This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document and the appendices in its entirety before you decide to invest in the Shares.

Prospective investors and/or Shareholders should refer to "Appendix V — Summary of salient provisions of the laws of Singapore" for details of the salient provisions of the laws of Singapore applicable to the Hong Kong Shareholders.

Singapore laws and regulations differ in some respects from comparable Hong Kong laws and regulations and prospective investors and/or Shareholders should consult their own legal advisers for specific legal advice concerning their legal obligations in Singapore.

OVERVIEW

We are one of the leading coal-based urea and compound fertiliser producers in the PRC. According to the CNCIC Report, as of 30 September 2009, our production capacity of urea was approximately 1.25 million tons per annum and was the largest in Henan Province, the then most populous and largest fertiliser consumption province in the PRC, and the 4th largest among all other coal-based urea producers in the PRC. Furthermore, according to the CNCIC Report, as of 30 September 2009, we ranked the 8th among 13 urea producers with an annual production capacity of over a million tons of urea in the PRC irrespective of the types of raw material used. Urea, the most commonly used nitrogen fertiliser in the PRC, is our major product which accounted for approximately 55.4% of our total revenue in 2008. We also manufacture compound fertilisers and methanol which accounted for approximately 34.0% and 10.3% of our total revenue in 2008 respectively. According to the CNCIC Report, in 2008, in terms of cost competitiveness, our urea production cost was the lowest among 22 urea producers in Henan Province, and the 4th lowest among all coal-based urea producers in the PRC respectively. Our average urea production cost was approximately RMB1,310 per ton, while the average urea production cost of other coal-based producers in Henan Province and the PRC were approximately RMB1,597 and RMB1,578 per ton respectively. According to the CNCIC Report, in 2008, we ranked the 7th lowest production cost among all urea producers in the PRC irrespective of the types of raw material used in terms of cost competitiveness.

Our production hub is situated at Xinxiang Economic and Technology Development Zone, Henan Province of the PRC, which is bolstered by a comprehensive network of railway lines and highways. This offers us close proximity to the majority of our customers, as well as to coal-rich Shanxi Province where most of our coal suppliers are based. In addition, different crops are grown in different regions in the PRC at a particular season, therefore different regions would exhibit various seasonal demands for fertiliser products. As we are located in the central part of the PRC, we enjoy lower transportation costs and are able to cater for the needs from different customers locating at different regions of the PRC. This strategic location enhances our competitive edge in terms of costs and quality of service.

Our Production Plant III started its trial production in April 2009. Upon its commencement of full operations by the end of 2009, it is estimated that our total production capacity of urea from our three production plants would increase to approximately 1.25 million tons per annum. The estimated aggregate production capacity of compound fertiliser and methanol are approximately 600,000 tons and 200,000 tons per annum respectively by the end of 2009. With our economy of scale, our products can be produced at a lower cost per unit and enjoy favourable terms of sales and purchases. Currently, our urea products are generally sold on advanced payment terms or cash terms, and also we have a long-term relationship with our coal suppliers, which enables us to have a stronger financial position as well as a stable and consistent supply of high quality raw materials.

Coal is the major cost component of our production which accounted for approximately 41% of our total cost of sales in 2008. We possess advanced production technologies which allows us to utilise resources more efficiently and effectively by consuming less coal and electricity. According to the CNCIC Report, our coal consumption per ton of urea production was the lowest among all major coal-based urea producers in the PRC in 2008. We used approximately 650kg of coal to produce one ton of urea on average in 2008, while the average coal consumption per ton of urea production among other coal-based urea producers in the PRC was approximately 850kg. With respect to electricity, we have 3 power generating systems which enable us to generate electricity for our production. This capability offers us the flexibility to either purchase electricity from the market or to generate our own required electricity depending on the market price and availability of power subsidy from the PRC government. Together with our automated industrial process and our continuous effort to improve and computerise our production and industrial processes, our production cost of urea in 2008 was approximately 17% lower than the average production cost per ton among other coal-based urea producers in the PRC according to the CNCIC Report.

