securities Trading Limited on 24 February 2014.

By Order of the Board
China XLX Fertiliser Ltd.
Yan Yunhua

Executive Director & 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*



PAST INFORMATION REQUIRED FOR FULL YEAR ENDED 31 DECEMBER 2013

1(a) Consolidated Statement of Comprehensive Income for the Year ended 31 December 2013 together with a comparative statement for the corresponding period of the immediately preceding financial year.

	12 months ended		Increase/ (Decrease) %
	31/12/2013 <i>RMB'000</i>	31/12/2012 <i>RMB'000</i>	
Revenue	3,968,946	3,945,584	0.6%
Cost of sales	(3,221,247)	(3,225,942)	(0.1%)
Gross profit	747,699	719,642	3.9%
Other income, net	26,302	29,080	(9.6%)
Selling and distribution expenses	(82,242)	(69,462)	18.4%
General and administrative expenses	(275,984)	(202,493)	36.3%
Other expenses	(9,079)	(22,387)	(59.4%)
Finance costs	(95,073)	(82,359)	15.4%
Profit before tax	311,623	372,021	(16.2%)
Income tax expense	(52,230)	(61,020)	(14.4%)
Profit for the year	<u>259,393</u>	<u>311,001</u>	(16.6%)
Other comprehensive income for the year			
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)	(460.8%)
Reclassification adjustment for impairment loss included in profit or loss	–	1,004	(100.0%)
Other comprehensive income for the year, net of tax	3,622	–	100.0%
Total comprehensive income for the year	<u>263,015</u>	<u>311,001</u>	
Profit attributable to:			
Owners of the parent	264,052	311,121	(15.1%)
Non-controlling interest	(4,659)	(120)	3782.5%
	<u>259,393</u>	<u>311,001</u>	(16.6%)
Total comprehensive income attributable to:			
Owners of the parent	267,674	311,121	(14.0%)
Non-controlling interest	(4,659)	(120)	3782.5%
	<u>263,015</u>	<u>311,001</u>	(15.4%)



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

	12 months ended 31/12/2013 RMB'000	12 months ended 31/12/2012 RMB'000
Depreciation 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
Amortisation of deferred grants	(1,121)	(1,095)
Loss on disposal of items of property, plant and equipment	5,191	10,146
Impairment loss on an available-for-sale investment	–	1,004
Write-down of inventories to net realisable value	–	5,410
Unrealised foreign exchange loss, net	144	706
Interest income	(3,847)	(4,463)
Interest expenses	95,073	82,359



1(b)(i) Consolidated Statement of Financial Position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	4,735,403	3,019,025	–	–
Prepaid land lease payments	171,446	175,290	–	–
Goodwill	6,950	6,950	–	–
Coal mining rights	41,232	41,955	–	–
Investment in subsidiary	–	–	1,340,000	1,100,000
Available-for-sale investment	7,500	7,500	–	–
Deferred tax assets	8,663	4,706	–	–
Prepayments for purchases of items of plant and equipment	687,469	721,626	–	–
Total non-current assets	<u>5,658,663</u>	<u>3,977,052</u>	<u>1,340,000</u>	<u>1,100,000</u>
Current assets				
Available-for-sale investment	8,323	4,701	8,323	4,701
Inventories	261,377	432,366	–	–
Trade receivables	9,572	15,520	–	–
Bills receivable	3,897	1,740	–	–
Prepayments	186,930	140,630	318	318
Deposits and other receivables	198,995	49,080	–	–
Due from a related company	1,907	1,760	–	–
Due from a subsidiary	–	–	230,938	132,938
Income tax recoverable	26,446	3,858	–	–
Pledged deposits	148,961	12,900	–	–
Cash and cash equivalents	797,813	477,610	5,400	4,587
Total current assets	<u>1,644,221</u>	<u>1,140,165</u>	<u>244,979</u>	<u>142,544</u>
TOTAL ASSETS	<u>7,302,884</u>	<u>5,117,217</u>	<u>1,584,979</u>	<u>1,242,544</u>



