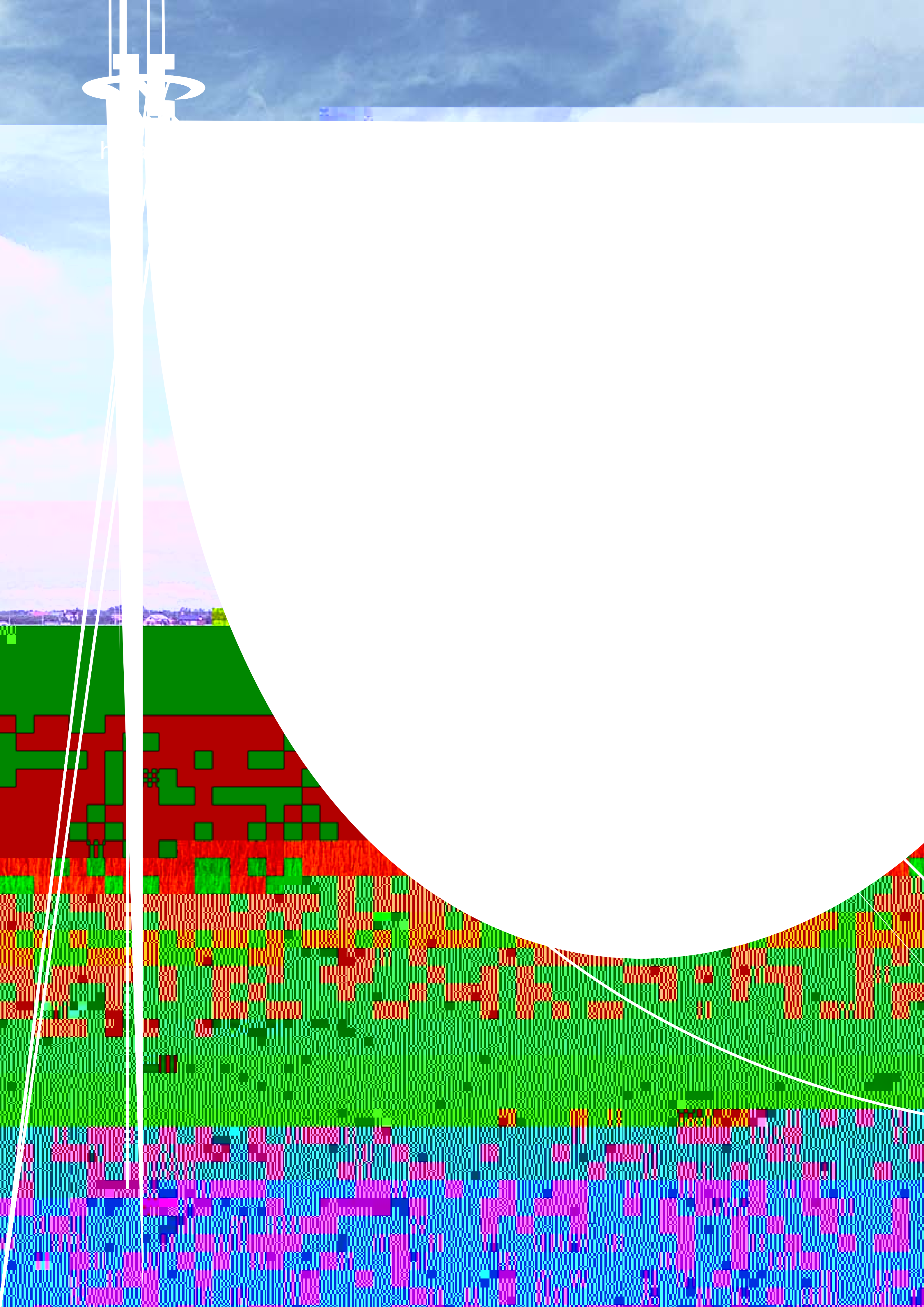


Significant Events

2 7

June
20 /

Listed on Mainboard of SGX-ST

July
13 /

Signed 5 ear binding contract with Sinofert, the largest fertiliser distributor in hina

October
4 /

Award recipient for “Most Transparent ompan Award” in New Issues ategor of the Investors hoice Awards 2 7

10 /

EGM approved acquisition of old and new plants

13 /

Donated S$5 , to SGX’s The Bull Run 2 7

November
16 /

Award recipient for “Best Investor Relations Awards”

