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## Significant Events

# 2007

### June

20 /

Listed on Mainboard of SGX-ST



### July

13 /

Signed 5 year binding contract with Sinofert, the largest fertiliser distributor in China

### October

4 /

Award recipient for “Most Transparent Company Award” in New Issues category of the Investors Choice Awards 2007

10 /

EGM approved acquisition of old and new plants

13 /

Donated S\$500,000 to SGX’s The Bull Run 2007



### November

16 /

Award recipient for “Best Investor Relations Awards”

23 /

Ranked amongst “Henan 100 Most Important Industrial Enterprises”

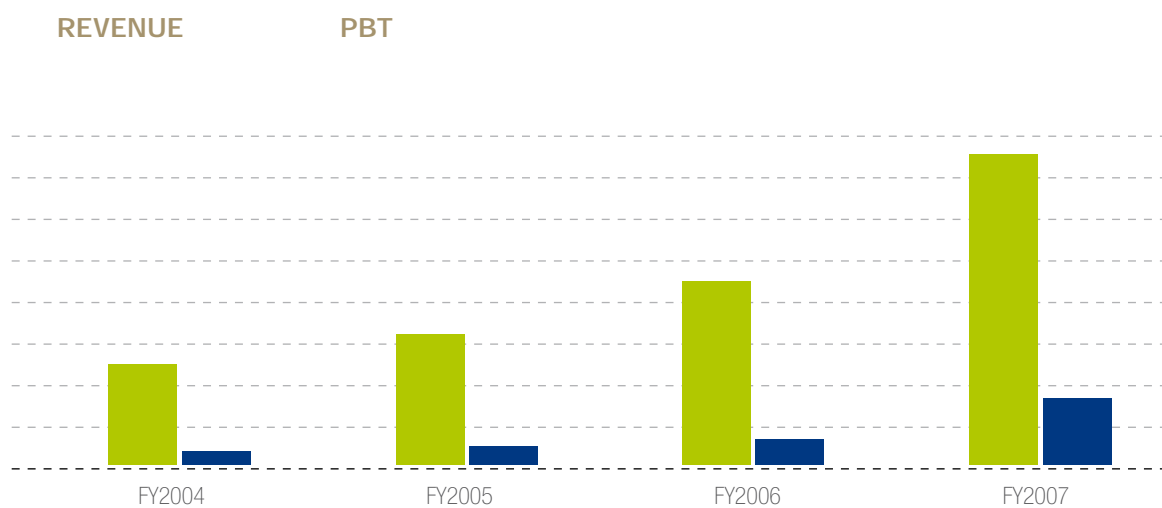
### December

14 /

Awarded “Certificate for Product Exemption from Quality Surveillance Inspection” for Xinlianxin Urea Fertiliser



## Financial Highlights



RMB Million	FY2004	FY2005	FY2006	FY2007
Revenue	22	112	212	212
PBT	1.1	1.1	1.2	1.2
Revenue Change (%)	2.0%	2.1%	2.0%	2.0%
PBT Change (%)		100	12	1

# Chairman's Message



## Dear Shareholders,

Dear Shareholders, I am pleased to present to you the 2007 Annual Report of the Company. The report details the Company's performance over the past year, highlighting our strong capabilities and achievements. We have maintained a steady growth trajectory, with our revenue increasing by 10% compared to the same period last year. Our focus on innovation and operational efficiency has enabled us to deliver high-quality products and services to our customers. We are confident that our strong financial position and robust management team will continue to drive the Company's success in the coming years. Thank you for your continued support and investment in the Company.

Over the past year, the Company has achieved significant milestones. Our revenue grew by 10% compared to the same period last year, reaching 200 million RMB. This growth was driven by our strong sales performance and effective marketing strategies. Additionally, we have successfully launched several new products, which have received positive feedback from our customers. Our focus on research and development has resulted in several patents and innovations that will further strengthen our competitive advantage. We are committed to providing our shareholders with a steady and sustainable return on their investment. Thank you for your continued support and confidence in the Company.

## Strong Capabilities

The Company's strong capabilities are reflected in its financial performance. In 2007, the Company's revenue increased by 10% compared to the same period last year, reaching 200 million RMB. This growth was supported by a net profit margin of 0.2% and a return on equity of 0.0%. The Company's strong financial position and robust management team have enabled us to maintain a steady and sustainable growth trajectory. Our focus on innovation and operational efficiency has resulted in several patents and innovations that will further strengthen our competitive advantage. We are committed to providing our shareholders with a steady and sustainable return on their investment. Thank you for your continued support and confidence in the Company.