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	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
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	16,260	19,819
Income tax payable	4	4	–	–
Deferred grants	4,892	3,596	–	–
Short-term bond payable	300,000	300,000	–	–
Interest-bearing bank and other borrowings	134,983	172,000	94,983	–
Total current liabilities	1,617,561	1,034,745	111,243	19,819
NET CURRENT ASSETS	26,660	105,420	133,736	122,725
TOTAL ASSETS LESS CURRENT LIABILITIES	5,685,323	4,082,472	1,473,736	1,222,725
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	–	250,000	–
Total non-current liabilities	3,171,472	1,754,040	250,000	–
TOTAL LIABILITIES	4,789,033	2,788,785	361,243	19,819
NET ASSETS	2,513,851	2,328,432	1,223,736	1,222,725
Equity attributable to owners of the parent				
Issued capital	836,671	836,671	836,671	836,671
Convertible bonds	322,436	322,436	322,436	322,436
Statutory reserve fund	199,295	167,873	–	–
Revaluation reserve	3,622	–	3,622	–
Retained profits	1,089,256	931,222	1,007	618
Proposed final dividend	60,000	63,000	60,000	63,000
	2,511,280	2,321,202	1,223,736	1,222,725
Non-controlling interest	2,571	7,230	–	–
Total equity	2,513,851	2,328,432	1,223,736	1,222,725
TOTAL EQUITY AND LIABILITIES	7,302,884	5,117,217	1,584,979	1,242,544



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1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amounts payable in one year or less, or on demand

	As at 31/12/2013		As at 31/12/2012	
	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
	<u>94,983</u>	<u>340,000</u>	<u>–</u>	<u>472,000</u>

Amounts payable after one year

	As at 31/12/2013		As at 31/12/2012	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	–	2,831,468	–	1,672,212
RMB bond	–	250,000	–	–
Loan from government	–	6,364	–	7,273
	<u>–</u>	<u>3,087,832</u>	<u>–</u>	<u>1,679,485</u>

Details of collateral

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



1(c)(i) A Cash Flow Statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	12 months ended	
	31/12/2013	31/12/2012
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	311,623	372,021
<i>Adjustments for:</i>		
Loss on disposal of items of property, plant and equipment	5,191	10,146
Depreciation 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
Amortisation of deferred grants	(1,121)	(1,095)
Impairment loss on an available-for-sale investment	–	1,004
Write-off of trade receivables	–	43
Write-down of inventories to net realisable value	–	5,410
Interest expense	95,073	82,359
Interest income	(3,847)	(4,463)
Total adjustments	284,198	277,188
<i>Operating cash flows before changes in working capital</i>	595,821	649,209
Changes in working capital		
<i>Decrease/(increase) in:</i>		
Inventories	170,989	155,338
Trade and bills receivables	3,791	13,472
Other receivables and deposits	(149,915)	(35,741)
Prepayments	(46,300)	(22,371)
Due from a related company	(147)	(1,760)
<i>Increase/(decrease) in:</i>		
Trade and bills payables	211,741	15,730
Other payables and accruals	235,812	40,816
Due to a related company	(135)	(28)
Total changes in working capital	425,836	165,456
<i>Cash flows from operations</i>	1,021,657	814,665
Interest received	3,847	4,463
Interest paid	(164,793)	(110,118)
Income taxes paid	(79,640)	(68,319)
Government grants received	11,969	24,700
Net cash flows generated from operating activities	793,040	665,391

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	12 months ended	
	31/12/2013	31/12/2012
	RMB'000	RMB'000
Cash flows from investing activities		
Proceeds from disposals of items of property, plant and equipment	2,298	247
Purchase of items of property, plant and equipment and land use rights (Note B)	(1,631,928)	(1,189,114)
Additions to coal mining right	(880)	(1,760)
Investment in available-for-sale investment	–	(7,500)
Increase in bank deposits pledged	(136,061)	(2,900)
Net cash flows used in investing activities	(1,766,571)	(1,201,027)
Cash flows from financing activities		
Proceeds from loans and borrowings	2,092,702	992,212
Proceeds from issue of a long-term RMB bond	250,000	–
Proceeds from issue of a short-term bond	–	300,000
Repayment of loans and borrowings	(971,372)	(748,818)
Dividends paid on ordinary shares	(63,000)	(37,000)
Payment of convertible bonds interests	(14,596)	(14,596)
Capital contribution by non-controlling interest	–	7,350
Net cash flows generated from financing activities	1,293,734	499,148
Net increase/(decrease) in cash and cash equivalents	320,203	(36,488)
Cash and cash equivalents at beginning of year	477,610	514,098
Cash and cash equivalents at end of year (Note A)	797,813	477,610