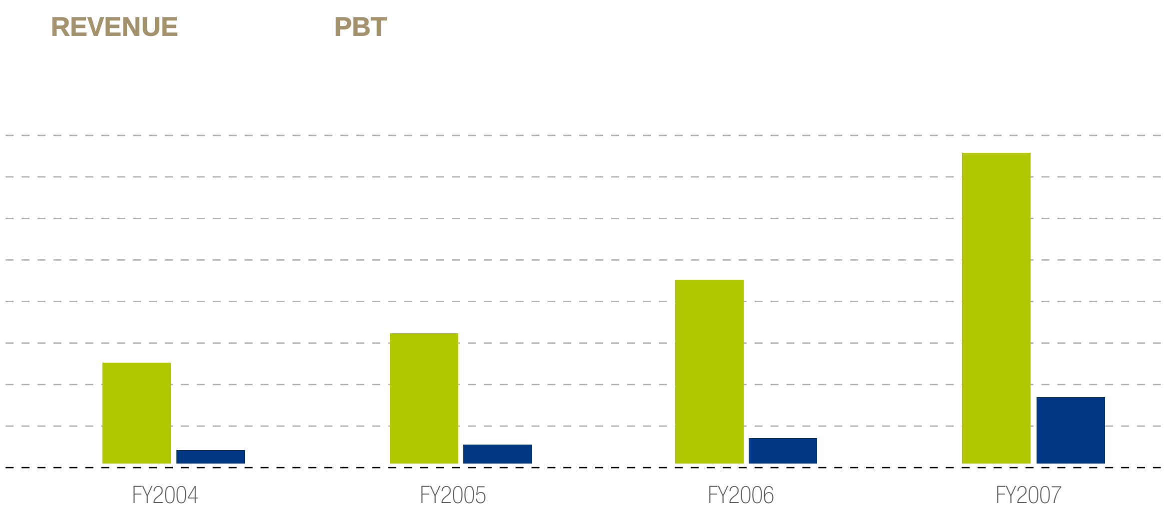
23 /

Ranked amongst “Henan 1 Most Important Industrial Enterprises”

December
14 /

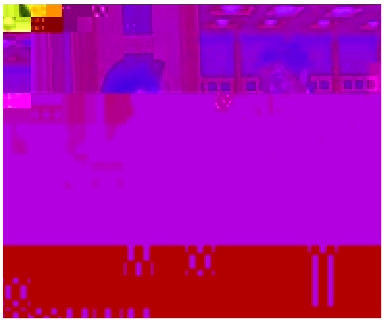
Awarded “ ertificate for Product Exemption from Qualit Surveillance Inspection” for Xinlianxin Urea Fertiliser

Financial Highlights



RMB Million	FY2004	FY2005	FY2006	FY2007
[illegible]	22	2	0	1, 1
[illegible]	1 1	1 1	212	1
[illegible]	2 .0%	2 .1%	2 . %	2 .0%
[illegible]		100	1 2	
[illegible]			12	1

Chairman's Message



Dear Shareholders,

[illegible]

[illegible]

Strong Capabilities

[illegible]

[illegible]

[illegible]

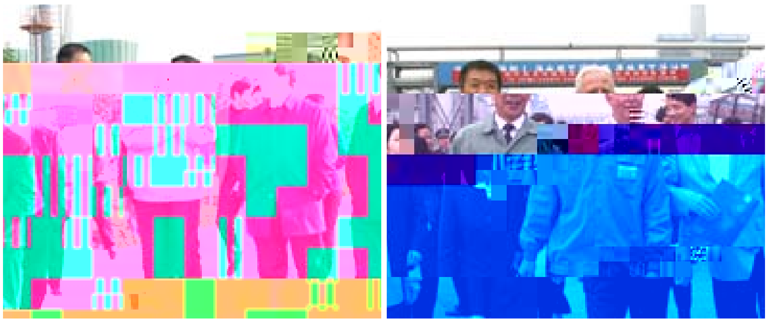
[illegible]

[illegible]

Strong Results

[illegible]