The chemical fertiliser industry of the PRC is highly fragmented with over 2,000 manufacturers as of September 2009. Due to the recent PRC government policies, which are favourable to agricultural related industries, and the deregulation of the chemical fertiliser industry, our Directors believe that the chemical fertiliser industry would experience a steady growth and a consolidation process in the coming future. In addition, due to excessive demands for natural gas in the PRC, the PRC government has implemented limitations on the use of natural gas to produce synthetic ammonia, one of the materials for the production of urea. As we are one of the largest coal-based manufacturers of urea in the PRC, our Directors believe we could capitalise on the upside trend of the industry and benefit from the potential consolidation.

For the three years ended 31 December 2008, we recorded a revenue of approximately RMB890.2 million, RMB1,541.4 million and RMB2,084.9 million respectively, representing a CAGR of approximately 53.0% over the period. For the same period, our net profit amounted to approximately RMB129.1 million, RMB267.6 million and RMB331.7 million respectively, representing a CAGR of approximately 60.3%. Due to the global economic crisis, which resulted in decreases in the average selling prices of our major products, namely urea, compound fertiliser and methanol, decreased from approximately RMB1,722, RMB2,314 and RMB2,706 per ton for the seven months ended 31 July 2008 respectively to approximately RMB1,666, RMB1,894 and RMB1,526 per ton for the seven months ended 31 July 2009 respectively. On the other hand, as a result of the reform and consolidation in coal industry in the PRC by which large state-owned mining companies merging with and acquiring small mining companies, the number of mining companies in the PRC reduced which led to a decreased supply and increased price of coal. Our total costs of coal increased by approximately 46.0% from approximately RMB341.5 million for the seven months ended 31 July 2008 to approximately RMB498.4 million for the seven months ended 31 July 2009. As a result of these two factors occurring for the first seven months of 2009, even though our total revenue increased from approximately RMB1,191.7 million for the seven months ended 31 July 2008 to approximately RMB1,221.4 million for the seven months ended 31 July 2009, our overall gross profit margin and net profit margin reduced from approximately 26% and 19% for the seven months ended 31 July 2008 to approximately 14% and 6% for the seven months ended 31 July 2009, respectively.

As at 31 July 2009, we had net current liabilities of approximately RMB414.7 million, for the reasons that we were not able to meet certain financial covenants under the syndicated loan agreement of which the syndicated loan amounted to approximately RMB307.6 million with an original maturity term in 2011, and the lenders had the rights to require us to repay the syndicated loan anytime. Thus, such syndicated loan of approximately RMB307.6 million was classified as current liabilities as at 31 July 2009. In order to avoid this uncertainty, we obtained bank borrowings from other banks with a sum in aggregate of approximately RMB300 million and voluntarily repaid the syndicated loan in advance by the end of September 2009. Furthermore, we extended the bank borrowings of approximately RMB100 million originally due within one year as at 31 July 2009 to terms of over one year and obtained a new long-term bank loan of RMB85 million by the end of October 2009. In light of the extension of terms of the bank borrowings, our Directors believe that such net current liabilities position is temporary in nature and our Group has returned to net current assets position as at 31 October 2009. Our Directors confirm that the lenders under the syndicated loan agreement had not requested us to repay syndicated loan immediately, and further confirm that there was no cross-default on the other loan agreements for the reason that we were not able to meet the financial covenants under such syndicated loan.

The Shares have been listed on the SGX-ST since 20 June 2007. The Company seeks for a dual primary listing on the Stock Exchange under this document.

COMPETITIVE STRENGTHS

We believe the following competitive strengths will enable us to enhance our leading position in the manufacture of urea and compound fertilisers:

Leading coal-based chemical fertiliser producer in the PRC with renowned reputation in the industry

We are one of the leading coal-based urea and compound fertiliser producers in the PRC. According to the CNCIC Report, as of 30 September 2009, our urea production capacity was the largest in Henan Province and the 4th largest among all coal-based urea producers in the PRC, and we also ranked the 8th among 13 urea producers with an annual production capacity over a million tons of urea in the PRC irrespective of the type of raw material used. Our Directors believe that our production scale enables us to achieve economy of scale to produce fertiliser products at a competitive cost with high quality standard. Consistent and stable quality of our fertiliser products also enhances our branding and reputation among all distributors and consumers. As a result, we are able to sell our products at a price relatively higher than the market average price, and generally all our urea products are delivered to our customers after receiving full payments. Therefore, this could enhance our profitability and improve our working capital requirements. In addition, due to our scale and reputation in the industry, we have attracted Sinofert Holdings Limited, the largest fertiliser distributor in the PRC, as our strategic investor holding approximately 5.0% shareholding in our Company as at 16 October 2009. With this strategic relationship, our distribution network has been significantly strengthened.

