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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)

MEMORANDUM OF UNDERSTANDING WITH XINXIANG TAIHANG INFRASTRUCTURE LTD (新鄉太行基礎設施有限公司) FOR THE PURCHASE OF THE LAND USE RIGHT

This announcement is made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of China XLX Fertiliser Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that its wholly-owned subsidiary, Henan Xinlianxin Fertiliser Co., Ltd. (河南心連心化肥有限公司) (“**Henan XLX**”) has, on 24 March, 2014 entered into a Memorandum of Understanding (the “**MOU**”) with Xinxiang Taihang Infrastructure Ltd (新鄉太行基礎設施有限公司) (“**Xinxiang Taihang**”), an investment company affiliated to the local government, in relation to the purchase of the land use right over a piece of land with an area of 800 mu that is located in Jia Tai Hu District of Xinxiang County, the People’s Republic of China (the “**Land Use Right**”).

The MOU is intended to be a framework for a formal agreement (the “**Agreement**”) to be entered into in due course between Henan XLX and Xinxiang Taihang (the “**Parties**”).

Pursuant to the MOU and subject to the terms and conditions of the Agreement, it is envisaged that Xinxiang Taihang shall complete the land transfer procedures in relation to the Land Use Right before 31 December 2014. Xinxiang Taihang is willing to sell, and Henan XLX is willing to purchase, the Land Use Right at an aggregate consideration to be negotiated between the Parties based on a valuation by an independent professional valuer to be jointly commissioned by the Parties. A deposit of RMB30,000,000 shall be payable to Xinxiang Taihang by Henan XLX within 10 business days from the date of signing of the MOU and the remaining amount of the consideration shall be payable within 10 business days from the date of signing of the Agreement.

The Board expects that the proposed purchase of the Land Use Right will be on normal commercial terms and in the interest of the Group. The Land Use Right is planned to be used as the site of water source for the production by Henan XLX.

The Parties agree that in the event that Xinxiang Taihang cannot complete the land transfer procedures in relation to the Land Use Right before 31 December 2014 or if Parties are unable to reach an agreement on the purchase consideration, Xinxiang Taihang shall return the deposit of RMB30,000,000 to Henan XLX.

The signing of the MOU itself is not expected to have any material impact on the net tangible assets per share and earnings per share of the Company for the current financial year ending 31 December 2014. However, depending on the outcome of the valuation by an independent professional valuer and negotiations between the Parties, the actual acquisition of the Land Use Right may have a material impact on the net tangible assets per share and earnings per share of the Company in the future.

None of the directors or substantial shareholders of the Company has any interest, directly or indirectly, in the MOU, other than through their shareholdings in the Company.

The Company will make further announcements relating to the above once the Agreement has been entered into or as and when there are any material updates.

Shareholders and other investors are reminded to exercise caution when dealing in the Shares. In the event that Shareholders and other investors are in doubt when dealing in the Shares, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

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

24 March 2014

As at the date of 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*