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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

**LETTER OF INTENT IN RELATION TO INVESTMENT
IN AND CONSTRUCTION OF A CLEAN PRODUCTION
AND COMPREHENSIVE UTILISATION PROJECT**

The board of directors (the “**Board**”) of China XLX Fertiliser Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 25 May 2016, Henan Xinlianxin Fertiliser Co., Ltd. (“**Henan XLX**”), a wholly-owned subsidiary of the Company, entered into a letter of intent (the “**Letter of Intent**”) with the People’s Government of Pengze County, Jiujiang City, Jiangxi Province in relation to investment in a project. Pursuant to the Letter of Intent, Henan XLX expects to invest in and construct a clean production and comprehensive utilisation project in Jishan Industrial Zone, Pengze County, Jiujiang City, Jiangxi Province to produce synthetic ammonia, high-efficiency urea, high-efficiency compound fertilisers, industrial gas, methanol and downstream fine chemicals.

INFORMATION ON THE PROJECT

The clean production and comprehensive utilisation project has a planned total site area of 1,700 mu (approximately 1,133,340 square metres) and will be constructed in two phases. Phase I is expected to comprise compound fertiliser and urea projects with planned annual production capacity of 600,000 tons and 800,000 tons, respectively. The compound fertiliser project will be built first and the estimated construction period is 1.5 years; the implementation of the urea project will depend on the operation of the compound fertiliser project and the then market conditions. Phase II is expected to comprise urea and methanol projects with planned annual production capacity of 800,000 tons and 400,000 tons, respectively. The construction of Phase II is expected to take 3 years and is intended to be implemented based on the then prevailing conditions following the commencement of production of all projects in Phase I.

The specific implementation schedule of the overall project and the amount of total investment will be determined based on the market research and feasibility study conducted by Henan XLX.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LETTER OF INTENT

The directors of the Company are of the view that the projects contemplated under the Letter of Intent, once completed, may become the Group's new production base and expand the production capacity of the Group, which will help enhance the Group's profitability and market share in the long term.

GENERAL

This announcement is made by the Company on a voluntary basis to keep shareholders of the Company and potential investors informed of the latest business development of the Group.

The Board hereby emphasizes that as at the date of this announcement, no binding agreement in relation to the matter regarding investment in the projects has been entered into by the Group. As such, the investment in the projects as stated in the Letter of Intent may or may not proceed. Once such matter is materialised, it may constitute a notifiable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Further announcement will be made by the Company under the Listing Rules if necessary.

By Order of the Board
LIU Xingxu
Chairman of the Board

25 May 2016

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*