Mr Liu Xingxu

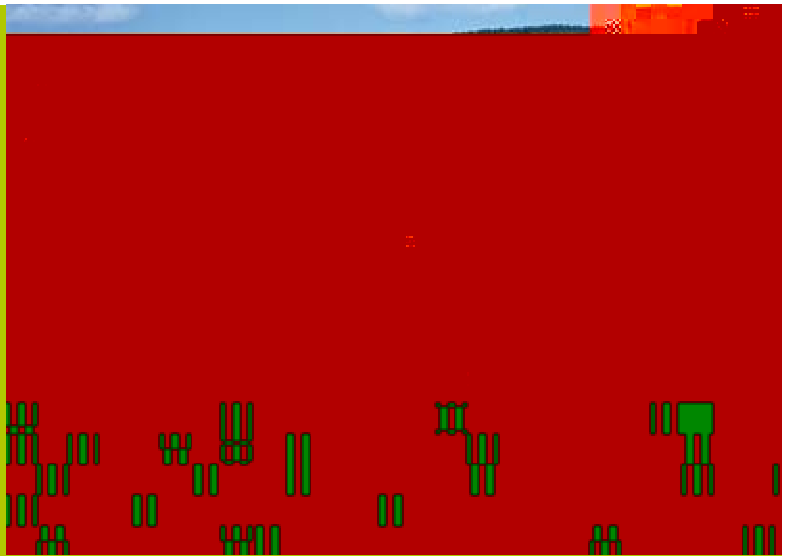


Chairman’s Message

Strong Prospects

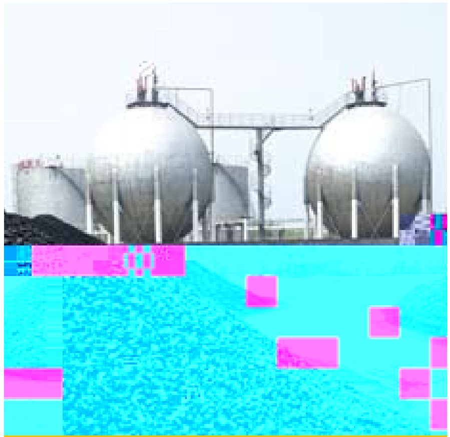
Acknowledgements

Mr Liu Xingxu



Urea

Compound Fertiliser



L 10

Prospects and Growth Drivers

Average Selling Prices

Third Plant

Corporate Information

Board of Directors
Mr Liu Xingxu, CEO/Chairman
Ms Yan Yunhua, CFO/ED
Mr Li Buwen, ED
Mr Ong Kian Guan, Lead Independent Director
Mr Ong Wei Jin, Independent Director
Mr Li Shengxiao, Independent Director

Audit Committee
Mr Ong Kian Guan (Chairman)
Mr Li Shengxiao
Mr Ong Wei Jin

Nominating Committee
Mr Ong Wei Jin (Chairman)
Mr Ong Kian Guan
Mr Li Shengxiao

Renumeration Committee
Mr Li Shengxiao (Chairman)
Mr Liu Xingxu
Mr Ong Wei Jin

Company Secretaries
Ms Foo Soon Soo
Mr Cheah Soon Ann Jeremy

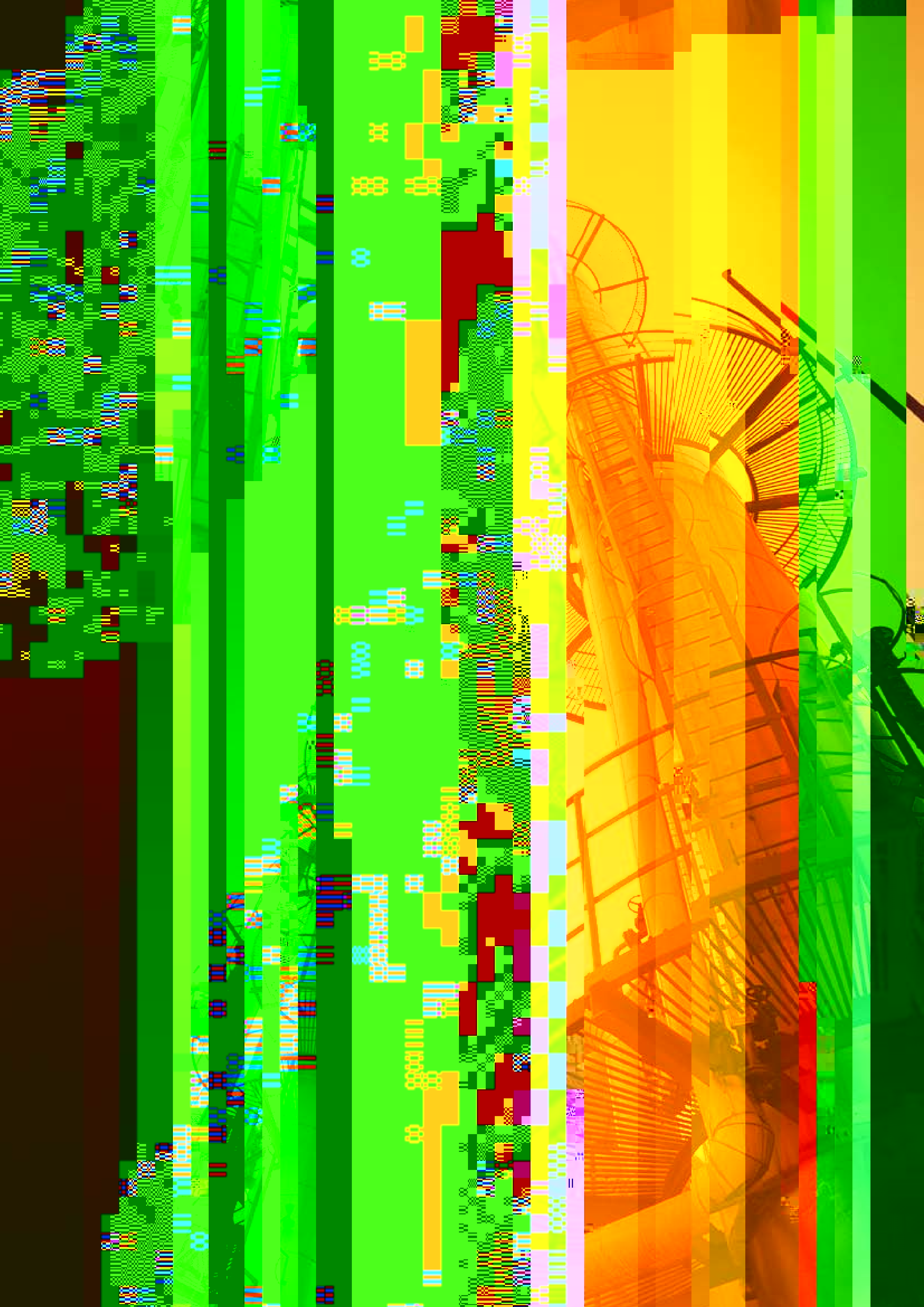
Principal Place of Business
Xinxiang High-Technology Development Zone,
West Zone, Henan, PRC 453700