High profitability resulting from our cost effectiveness leadership

According to the CNCIC Report, in 2008, in terms of cost competitiveness, our urea production cost was the lowest in Henan Province among 22 coal-based urea producers in Henan Province, and the 4th lowest among all coal-based urea producers in the PRC, and we also ranked the 7th lowest production cost among all urea producers in the PRC irrespective of the types of raw material used. Given that urea is a commodity with little product differentiation, we believe cost advantage is the key to success in this industry. One of the key contributors to our cost competitiveness is our advanced technologies and automatic industrial processes. According to the CNCIC Report, we are one of the few urea producers in the PRC that have adopted automatic industrial processes for urea production and 18 advanced technologies recommended by the relevant fertiliser industry associations of the PRC, which enable us to consume resources, including coal and electricity, in our production in a more effective and efficient way. In 2008, the average usage of coal for our urea production was approximately 650kg per ton, which was the lowest among all major coal-based urea producers in the PRC. In 2008, our average production cost of methanol was approximately RMB1,688 per ton, which was approximately RMB212 lower than the average production cost in the methanol industry in PRC. From July 2008 to October 2009, we had been enjoying approximately 32% electricity subsidies from the government. On 18 November 2009, the NDRC promulgated the "Notice of Adjustment of Electricity Price in Central China" that the electricity prices will be adjusted in Central China including Henan Province with effect from 20 November 2009. With our capability to generate a significant portion of our electricity, we are less susceptible to power shortage compared to other fertiliser producers in the PRC without self-power generation capability. Also, we are able to produce fertiliser products at a more competitive cost in the event the government removes the power subsidy in the future.

Strategic locations to raw material suppliers and customers

Our production hub is strategically located in Xinxiang Economic and Technology Development Zone, Henan Province of the PRC, which is well supported by a comprehensive network of railways and highways. As approximately 60% of our customers were based in Henan Province, this offers us close proximity with the majority of our customers. Henan Province is also close to coal-rich Shanxi Province where approximately 90% of our current coal supplies are derived from. In addition, different crops are grown in different regions in the PRC at a particular season where each region would therefore exhibit different seasonal demands for fertiliser products. As we are located in the central part of the PRC, we are able to save our transportation costs as well as react swiftly to the needs from different customers in different regions of the PRC.

Benefits from changes in government policies in the industry with high growing potential and demand

As China is the most populous country in the world and its economy has been developing rapidly, stable and adequate food supply is crucial for its social and economic development. According to the CNCIC Report, China was the largest fertiliser consumption country in the world in 2008, with approximately 30% of world consumption. The continuous industrialisation and urbanisation in the PRC will lead to a decline in available arable land. As such, efficient and effective usage of arable land will be the key to maintain adequate food supply. As fertilisers can normally enhance crop yield for approximately 40%, our Directors believe that the demand for fertilisers will continue to increase in the future. As the PRC government has promulgated a number of favourable policies to foster the growth of the agricultural industry, our Directors believe our leading status in the industry would enable us to capture the future growth opportunities arising in the industry.

Furthermore, the PRC government has recently imposed the limitation on the usage of natural gas as feedstock in new fertiliser production capacities. It is expected that the proportion of natural gas based fertiliser producers will decrease in the future. As we are one of the leading coal-based fertiliser producers in China having established relationships with coal suppliers and substantial experience in manipulating coal-based fertiliser production facilities and technologies, we would take such opportunity to enlarge our market share and further enhance our leading status in the industry.

