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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)

**CONNECTED TRANSACTION
ACQUISITION OF LAND USE RIGHT**

THE LAND TRANSFER AGREEMENT

On 23 September 2015, Henan XLX, a wholly-owned subsidiary of the Company, and XLX Chem, entered into the Land Transfer Agreement, pursuant to which Henan XLX agreed to acquire, and XLX Chem agreed to transfer, the land use right of a parcel of industrial land adjacent to the Group's existing production base in Xinxiang Economic Development Zone, Xinxiang City of Henan province, the PRC. The Land will be used for constructing production base of the Group for fine coal chemical production.

The Consideration for the acquisition of the Land under the Land Transfer Agreement is approximately RMB105.32 million (equivalent to approximately HK\$128.49 million).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Liu Xingxu, Ms. Yan Yunhua, Mr Zhang Qingjin (being executive Directors) and Mr. Li Buwen (being a former executive Director who resigned on 27 March 2015) collectively hold an aggregate of approximately 11.8% interest in XLX Chem and, together, they are the largest shareholders of XLX Chem and have the largest influence through their shareholders' rights in the major decisions in XLX Chem. As with the case at the time of the Company's listing on the Stock Exchange, XLX Chem, its subsidiaries and associates were and remain to be deemed as the connected persons of the Company under Rule 14A.07 of the Listing Rules.

Accordingly, the transaction under the Land Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

The relevant percentage ratios under the Listing Rules in respect of the Land Transfer Agreement are more than 0.1% but less than 5%. Accordingly, the Land Transfer Agreement, pursuant to Rule 14A.76 of the Listing Rules, is only subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE LAND TRANSFER AGREEMENT

On 23 September 2015, Henan XLX, a wholly-owned subsidiary of the Company, and XLX Chem, a connected person of the Company, entered into the Land Transfer Agreement, pursuant to which Henan XLX agreed to acquire, and XLX Chem agreed to transfer, the land use right of the Land.

The Land Transfer Agreement will constitute a connected transaction for the Company and its principal terms are summarized below.

Date:	23 September 2015
Parties:	(i) XLX Chem, a connected person of the Company (as transferor) (ii) Henan XLX, a wholly-owned subsidiary of the Company (as transferee)
Subject:	Land use right of a parcel of industrial land adjacent to the Group's existing production base in Xinxiang Economic Development Zone, Xinxiang City of Henan province, the PRC, with a site area of approximately 369,549 square meters
Consideration:	RMB105.32 million (equivalent to approximately HK\$128.49 million)

The Consideration was determined after arm's length negotiation between Henan XLX and XLX Chem with reference to a property valuation report issued by a professional property valuer in the PRC, who estimates the value of the Land to be approximately RMB105.32 million (equivalent to approximately HK\$128.49 million).

Payment: Henan XLX shall pay XLX Chem the Consideration in cash within five business days from the date of the Land Transfer Agreement.

The Consideration will be financed by the internal resources of the Group.

INFORMATION ON THE LAND

The Land is located adjacent to the Group's existing production base in Xinxiang Economic Development Zone, Xinxiang City of Henan province, the PRC, with a site area of approximately 369,549 square meters. The land use right is for a term until 6 September 2061. XLX Chem acquired the land in 2012 and the original acquisition cost of the Land to XLX Chem is approximately RMB 96.67 million (equivalent to approximately HK\$117.9 million). The net book value of the Land, based on the unaudited management accounts of XLX Chem, is approximately RMB82.32 million (equivalent to approximately HK\$100.4 million).

The Land will be used for constructing the production base of the Group for fine coal chemical production.

REASONS AND BENEFITS FOR ENTERING INTO THE LAND TRANSFER AGREEMENT

While continuing to strengthen and expand the core business of chemical fertilisers, the Group plans to devote more resources to developing fine coal chemical business as part of its three-year strategic development plan. To implement the plan, the Group will require additional land for constructing a new production base, adopting advanced coal gasification technologies, for producing fine coal chemical products. The Land is not currently utilized by XLX Chem. In addition, close proximity of the Land to the Group's existing facilities will provide quick access to quality raw materials required for fine coal chemical production such as hydrogen and nitrogen which are by-products of the Group's fertilisers production, and further reduce production costs. As such, the Company considers that the Land is appropriately located for the expansion and that the acquisition of the Land is in line with the Group's development strategies and would contribute positively to the Group's product diversity and operational efficiency as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Land Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms in the ordinary and usual course of business of the Company and that the terms of the Land Transfer Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

Information about the Company and Henan XLX

The Group is principally engaged in the manufacturing, sales and trading of urea, compound fertilizer, methanol, liquid ammonia and ammonia solution and other related products. The Group is also one of the largest coal-based urea producers in the PRC. Henan XLX is a wholly-owned subsidiary of the Company and is principally engaged in manufacturing, sales and trading of urea, compound fertilisers, methanol, liquid ammonia and ammonia solution.

Information about XLX Chem

XLX Chem is engaged in the business of producing and trading of equipment, chemical products and raw materials, and the provision of accommodation and catering services.

As at the date of this announcement, Mr. Liu Xingxu, Ms. Yan Yunhua, Mr Zhang Qingjin (being executive Directors) and Mr. Li Buwen (being a former executive Director who resigned on 27 March 2015) collectively hold an aggregate of approximately 11.8% interest in XLX Chem and, together, they are the largest shareholders of XLX Chem and have the largest influence through their shareholders' rights in the major decisions in XLX Chem. As with the case at the time of the Company's listing on the Stock Exchange, XLX Chem, its subsidiaries and associates were and remain to be deemed as the connected persons of the Company under Rule 14A.07 of the Listing Rules.

Save and except for Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Zhang Qingjin who had abstained from voting on the board resolutions in relation to the Land Transfer Agreement, no other Director has a material interest in the Land Transfer Agreement or is required to abstain from voting at the board meeting of the Company.

The relevant percentage ratios under the Listing Rules in respect of the Land Transfer Agreement are more than 0.1% but less than 5%. Accordingly, the Land Transfer Agreement, pursuant to Rule 14A.76 of the Listing Rules, is only subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

The following defined terms are used in this announcement:

“associate”	has the meaning ascribed thereto in the Listing Rules
“Company”	China XLX Fertiliser Ltd., a company incorporated in Singapore with limited liability
“Consideration”	RMB105.32 million (equivalent to approximately HK\$128.49 million)
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Henan XLX”	Henan Xinlianxin Fertiliser Co., Ltd. (河南心連心化肥有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of land located adjacent to the Group’s existing production base in Xinxiang Economic Development Zone, Xinxiang City of Henan province, the PRC, with a site area of approximately 369,549 square meters
“Land Transfer Agreement”	the land transfer agreement dated 23 September 2015 and entered into between XLX Chem as transferor and Henan XLX as transferee in relation to the land use right of the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“XLX Chem”	Henan Xinlianxin Chemicals Group Co., Ltd. (河南心連心化工集團有限公司), a company incorporated under the laws of the PRC and deemed to be a connected person of the Company under Rule 14A.07 of the Listing Rules
“%”	per cent

For illustration purposes only, the exchange rate of RMB1 = HK\$1.22 has been adopted for translating RMB into HK\$ in this announcement. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

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

Executive Director and Chief Financial Officer

23 September 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Zhang Qingjin; 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*