Registered Office
333 North Bridge Road #08-00 KH Kea Building,
Singapore 188721

Share Registrar
KCK CorpServe Pte. Ltd.
Tel: +65 6837 2133
Fax: +65 6339 3493

Bankers
Credit Suisse
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank

Auditors
Ernst & Young
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Max Loh Khum Whai (since financial year ended 31 December 2006))



The Group's main product is urea, which accounts for about 70% of our overall gross profit as urea is the most commonly used fertiliser in the PRC. Compound fertiliser accounts for about 14% while methanol constitutes the remaining 16% of our product mix.

Both urea and compound fertilisers are chemical fertilisers used to enrich the nutrients in the soil. Methanol is produced & widely used in the downstream chemical industry such as DME & Formaldehyde production.

Operations Review

Urea

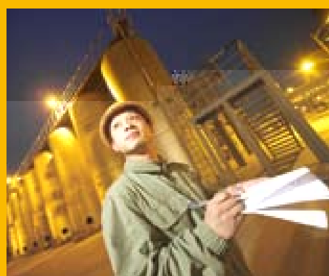
Operations Review

Compound Fertiliser

Methanol

[illegible]

[illegible]



Financial Performance

31 2007 2007’ 146%

317

)-21( )-241’673 -2411(8(

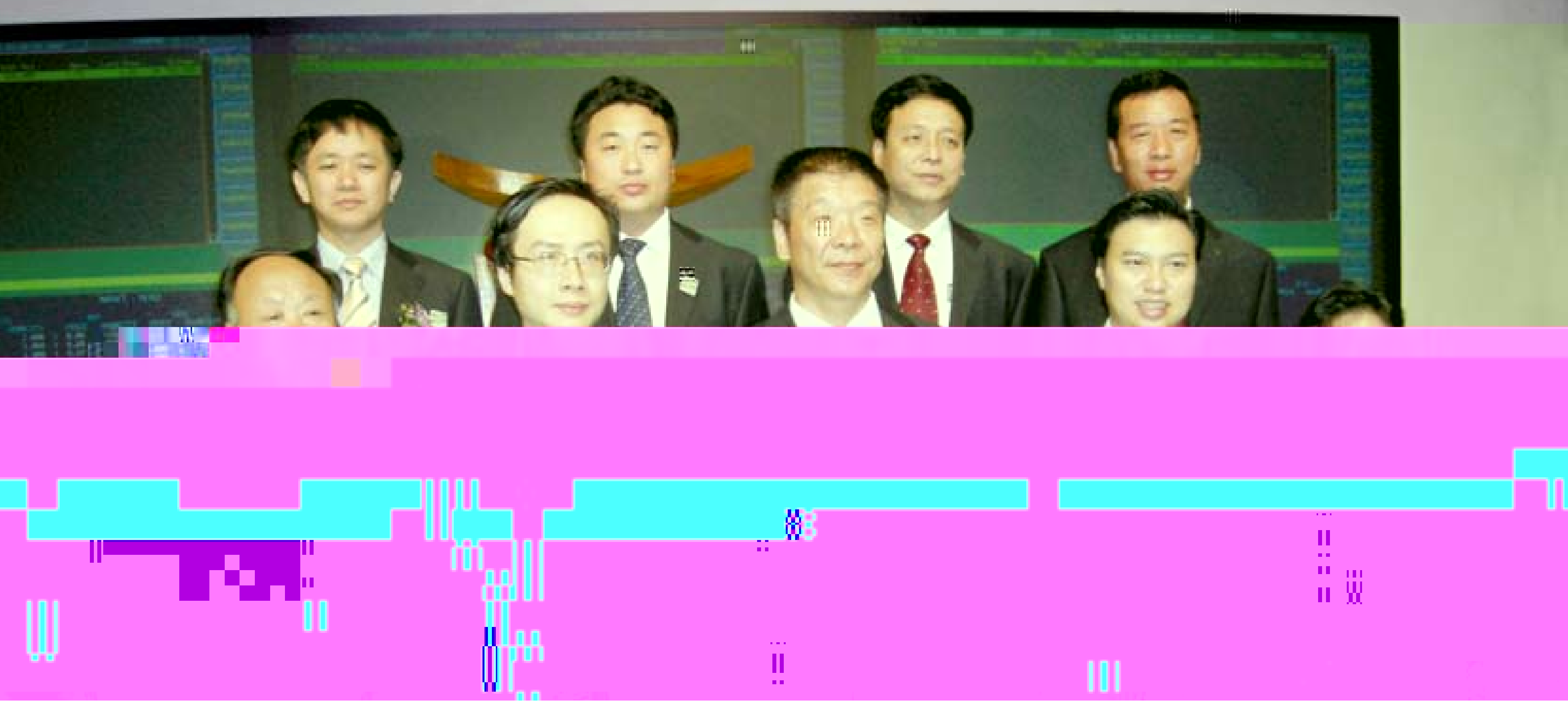
Financial Analysis

Financial Position

Cash flow

Mr Liu Xingxu

Chairman and Chief Executive Officer



Mr Ong Kian Guan
Independent Director

Mr Li Shengxiao
Independent Director

Mr Ong Wei Jin
Independent Director

Key Management

Mr Ru Zhengtao

Mr Li Yushun

Mr Wang Nairen

Mr Zhang Qingjin

Mr Cheah Soon Ann

Group Structure

心连心

China XLX

100%

Henan XLX

China XLX Fertiliser in the News

China fertiliser producer launches IPO at 77¢ a share

Business

SGX-listed China XLX inks 5-year deal with

CHINA XLX NOT HIT BY HEAVY SNOW

CHINA XLX Fertiliser said its business, sales and pro-

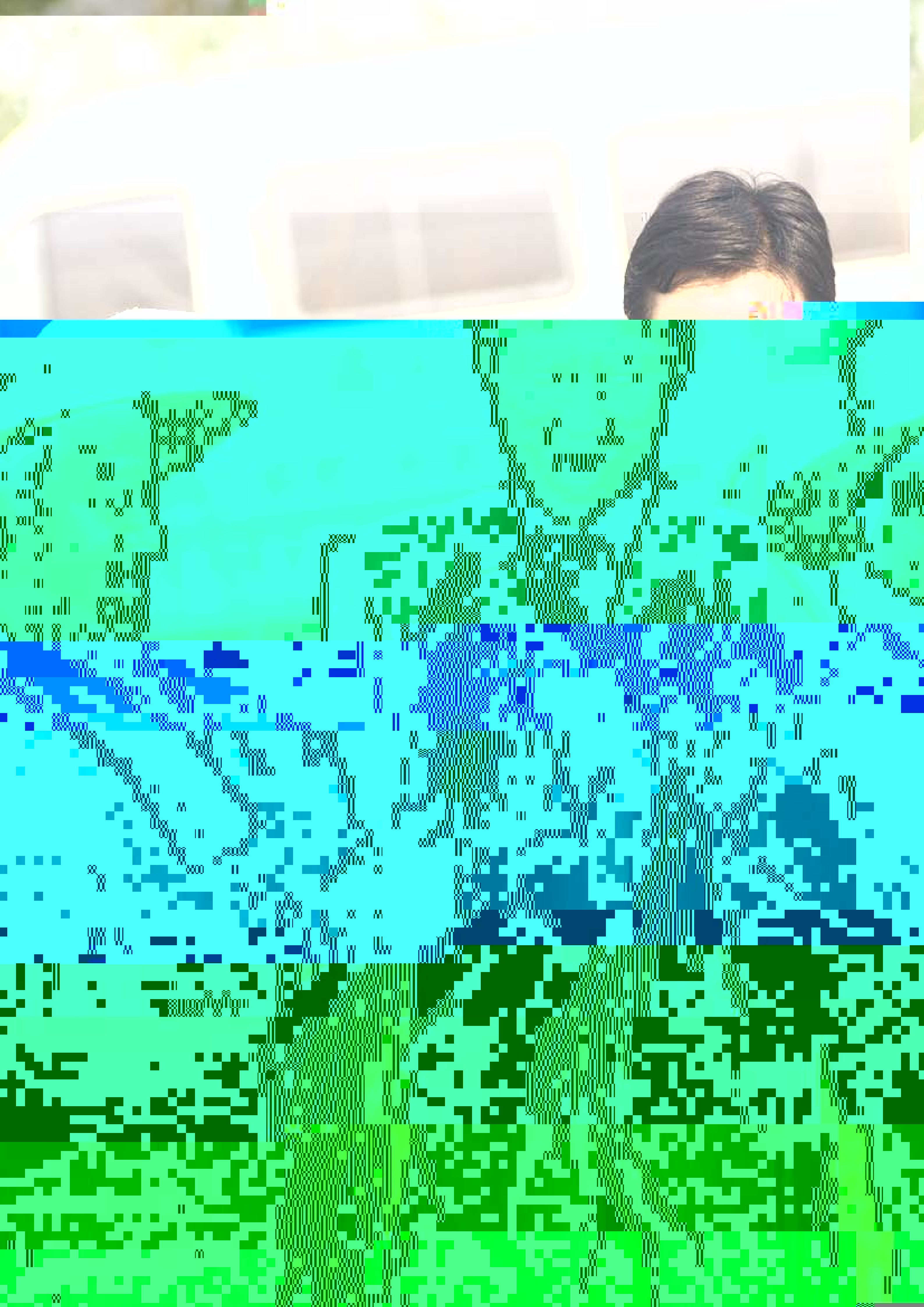
ash fertiliser prices.