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Note A: Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and unpledged bank deposits. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	Group RMB'000	
	12 months ended 31/12/2013	12 months ended 31/12/2012
Fixed deposits	148,961	12,900
Cash and bank balances	797,813	477,610
	946,774	490,510
Less: Fixed deposits pledged	(148,961)	(12,900)
Cash and cash equivalents	797,813	477,610

Note B: Property, plant and equipment and land use rights

	Group RMB'000	
	12 months ended 31/12/2013	12 months ended 31/12/2012
Current year additions to property, plant and equipment and land use rights	1,907,322	757,317
Less:		
Prepayments made in prior year	(721,626)	(216,822)
Payable to creditors	(264,163)	(92,646)
Borrowing cost capitalized	(69,720)	(27,759)
	851,813	420,090
Add:		
Prepayments made in current year	687,469	721,626
Payments for prior year purchase	92,646	47,398
Net cash outflow for purchase of property, plant and equipment and land use rights	1,631,928	1,189,114



1(d)(i) Statement of Changes in Equity (for the Issuer and the Group) as at 31 December 2013, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued capital	Convertible bond	Available-for-sale investment revaluation reserve	Statutory reserve fund	Retained profits	Proposed final dividend	Total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group									
As at 1 January 2012	836,671	321,996	-	133,655	732,355	37,000	2,061,677	-	2,061,677
Profit for the year	-	-	-	-	311,121	-	311,121	(120)	311,001
Other comprehensive income for the year:									
Change in fair value of an available-for-sale investment	-	-	-	-	-	-	-	-	-
Transfer of impairment loss to profit or loss	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	311,121	-	311,121	(120)	311,001
Incorporation of a subsidiary	-	-	-	-	-	-	-	7,350	7,350
Transfer to statutory reserve fund	-	-	-	34,218	(34,218)	-	-	-	-
2011 final dividend declared	-	-	-	-	-	(37,000)	(37,000)	-	(37,000)
Issue of convertible bonds	-	-	-	-	-	-	-	-	-
Payment of convertible bonds interests	-	(14,596)	-	-	-	-	(14,596)	-	(14,596)
Convertible bonds interests	-	15,036	-	-	(15,036)	-	-	-	-
Proposed final 2012 dividend	-	-	-	-	(63,000)	63,000	-	-	-
Balance at 31 December 2012	836,671	322,436	-	167,873	931,222	63,000	2,321,202	7,230	2,328,432



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	Issued capital RMB'000	Convertible bond RMB'000	Available- for-sale investment revaluation reserve RMB'000	Statutory reserve fund RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non- controlling interest RMB'000	Total RMB'000
Group									
As at 1 January 2013	836,671	322,436	-	167,873	931,222	63,000	2,321,202	7,230	2,328,432
Profit for the year	-	-	-	-	264,052	-	264,052	(4,659)	259,393
Other comprehensive income for the year: Change in fair value of an available-for- sale investment	-	-	3,622	-	-	-	3,622	-	3,622
Total comprehensive income for the year	-	-	3,622	-	264,052	-	267,674	(4,659)	263,015
Incorporation of a subsidiary	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	31,422	(31,422)	-	-	-	-
2012 final dividend declared	-	-	-	-	-	(63,000)	(63,000)	-	(63,000)
Issue of convertible bonds	-	-	-	-	-	-	-	-	-
Payment of convertible bonds interests	-	(14,596)	-	-	-	-	(14,596)	-	(14,596)
Convertible bonds interests	-	14,596	-	-	(14,596)	-	-	-	-
Proposed final 2013 dividend	-	-	-	-	(60,000)	60,000	-	-	-
Balance at 31 December 2013	836,671	322,436	3,622	199,295	1,089,256	60,000	2,511,280	2,571	2,513,851