Our experienced and competent management team

Our management team comprises experienced personnel, each with an average of over 14 years in management, operations and finance in the chemical fertiliser industry. Besides, our management team has a low personnel turnover rate and has been working very closely to formulate the business and growth strategies of the Group. In addition, our Directors believe that a stringent control system is critical to the success of our Group, all employees are required to adhere strictly to their positions and to maintain a high standard of discipline. As a result, we can operate our business effectively and efficiently and achieve our cost effectiveness leadership in the industry. We believe that our professional management team and our stringent control system will continue to allow us to maintain our leadership in cost competitiveness and profitability in the future.

BUSINESS STRATEGIES

Our goal is to become the most profitable coal-based urea and compound fertiliser corporation in the PRC. Our business strategies are as follows:

Self-development and expansion of our production capacity

Our Production Plant III has operated on a trial basis since April 2009. We expect that it will commence its full operations by the end of 2009. The estimated aggregate annual production capacity in respect of urea, compound fertiliser and methanol would reach approximately 1.25 million tons, 600,000 tons and 200,000 tons respectively by the end of 2009. In the future, we would concentrate on the development of our urea and compound fertiliser products through improving the effectiveness and efficiency of our production plants as well as expansion of our production capacities. In addition, as cost is the differentiating factor of the competitions among fertiliser producers, we would continue our efforts to further lower our production cost as well as our total cost.

We will continue to strive to reduce our production cost by using the new cost-saving technology available in the market, such as using coal powder to produce gas when all other collaborative factors are matured. Meanwhile, we would continue to apply resources in our research and development for technology advancement which are beneficial to our production and to maintain our leading position in the chemical fertiliser industry.

Developing our business through vertical business integration

We will consider to invest in appropriate raw material suppliers, such as coal mines or mining companies, in order to ensure the stable and consistent supply of raw materials at competitive costs for our production. As coal is the principal raw material for our fertiliser production, our potential targets would be coal mines or mining companies which are in proximity to our production hub. As at the Latest Practicable Date, we had not identified any specific acquisition target in respect of our vertical business integration and investment. If, after Listing, we identify any specific coal mines or mining companies, we will make investment in such targets (which may or may not be controlled by us) with an aim to maintain stable supply of raw materials instead of operating the mining businesses by ourselves.

Expanding our business through horizontal integration

We will maintain a strategic relationship with the PRC leading fertiliser enterprises and look for other appropriate business partners in the chemical fertiliser industry. In addition, according to the "Notice Regarding Reform of Fertiliser's Pricing Policies" (關於改革化肥價格形成機制的通知) jointly announced by the NDRC and the Ministry of Finance PRC, the guided price of chemical fertilisers was removed by the PRC government with effect from 25 January 2009. As a result, we may have more opportunities to acquire other chemical fertiliser producers in order to increase our production capacity and market shares through consolidation of the industry. As at the Latest Practicable Date, we had not identified any specific target in respect of our horizontal business integration.

Expanding the business of compound fertiliser

Fertiliser occupies an important role in the continuous development of the PRC's agricultural production. Generally, the demand for China's fertiliser, particularly compound fertilisers, has been growing at an extraordinary rate over the past decade, driven largely by population expansion and strong economic growth of the PRC. According to the CNCIC Report, the total production capacity of the PRC's compound fertiliser has grown along with the PRC's agricultural output, which increased from approximately 24.6 million tons in 2003 to approximately 47.0 million tons in 2008.

Our Directors are of the view that as the growth of domestic consumption of compound fertiliser has remained stable in recent years and the forecasted demand of compound fertiliser would have a steady growth, the sales of compound fertiliser by our Group will continue to increase steadily. Furthermore, although its profitability is lower than the one of urea, we can directly use our urea to produce compound fertiliser which could save our transportation costs and hence production costs. As a result, our Directors will make strong efforts in enhancing the branding of our compound fertilisers. In addition, we believe that product quality is the foundation of a brand. In this regard, we will ensure the quality of our compound fertilisers, as well as our other fertiliser products, are of high quality. This would increase our profits and enlarge our market shares by obtaining a wider customer base.