The coal-based urea fertiliser producer said recent moderate snow in its sales regions will lift soil moisture and make it easier for the application of fertilisers.

Most of its sales were to the central regions of China. Its coal supply has been stable to-date as they have sufficient coal reserves and have raised their number

Analyst Reports

[illegible]



The Group's core value is to be cost efficient and at the same time be socially and environmentally responsible. The Group strives to improve society's welfare and minimise any adverse impact on the natural environment.

Corporate Citizenship

Social Responsibility

Environmental Protection


Building Trust that Instills
onfidence

China XLX Fertiliser Ltd., [illegible]

[illegible]

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]			
[illegible]	[illegible]			
[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		

Board Composition and Balance

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

Directors

Arrangements to enable directors to acquire shares and debentures

Directors' contractual benefits

Options

Audit Committee

[illegible]

	Note	Group 2007 Rmb'000	Group 2006 Rmb'000	Company 2007 Rmb'000	Company 2006 Rmb'000
ASSETS					
Non-current assets					
[illegible]		[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]			[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]
Current assets					
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]		[illegible]	[illegible]		
[illegible]		[illegible]	[illegible]		
[illegible]		[illegible]	[illegible]	[illegible]	
[illegible]		[illegible]	[illegible]		
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]
TOTAL ASSETS		[illegible]	[illegible]	[illegible]	[illegible]
EQUITY AND LIABILITIES					
Current liabilities					
[illegible]		[illegible]			
[illegible]		[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]	[illegible]	[illegible]
NET CURRENT ASSETS/(LIABILITIES)		[illegible]	([illegible])	[illegible]	([illegible])
Non-current liabilities					
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]			
		[illegible]	[illegible]		
TOTAL LIABILITIES		[illegible]	[illegible]	[illegible]	[illegible]
NET ASSETS		[illegible]	[illegible]	[illegible]	[illegible]
Equity attributable to equity holders of the Company					
[illegible]	[illegible]	[illegible]		[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
TOTAL EQUITY		[illegible]	[illegible]	[illegible]	[illegible]
TOTAL EQUITY AND LIABILITIES		[illegible]	[illegible]	[illegible]	[illegible]

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	2007	2006

[illegible]

	2007 Rmb'000	2006 Rmb'000
Cash flows from investing activities		
[illegible]	[illegible]	
[illegible]	[illegible]	
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
Net cash used in investing activities	[illegible]	[illegible]
Cash flows from financing activities		
[illegible]	[illegible]	
[illegible]		
[illegible]		
[illegible]	[illegible]	
[illegible]	[illegible]	
[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
Net cash from financing activities	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Notes to the cash flow statement

A. Cash and cash equivalents

[illegible]

	2007 Rmb'000	2006 Rmb'000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

Notes to the cash flow statement (cont'd)

A. Cash and cash equivalents (cont'd)

	2007 Rmb'000	2006 Rmb'000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]

B. Property, plant and equipment

	2007 Rmb'000	2006 Rmb'000
[illegible]	[illegible]	[illegible]
[illegible]	([illegible])	([illegible])
[illegible]	([illegible])	([illegible])
	[illegible]	[illegible]