The Company's strong capabilities are also reflected in its operational performance. In 2007, the Company's production volume increased by 2% compared to the same period last year, reaching 200 million units. This growth was supported by our strong manufacturing capabilities and efficient supply chain management. Our focus on quality control and customer service has resulted in high customer satisfaction and loyalty. We are committed to providing our shareholders with a steady and sustainable return on their investment. Thank you for your continued support and confidence in the Company.

The Company's strong capabilities are also reflected in its market performance. In 2007, the Company's market share increased by 1.2% compared to the same period last year, reaching 12.1%. This growth was supported by our strong brand reputation and effective marketing strategies. Our focus on innovation and operational efficiency has resulted in several patents and innovations that will further strengthen our competitive advantage. We are committed to providing our shareholders with a steady and sustainable return on their investment. Thank you for your continued support and confidence in the Company.

The Company's strong capabilities are also reflected in its financial performance. In 2007, the Company's revenue increased by 10% compared to the same period last year, reaching 200 million RMB. This growth was supported by a net profit margin of 0.2% and a return on equity of 0.0%. The Company's strong financial position and robust management team have enabled us to maintain a steady and sustainable growth trajectory. Our focus on innovation and operational efficiency has resulted in several patents and innovations that will further strengthen our competitive advantage. We are committed to providing our shareholders with a steady and sustainable return on their investment. Thank you for your continued support and confidence in the Company.

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## Strong Results

The Company's strong results are reflected in its financial performance. In 2007, the Company's revenue increased by 10% compared to the same period last year, reaching 200 million RMB. This growth was supported by a net profit margin of 0.2% and a return on equity of 0.0%. The Company's strong financial position and robust management team have enabled us to maintain a steady and sustainable growth trajectory. Our focus on innovation and operational efficiency has resulted in several patents and innovations that will further strengthen our competitive advantage. We are committed to providing our shareholders with a steady and sustainable return on their investment. Thank you for your continued support and confidence in the Company.



Mr Liu Xingxu

# Chairman's Message



## Strong Prospects

Over the past year, the Group has achieved significant milestones in its business operations. Our revenue has grown steadily, and our market share has expanded across key regions. The strong performance of our core business units, coupled with strategic investments in emerging markets, has positioned us for continued growth. We remain confident in our long-term prospects and are committed to delivering value to our shareholders through sustainable business practices and innovation.

The Group's financial performance for the year ended 31 December 2010 is summarized in the following table:

Item	2010	2009
Revenue	1,120	1,000
Profit	200	180
Operating Profit	100	90
Net Profit	80	70

Our financial performance for the year ended 31 December 2010 is summarized in the following table:

Item	2010	2009
Revenue	1,120	1,000
Profit	200	180
Operating Profit	100	90
Net Profit	80	70

The Group's financial performance for the year ended 31 December 2010 is summarized in the following table:

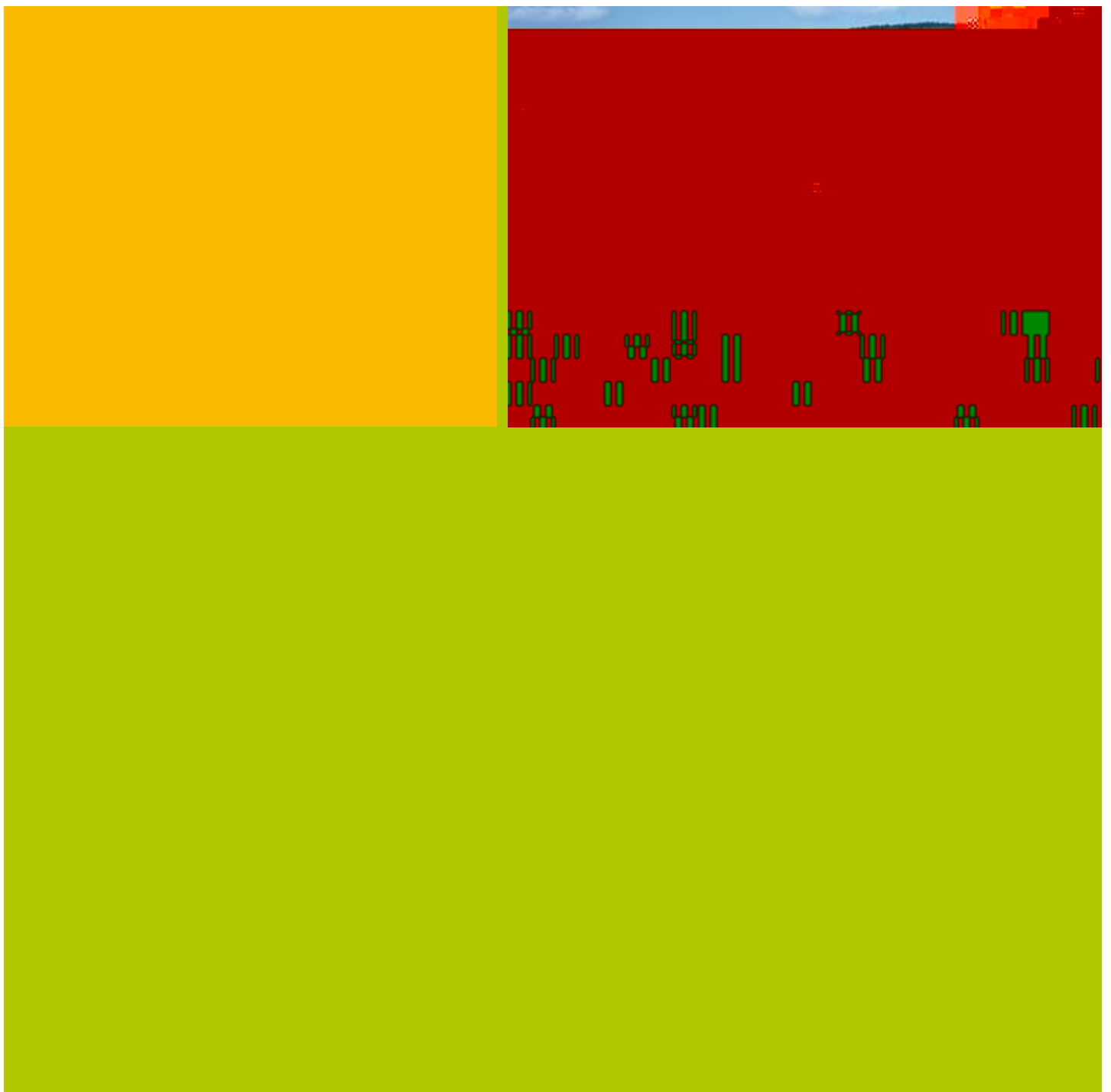
Item	2010	2009
Revenue	1,120	1,000
Profit	200	180
Operating Profit	100	90
Net Profit	80	70

## Acknowledgements

We would like to express our sincere appreciation to our shareholders, customers, and business partners for their continued support and trust in the Group. Our success is a result of the collective efforts of our dedicated employees and the strong leadership of our management team. We look forward to continuing our partnership with you and achieving even greater success in the future.

Mr Liu Xingxu

Chairman





## Urea



## Compound Fertiliser



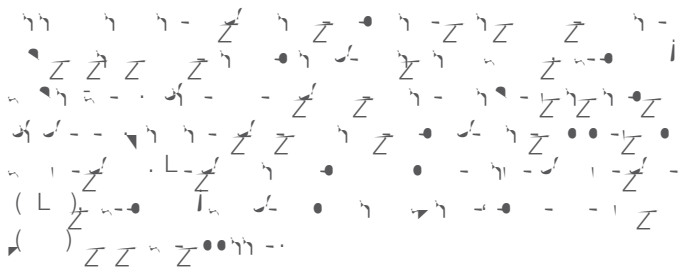




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# Prospects and Growth Drivers

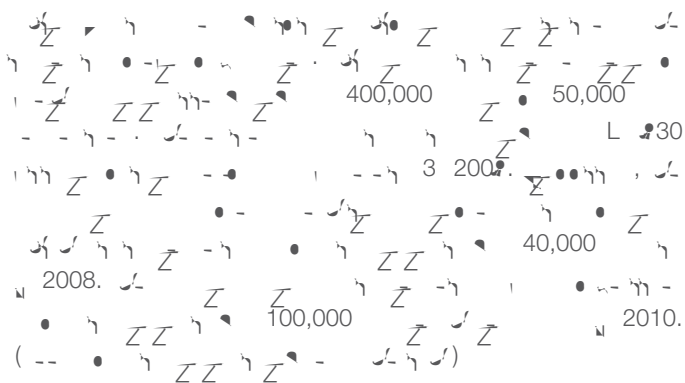
## Average Selling Prices



Price in NIS. 2004, 2005, 2006.