Improvement of internal management

We believe that our employees have been an important element of our success. In the future, we would continue to provide on-the-job and external training to our employees in relation to management, recent technology updates, occupational safety etc. to ensure our employees are competent in performing their respective duties and to enhance their competitiveness. Regarding our research and development centre, which is also known as "agrochemical service centre", we would recruit more experts and professionals of soil chemistry, agronomy, plant protection and horticulture fields to enhance the competiveness of our research and development team. We would also adopt a more efficient and effective internal control system to ensure our production processes would comply with the relevant internal and external rules and regulations.

SUMMARY FINANCIAL INFORMATION

The following tables present a summary financial information of our Group for the years ended 31 December 2006, 2007 and 2008, seven months ended 31 July 2008 and 2009 and three months ended 30 September 2008 and 2009, as extracted from the accountants' report as set out in Appendix I to this document, and from the unaudited interim condensed financial information as set out in Appendix II to this document.

Consolidated Statements of Comprehensive Income

	Year ended 31 December			Seven months ended 31 July		Three months ended 30 September	
	2006	2007	2008	2008	2009	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
REVENUE	890,175	1,541,422	2,084,943	1,191,688	1,221,399	628,523	665,923
Cost of sales	(678,607)	(1,125,001)	(1,603,073)	(886,255)	(1,056,295)	(495,735)	(598,298)
Gross profit	211,568	416,421	481,870	305,433	165,104	132,788	67,625
Other income and gains	13,495	31,761	13,664	7,128	6,417	4,295	2,766
Selling and distribution expenses	(9,712)	(20,166)	(20,722)	(12,952)	(9,494)	(4,582)	(4,643)
General and administrative expenses	(41,487)	(76,635)	(91,290)	(44,837)	(60,009)	(17,287)	(31,483)
Other expenses	—	(64,343)	(6,963)	(2,906)	(1,479)	(6,715)	(6,608)
Finance costs	(21,447)	(18,062)	(26,791)	(13,261)	(16,633)	(6,595)	(9,933)
PROFIT BEFORE TAX	(152,417)	268,976	349,768	238,605	83,906	101,904	17,724
Tax	(23,333)	(1,417)	(18,094)	(11,612)	(16,192)	(5,302)	(5,261)
Net profit attributable to equity holders of the parent	129,084	267,559	331,674	226,993	67,714	96,602	12,463
Other comprehensive income							
Gain/(loss) on hedging instruments	—	—	19,807	—	(19,087)	14,773	(31)
Total comprehensive income attributable to equity holders of the parent	129,084	267,559	351,481	226,993	48,627	111,375	12,432
Earnings per share (RMB cents per share)							
Basic and diluted	20.68	31.65	33.17	22.70	6.77	9.66	1.25
Dividend declared for the relevant periods	—	71,468	75,680	—	—	—	—
Dividend paid for the relevant periods	—	—	71,468	71,468	75,680	—	—
Dividend per share paid for the relevant periods (RMB cents per share)	—	—	7.15	7.15	7.57	—	—

Consolidated Statements of Financial Position

	As at 31 December			As at 31 July
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	216,780	974,266	1,616,011	2,157,610
Prepaid land lease payments	—	47,448	72,628	73,390
Prepayments	15,820	63,296	277,882	30,927
Total non-current assets	232,600	1,085,010	1,966,521	2,261,927
Current assets				
Inventories	118,006	178,525	234,965	182,469
Trade and bills receivables	23,990	7,321	26,247	20,249
Prepayments	16,889	44,999	28,156	34,866
Deposits and other receivables	5,461	4,303	6,094	31,566
Due from related companies	11,902	1,998	—	—
Derivatives financial assets	—	—	19,807	720
Income tax recoverable	—	—	—	357
Pledged deposits	12,631	3,508	—	16,871
Cash and cash equivalents	157,571	506,810	200,114	199,163
Total current assets	346,450	747,464	515,383	486,261
Total assets	579,050	1,832,474	2,481,904	2,748,188
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	28,963	27,685	47,760	44,141
Bills payable	18,000	5,000	—	33,740
Accruals and other payables	197,810	240,696	259,411	289,399
Due to related companies	—	1,682	1,676	2,096
Income tax payable	17,256	930	220	—
Deferred grants	—	8,240	9,740	8,995
Convertible loans	36,010	—	—	—
Derivative financial liabilities	19,588	—	—	—
Interest-bearing bank and other borrowings	74,665	287,000	145,000	522,557
Total current liabilities	392,292	571,233	463,807	900,928
Net current assets/(liabilities)	(45,842)	176,231	51,576	(414,667)