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	Share capital <i>RMB'000</i>	Convertible bond <i>RMB'000</i>	Available- for-sale investment revaluation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Proposed final dividend <i>RMB'000</i>	Total <i>RMB'000</i>
Company						
As at 1 January 2012	836,671	321,996	-	977	37,000	1,196,644
Profit for the year	-	-	-	77,677	-	77,677
Other comprehensive income for the year:						
Change in fair value of an available- for-sale investment	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	77,677	-	77,677
Final 2011 dividend declared	-	-	-	-	(37,000)	(37,000)
Convertible bonds interests	-	15,036	-	(15,036)	-	-
Payment of convertible bonds interests	-	(14,596)	-	-	-	(14,596)
Proposed 2012 final dividend	-	-	-	(63,000)	63,000	-
Balance at 31 December 2012	836,671	322,436	-	618	63,000	1,222,725



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	Share capital <i>RMB'000</i>	Convertible bond <i>RMB'000</i>	Available- for-sale investment revaluation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Proposed final dividend <i>RMB'000</i>	Total <i>RMB'000</i>
Company						
As at 1 January 2013	836,671	322,436	–	618	63,000	1,222,725
Profit for the year	–	–	–	74,985	–	74,985
Other comprehensive income for the year:						
Change in fair value of an available-for-sale investment	–	–	3,622	–	–	3,622
Total comprehensive income for the year	–	–	3,622	74,985	–	78,607
Final 2012 dividend declared	–	–	–	–	(63,000)	(63,000)
Convertible bonds interests	–	14,596	–	(14,596)	–	–
Payment of convertible bonds interests	–	(14,596)	–	–	–	(14,596)
Proposed 2013 final dividend	–	–	–	(60,000)	60,000	–
Balance at 31 December 2013	836,671	322,436	3,622	1,007	60,000	1,223,736



1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.

There were no movements in the Company’s authorised, issued and fully paid share capital during the twelve months ended 31 December 2013. The Company raised an approximately RMB324 million convertible bond in December 2011 which can be converted into 176 million shares. If the convertible bond had been converted on 31 December 2013, this will increase the number of shares from 1,000,000,000 to 1,176,000,000.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31/12/2013	31/12/2012
Number of issued ordinary shares excluding treasury shares	: 1,000,000,000	1,000,000,000
Number of treasury shares held	: NIL	NIL

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

2. Whether the figure have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for FY2013 have not yet been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).

Nil.

4. Whether the same accounting policies and methods of computation as in the Issuer’s most recently audited financial statements has been applied.

The Group has adopted all the new/revised Financial Reporting Standards (“**SFRS**”) that became effective on or after 1 January 2013. The Group has consistently adopted the same accounting policies and methods of computation in the financial statements for the current period as those in its audited consolidated financial statements for the year ended 31 December 2012.



5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed and as well the reason for, and the effect of, the changes.

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 interpretation mandatory for annual financial periods beginning on or after 1 January 2013.

- Amendments to SFRS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
- Revised SFRS 19 *Employee Benefits*
- SFRS 113 *Fair Value*
- 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.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The calculation of basic and diluted earnings per share amounts is based on the profit for the year attributable to owners 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:

	12 months ended 31/12/2013	12 months ended 31/12/2012
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation (RMB'000)	264,052	311,121
Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued) for the purpose of calculating basic and diluted earnings per share ('000)	1,176,000	1,176,000
Basic and diluted earnings per share based on weighted average number of ordinary shares in issue (RMB cents)	22.45	26.46

7. Net assets value (for the Issuer and Group) per ordinary share based on issued share capital of the Issuer at the end of:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

Net assets value per share	Group 31/12/2013	Group 31/12/2012	Company 31/12/2013	Company 31/12/2012
Net assets value per ordinary share (RMB) based on issued capital at the end of the year:				
Number of ordinary shares in issue:				
1,000,000,000 shares	<u><u>2.51</u></u>	<u><u>2.33</u></u>	<u><u>1.22</u></u>	<u><u>1.22</u></u>

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, cost, and the earnings of the Group for the current financial period reported on, including (where applicable) seasonal and cyclical factors; and
- (b) any material factors that affected the cash flows, working capital, assets and liabilities of the Group during the current financial period reported on.



