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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)

Voluntary Announcement China XLX successfully developed Control Release Fertiliser

The board of directors of China XLX Fertiliser Ltd. (the “**Company**”) is pleased to announce that on 25 July 2014, a joint group formed between the Company’s wholly-owned subsidiary, Henan Xinlianxin Fertiliser Co., Ltd. (“**China XLX**”) and Hefei Institution of China Academy of Sciences, has successfully developed a type of control release fertiliser named “Environmental Friendly Low Cost Endoplasmic Coated Slow Release Urea” after repeated tests on various crops in the past two years. Patents have been granted to China XLX to form the enterprise standard and local standard of the new product.

The product is composed of a compound of control release agent and urea, which is formed by adding polymer composites into liquid urea utilising special equipment. After adding the product to the soil, the soil is hydrated by moisture from irrigation water or rain and it absorbs the water and swells, forming an absorption layer which instantly turns into a honeycombed or spongy structure. This structure can slow down the release of nitrogen which not only enhances the absorption rate, but also saves labour and fertiliser costs by enabling a “once-and-for-all fertilisation for each harvest season”.

The joint group has conducted tests on the effectiveness of the control release fertiliser on various crops such as wheat, corn, rice and cotton, with tested farms covering a total area of 3.4 million mu in major agricultural regions including Henan and Anhui. The test results in terms of crop yield and cost efficiency met the Company’s expectation. According to the Company’s test results on 33 experimental wheat farms in 2014, the control release urea showed an obvious increase in crop yield in a single fertilisation. The average crop output increased by approximately 108.82 cattles per mu, representing an increase of 10.28%.

In conclusion, the control release fertiliser recently developed and produced by China XLX not only possesses high technological content with mature technology, it can also be industrialised. The application of such fertiliser can minimise agricultural pollution. The commencement of the control release urea and control release compound fertiliser production demonstrates the Company’s great progress in the production of high efficiency fertilisers. It has further enriched the Company’s product portfolio and increased the core technological content of the Company’s products so as to enhance the profitability of the Company.

In the future, the Company will continue to stick to its strategy of cost efficiency and product differentiation in order to strengthen the Company's leading position in the fertiliser industry in China.

By Order of the Board
China XLX Fertiliser Ltd.
Liu Xingxu
Chairman & Chief Executive Officer

3 September 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 independent non-executive directors of the Company are Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin; and the non-executive director of the Company is Mr. Lian Jie.

* *for identification purpose only*