\* -

## 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

### Remuneration 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

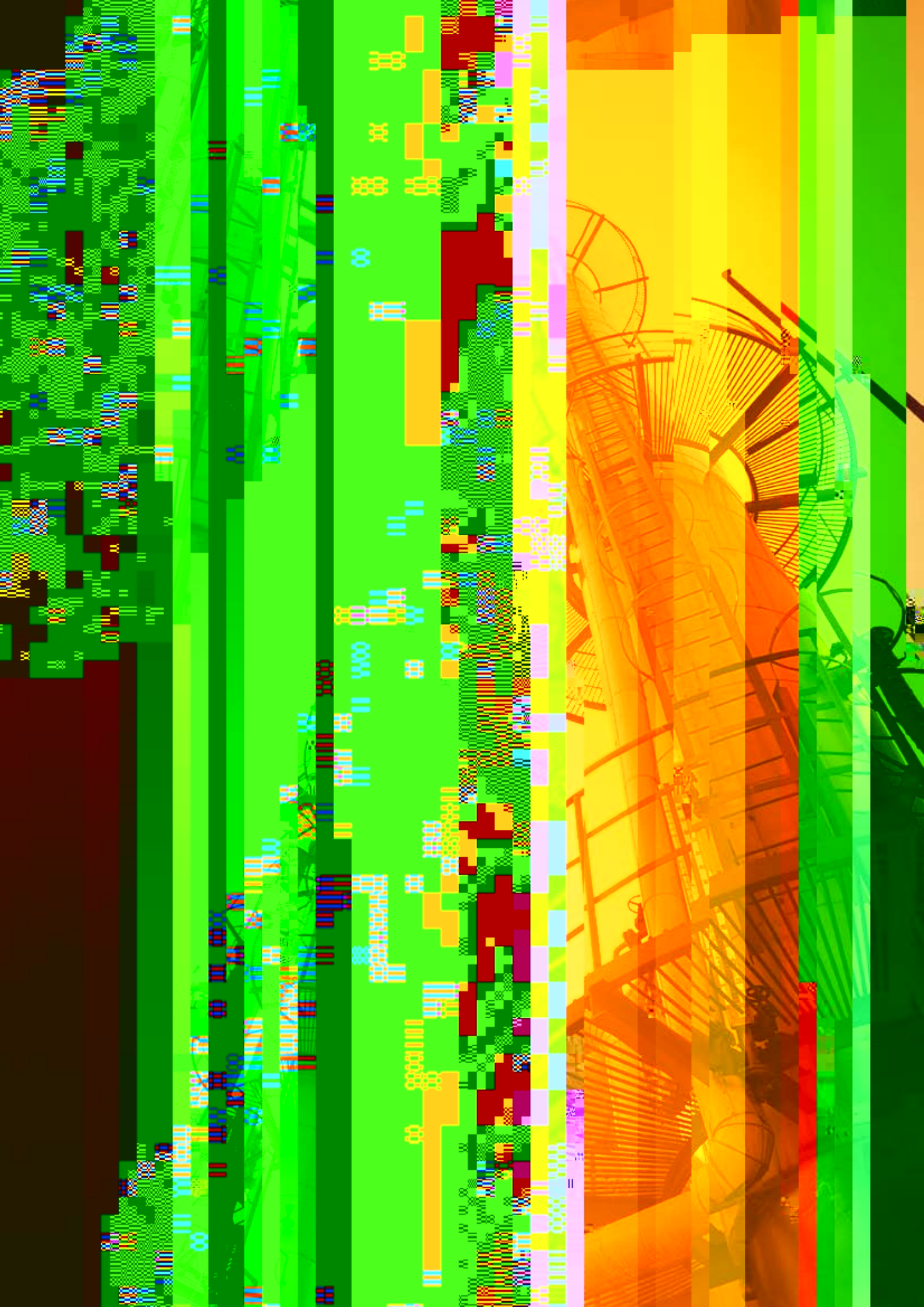
KCK CorpServe Pte. Ltd.  
Tel: +65 6837 2133  
Fax: +65 6339 3493

### 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

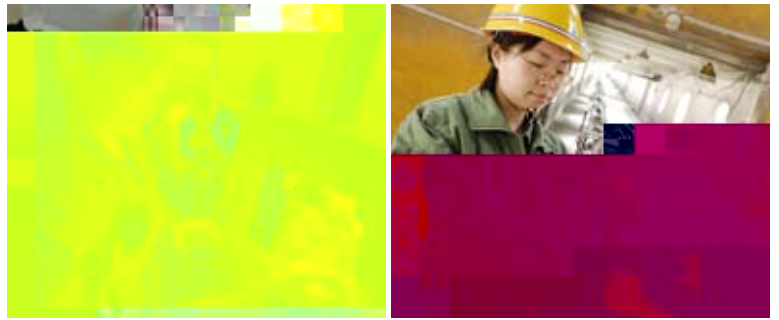
### Urea



Urea production in China is concentrated in the north and west, with the largest production base in Henan province. Consumption is widespread across the country, with the highest consumption in the east and south. The map shows a significant concentration of production in the north and west, while consumption is more evenly distributed across the country.