PERFORMANCE 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

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.



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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 profit attributable to owners of the parent 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 profit attributable to owners of the parent 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.

FINANCIAL POSITION

Non-current assets

Non-current assets increased by approximately RMB1,682 million or 42.3% from RMB3,977 million as at 31 December 2012 to approximately RMB5,659 million as at 31 December 2013. Non-current assets comprised property, plant and equipment, land use and coal mining rights, goodwill and prepayments for non-current assets. Non-current assets increased as the carrying value of property, plant and equipment and deferred tax assets increased by approximately RMB1,716 million and RMB4 million respectively. The increase in property, plant and equipment and prepayment for non-current assets were mainly due to the construction of Production Plant IV and the Xinjiang Project.



Current assets

Current assets increased by approximately RMB504 million or 44.2% from approximately RMB1,140 million as at 31 December 2012 to RMB1,644 million as at 31 December 2013. The increase in current assets was mainly due to the increase in cash and cash equivalents, pledged deposits, deposits and other receivables, prepayments, income tax recoverable, available-for-sale investment and bills receivable by RMB320 million, RMB136 million, RMB150 million, RMB46 million, RMB23 million, RMB4 million and RMB2 million respectively. The increase in deposits and other receivables was mainly due to the deductible value added tax arising from the purchase of equipment for the construction of Production Plant IV. The increase in prepayments were mainly due to the increased purchase of coal and raw materials of compound fertiliser to secure the Group's production need. The increase in income tax recoverable was mainly due to the advance income tax payment to the local tax authority. The increase in available-for-sale investment was due to the fair value adjustment on the listed securities of Anchun International Holdings Limited. The increase in bills receivables due to the preference of the Group's industry customers to pay in bills receivable. The Group accepts such bills receivable as there is no liquidity risk and the time value of the sum of money in the bills would be considered on receipt of such. There is no liquidity risk as the Group could use the bills to pay to suppliers or receive cash from the bank upon their maturity. The increase in current assets was partially offset by the decrease in inventories and trade receivables by approximately RMB171 million and RMB6 million respectively. The decrease in inventories mainly due to the improvement of coal suppliers structure to purchase more raw materials from large coal mines which can ensure more stable supply and better transportation after the operation of the dedicated railway. The trade receivables decreased mainly due to the early payments have been made by the compound fertiliser distributors.

Current liabilities

Current liabilities increased by approximately RMB583 million or 56.3% from RMB1,035 million as at 31 December 2012 to RMB1,618 million as at 31 December 2013. This was mainly due to the increase in accruals and other payables, bills payable and deferred grants by approximately RMB407 million and RMB234 million and RMB1 million respectively. Other payables increased due to the increase in tender deposits for the Production Plant IV project and the increased advances from customers to purchase our urea products. Bills payable increased due to the Group drawing down on such banking facilities, which were given as payment to suppliers in lieu of cash payment for materials. The bills payable have an average maturity period of 90 to 180 days and are interest-free. The increase in current liabilities was partially offset by the decrease in trade payables and interest-bearing bank and other borrowings by approximately RMB23 million and RMB37 million respectively. The decrease in trade payables mainly due to the early payment to suppliers by the using bills payable in order to gain cash discounts from raw material suppliers.



Non-current liabilities

Non-current liabilities increased by RMB1,417 million or 80.8% from RMB1,754 million as at 31 December 2012 to RMB3,171 million as at 31 December 2013. Long term interest-bearing borrowings, long-term bond payable and deferred grant increased approximately RMB1,158 million, RMB250 million and RMB10 million respectively. Interest-bearing borrowings and long-term bond payable were increased to finance the construction of the Production Plant IV and Xinjiang Project while deferred grant increased due to the rewards from government for being environmental-friendly and the development of energy saving technologies.