	As at 31 December			As at 31 July
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Accruals	—	—	25,600	50,500
Interest-bearing bank and other borrowings	120,094	90,348	522,974	350,043
Deferred tax liabilities	—	—	18,617	22,864
Total non-current liabilities	120,094	90,348	567,191	423,407
Total liabilities	512,386	661,581	1,030,998	1,324,335
Net assets	66,664	1,170,893	1,450,906	1,423,853
Equity attributable to equity holders of the parent				
Share capital	1	836,671	836,671	836,671
Statutory reserve fund	6,745	40,514	77,770	86,264
Hedging reserve	—	—	19,807	720
Retained profits	59,918	222,240	440,731	500,198
Proposed final dividend	—	71,468	75,927	—
Total equity	66,664	1,170,893	1,450,906	1,423,853
Total equity and liabilities	579,050	1,832,474	2,481,904	2,748,188

RISK FACTORS

Details of the risks involving the Group's operation, the industry in which the Group operates and the dual primary listing are set forth in the section headed "Risk factors" in this document. These risks can be broadly classified as follows:

Risks relating to the Group's business

- Our business and operations may be adversely affected by the current global economic crisis.
- Our business performance is heavily influenced by the supply, pricing and quality of our raw materials.
- The fierce competition in the fertiliser business may materially and adversely affect our financial performance.
- Our business is required to comply with the environmental protection laws and regulations.
- Our production process may be disrupted by various factors.
- We may have insufficient insurance coverage in certain situations.
- Our production plants may be materially and adversely affected by power shortages.
- A substantial amount of our revenue is derived from the sales of a limited number of main products.
- Fluctuation of price of our fertiliser products may materially and adversely affect our financial performance.
- The income tax benefits currently enjoyed by us may be reduced after our tax holiday period, which may materially affect our future financial performance.
- Our operations could be materially and adversely affected by departure of members of our management team and failure to recruit and retain competent employees.
- Our operation results may be affected by the gain or loss from derivative financial instruments.
- We had net current liabilities as at 31 December 2006 and 31 July 2009.

Risks relating to the Group's industry

- Changes in the PRC government policies in relation to the chemical fertiliser industry and agricultural industry may materially and adversely affect our business and financial performance.
- Changes in the import and export taxation policy of chemical fertiliser may materially and adversely affect our financial performance.

- The revolving nature of the fertiliser industry may cause significant fluctuations to our financial conditions.

- Seasonality and unexpected adverse weather conditions could materially and adversely affect our operation results.

- A significant or prolonged downturn in the PRC agricultural industry could materially and adversely affect our business and financial performance.

- The popularity of urea fertilisers may be reduced by increasing usage of other types of fertilisers resulting in a material and adverse influence on our financial performance.

Risks relating to the Group's operations in the PRC

- The Group's business could be affected by changes in China's economic, political or social conditions or government policies.

- The PRC legal system has inherent uncertainties that could materially and adversely affect us.

- Inflation in China could materially and adversely affect our profitability and growth.

- Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may adversely affect the financial condition and results of our operations and our ability to pay dividends.

- The PRC Labour Contract Law may increase our labour costs.

- We face risks related to health epidemics and other outbreaks.

Risks relating to the dual primary listing of the Company

- There are different characteristics between the Singapore stock market and Hong Kong stock market.

- The Company, being incorporated in Singapore and listed on the SGX-ST, is concurrently subject to, amongst others, the Singapore Companies Act, the Listing Manual, the Securities and Futures Act and the Singapore Code.

- There may be limited liquidity in the Shares and volatility in the price of the Shares on the Stock Exchange.

- Dividends declared by the Company in the past may not be indicative of the Company's dividend policy in the future.

Risks relating to statements made in this document

- Forward-looking information may prove inaccurate.