1. Corporation information

1.1 *The Company*

2. Summary of significant accounting policies

2.1 *Basis of preparation*

2.2 *Changes in accounting policies*

( ) *Adoption of new or revised FRS and Interpretations to FRS (INT FRS)*

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

(.) *FRS and INT FRS not yet effective*

	Effective for annual periods beginning on or after

2.3 *Significant accounting estimates and judgements*

( ) *Key sources of estimation uncertainty*

2. **Summary of significant accounting policies (cont'd)**

2.3 ***Significant accounting estimates and judgements (cont'd)***

(.) *Critical judgement made in applying accounting policies*

2. **Summary of significant accounting policies (cont'd)**

2.5 ***Subsidiaries and basis of consolidation (cont'd)***

(.) *Basis of consolidation (cont'd)*

2. Summary of significant accounting policies (cont'd)

2.8 *Land use rights*

2.9 *Impairment of non-financial assets*

2.10 *Financial assets*

( ) *Financial assets at fair value through profit or loss*

2. Summary of significant accounting policies (cont'd)

2.10 *Financial assets (cont'd)*

( ) *Loans and receivables*

( ) *Held-to-maturity investments*

( ) *Available-for-sale financial assets*

2.11 *Cash and cash equivalents*

2.12 *Trade and other receivables*

2. **Summary of significant accounting policies (cont'd)**

2.13 ***Impairment of financial assets***

( ) *Assets carried at amortised cost*

2. Summary of significant accounting policies (cont'd)

2.15 *Financial liabilities*

2.16 *Borrowing costs*

2.17 *Employee benefits*

Defined contribution plans - pension benefits

2.18 *Revenue*

( ) *Sale of goods*

( ) *Interest income*

2.19 *Grant*

2. Summary of significant accounting policies (cont'd)

2.20 *Provisions*

2.21 *Income taxes*

( ) *Current tax*

( ) *Deferred tax*

2. Summary of significant accounting policies (cont'd)

2.21 *Income taxes (cont'd)*

( ) *Value-added-tax ("VAT")*

3. Revenue

4. Other operating income

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]

5. Profit from operations

	Group	
	2007	2006
	Rmb'000	Rmb'000

6. Related party transactions

( )

	Group	
	2007	2006
	Rmb'000	Rmb'000

6. Related party transactions (cont'd)

(.) [illegible]

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]

7. Personnel expenses

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]

	2007	2006
[illegible]	[illegible]	[illegible]

8. Financial income (expenses)

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
	[illegible]	[illegible]

9. Income tax expense

10. Earnings per share

11. Property, plant and equipment

	Buildings Rmb'000	Other fixtures and constructions Rmb'000	Plant and machinery Rmb'000	Office equipment and furniture Rmb'000	Motor vehicles Rmb'000	Construction-in-progress Rmb'000	Total Rmb'000
31 December 2006							
Group							
Cost							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12. Land use rights

	Group Rmb'000
Cost	
[illegible]	[illegible]
[illegible]	
[illegible]	([illegible])
[illegible]	
[illegible]	[illegible]
[illegible]	[illegible]
Accumulated amortisation	
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	([illegible])
[illegible]	
[illegible]	[illegible]
[illegible]	[illegible]
Net carrying amount	
[illegible]	
[illegible]	[illegible]

[illegible]

[illegible]

14. Inventories

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]

[illegible]

15. Prepayments

	Group		Company	
	2007	2006	2007	2006
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]		[illegible]
	[illegible]	[illegible]		[illegible]

16. Trade receivables and other receivables

16. Trade receivables and other receivables (cont'd)

	Group		Company	
	2007	2006	2007	2006
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]		
[illegible]		[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	
	[illegible]	[illegible]	[illegible]	

[illegible]

[illegible] %

[illegible]

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]

	Group	
	Individually Impaired	
	2007	2006
	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]
[illegible]	([illegible])	([illegible])
		[illegible]
[illegible]		
	[illegible]	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

17. Deferred grant

	Group	
	2007	2006
	Rmb'000	Rmb'000
Cost		
Accumulated amortisation		
Net carrying value		

18. Interest-bearing loans and borrowings

( )

	Group		Company	
	2007	2006	2007	2006
	Rmb'000	Rmb'000	Rmb'000	Rmb'000

18. Interest-bearing loans and borrowings (cont'd)

19. Trade and other payables

	Group		Company	
	2007	2006	2007	2006
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Trade and other payables (current)				
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]			
	[illegible]	[illegible]		[illegible]
Add:				
[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

[illegible]

	Group		Company	
	2007	2006	2007	2006
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]		[illegible]
	[illegible]	[illegible]		[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

20. Accruals and other liabilities

	Group		Company	
	2007	2006	2007	2006
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

23. Statutory reserve fund

25. Segment information (cont'd)

Business segments (cont'd)

[illegible]

Geographical segments

[illegible]

Allocation basis and transfer pricing

[illegible]

Group 2007	Urea Rmb'000	Compound fertiliser Rmb'000	Methanol Rmb'000	Others Rmb'000	Elimination Rmb'000	Total Rmb'000
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]

[illegible]

25. Segment information (cont'd)

Geographical segments (cont'd)

Group 2006	Urea Rmb'000	Compound fertiliser Rmb'000	Methanol Rmb'000	Others Rmb'000	Elimination Rmb'000	Total Rmb'000
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]
[illegible]						[illegible]

26. Commitments

( ) [illegible]

	Group 2007 Rmb'000	Group 2006 Rmb'000
Capital expenditure		
[illegible]	[illegible]	[illegible]
Others		
[illegible]	[illegible]	[illegible]

( ) [illegible]

[illegible]

27. Financial risk management objectives and policies

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

[illegible]

[illegible]

[illegible]

	2007 Rmb'000 1 year or less	2007 Rmb'000 1 to 3 years	2007 Rmb'000 Over 3 years	2007 Rmb'000 Total	2006 Rmb'000 1 year or less	2006 Rmb'000 1 to 3 years	2006 Rmb'000 Over 3 years	2006 Rmb'000 Total
Group								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(c) Interest rate risk

[illegible]

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

[illegible]

Cash flow sensitivity analysis for variable rate instruments

[illegible]

27. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

		Group	
		2007	2006
		Rmb'000	Rmb'000
	Increase/ decrease in basis points	Effect on profit net of tax	Effect on profit net of tax
Interest expense			
[illegible]	[illegible]	([illegible])	([illegible])
[illegible]	[illegible]		([illegible])
Interest income			
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]		

(d) Foreign currency risk

[illegible]

	Group		Company	
	2007	2006	2007	2006
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

		Group	
		2007	2006
		Rmb'000	Rmb'000
		Profit (loss) net of tax	Profit (loss) net of tax
[illegible]	[illegible] % ([illegible] %)	[illegible]	[illegible]
	[illegible] % ([illegible] %)	([illegible])	([illegible])
[illegible]	[illegible] % ([illegible] %)		[illegible]

28. Capital management

[illegible]

[illegible]

28. Capital management (cont'd)

ANALYSIS OF SHAREHOLDINGS

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DISTRIBUTION OF SHAREHOLDINGS AS AT 27 MARCH 2008

Size of Shareholdings	C	N	0	No. of	J	0

Percentage of shareholdings in the hands of public

Substantial shareholders as shown in the Register of Substantial Shareholders as at 27 March 2008

Name	Direct Interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
[illegible]	[illegible]	[illegible]		
[illegible]			[illegible]	[illegible]

Ordinary Business

As Special Business

Explanatory Notes on Special Business to be transacted: -

Note:-

Closure of Books

CHINA XLX FERTILISER LTD.

PROXY FORM

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

- [illegible]

- [illegible]

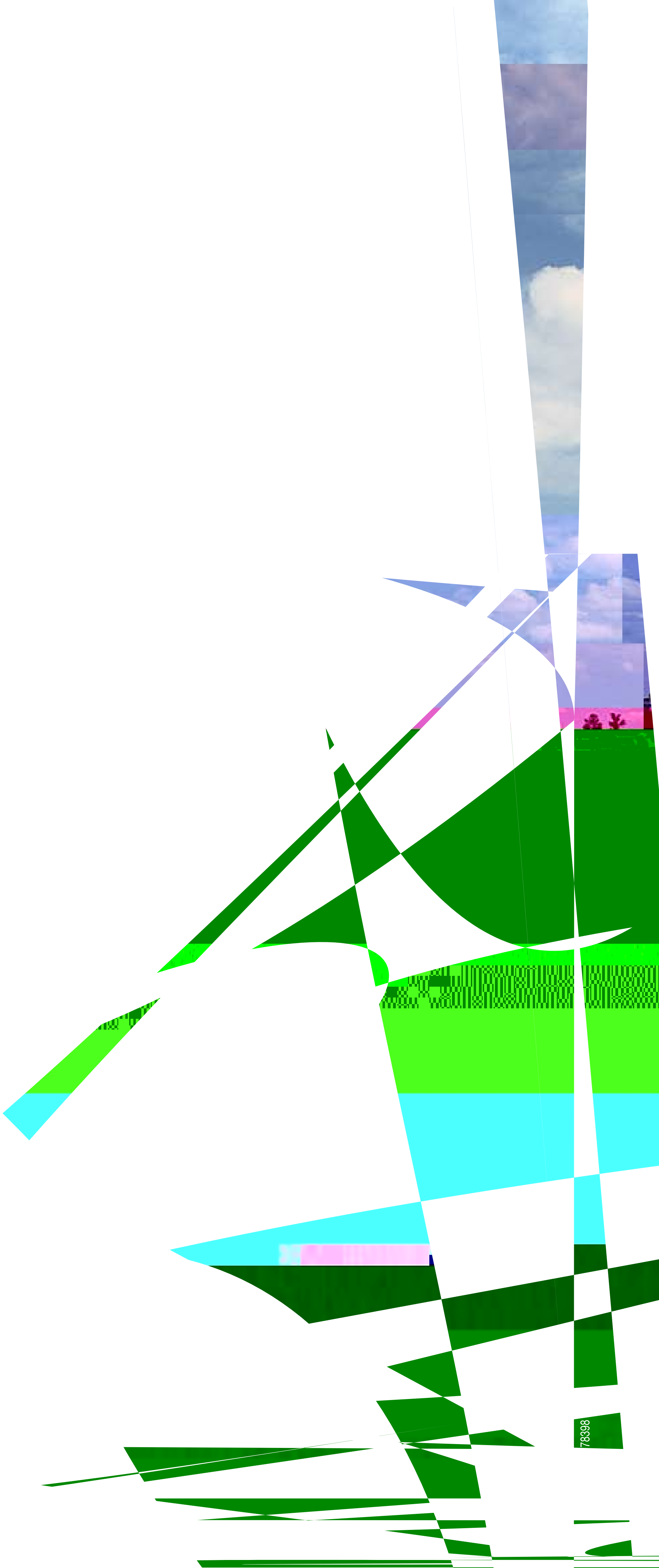
- [illegible]

4- [illegible]

- [illegible]

- [illegible]

[illegible]



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