CASH FLOW

Cash and cash equivalents increased by RMB320 million in FY2013. There were net cash generated from operating activities and financing activities of approximately RMB793 million and RMB1,294 million respectively, which was used to finance investing activities of approximately RMB1,767 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

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 leader in PRC.

11. Dividend

(a) Current financial period reported on

The Company recommends that the first and final tax exempt (one-tier) dividend of RMB60 million or RMB6.00 cents per share be declared for the financial year ended 31 December 2013.



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(b) Corresponding period of the immediately preceding financial year

The Company distributed dividend of RMB63 million or RMB6.30 cents per share for the financial year ended 31 December 2012.

(c) Date payable

To be announced later. The proposed dividend is subject approval of shareholders at the forthcoming Annual General Meeting.

(d) Books closure date

Notice will be given at a later date on the closure of the transfer books and register of members of the Company to determine members' entitlement to the dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested Person Transactions

13(i) Aggregate value of all interested person transactions, conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)

Nil.



13(ii) Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)

Below are the interested person transactions made with Henan Xinlianxin Chemicals Co., Ltd. and its subsidiaries:

	FY2013	FY2012
	RMB'000	RMB'000
Sales of water, electricity and steam	2,655	11,252
Purchases of raw materials (oxygen) and consumables	–	186
Purchases of items of property, plant and equipment	16,924	11,495
Service fee expense	9,684	8,836
Service fee income	123	118
Rental of property, plant and equipment	1,066	480

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

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



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

For the year ended 31 December 2012	Urea RMB'000	Compound fertiliser RMB'000	Methanol RMB'000	Others RMB'000	Elimination RMB'000	Total 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	<u>2,817,192</u>	<u>937,973</u>	<u>495,163</u>	<u>19,657</u>	<u>(324,401)</u>	<u>3,945,584</u>
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						<u>(82,359)</u>
Profit before tax						372,021
Income tax expense						<u>(61,020)</u>
Profit for the year						<u><u>311,001</u></u>
Other segment information:						
Write-off of trade receivables						43
Write-down of inventories to net realisable value						5,410
Impairment on an available-for-sale investment						1,004
Loss on disposal of items of property, plant and equipment						10,146
Depreciation of property, plant and equipment						178,866
Amortisation of prepaid land lease payments						3,350
Amortisation of coal mining right						<u><u>1,568</u></u>



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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	<u>2,338,877</u>	<u>1,095,927</u>	<u>603,720</u>	<u>186,383</u>	<u>(255,961)</u>	<u>3,968,946</u>
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						<u>(95,073)</u>
Profit before tax						311,623
Income tax expense						<u>(52,230)</u>
Profit for the year						<u><u>259,393</u></u>
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						<u><u>1,603</u></u>

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See note 8 above.



16. A breakdown of sales.

	FY2013	Group	Increase/
	RMB'000	FY2012	(decrease)
		RMB'000	%
(a) Sales reported for the first half year	1,964,791	2,030,943	(3.3%)
(b) Operating profit after tax for first half year	189,733	175,340	8.2%
(c) Sales reported for the second half year	2,004,155	1,914,641	4.7%
(d) Operating profit after tax for second half year	69,660	135,661	(48.7%)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	31/12/2013	31/12/2012
Ordinary	RMB60 million	RMB63 million

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Li Hao	43	Husband of Madam Yan Yunhua, Director of the Company	Procurement Manager with effect from 2007	NIL



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The following directors have confirmed that as at 31 December 2013, there are no appointment of any relative of any Director/Chief Executive Officer/Substantial Shareholder of the issuer who are holding a managerial position in the issuer or any of its principal subsidiaries:

1. Mr. Liu Xingxu
2. Mr. Li Buwen
3. Mr. Ong Kian Guan
4. Mr. Li Shengxiao
5. Mr. Ong Wei Jin
6. Mr. Lian Jie

By Order of the Board

Yan Yunhua

Executive Director

24 February 2014

As at the date of this announcement, the executive directors of the Company are Mr. LIU Xingxu, Mr. LI Buwen and Ms. YAN Yunhua; 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. ONG Wei Jin and Mr LI. Shengxiao.