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# Operations Review



## Compound Fertiliser





**Financial Performance**

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**Mr Liu Xingxu**

*Chairman and Chief Executive Officer*

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Group Structure



China XLX



Henan XLX

# China XLX Fertiliser in the News

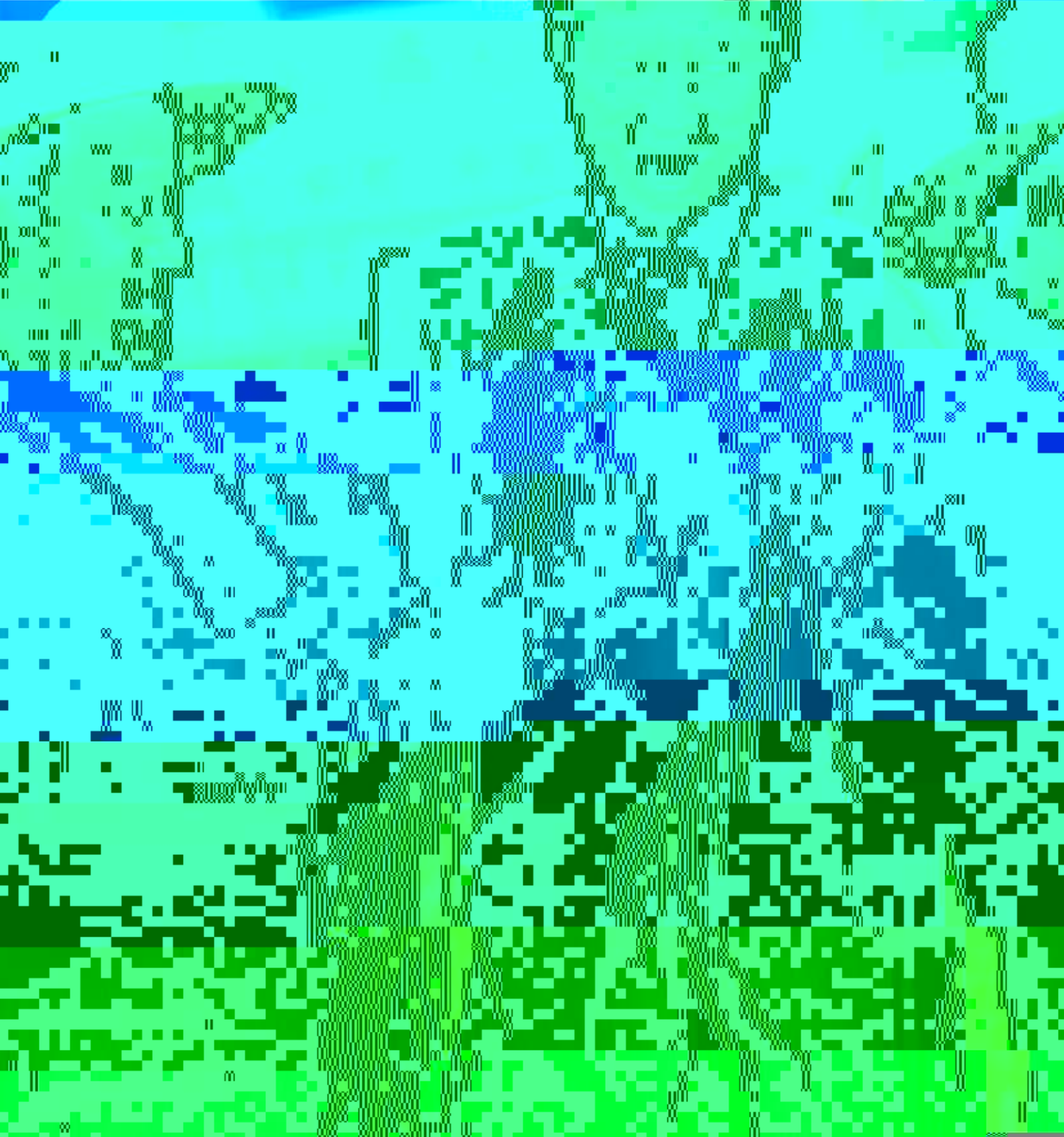
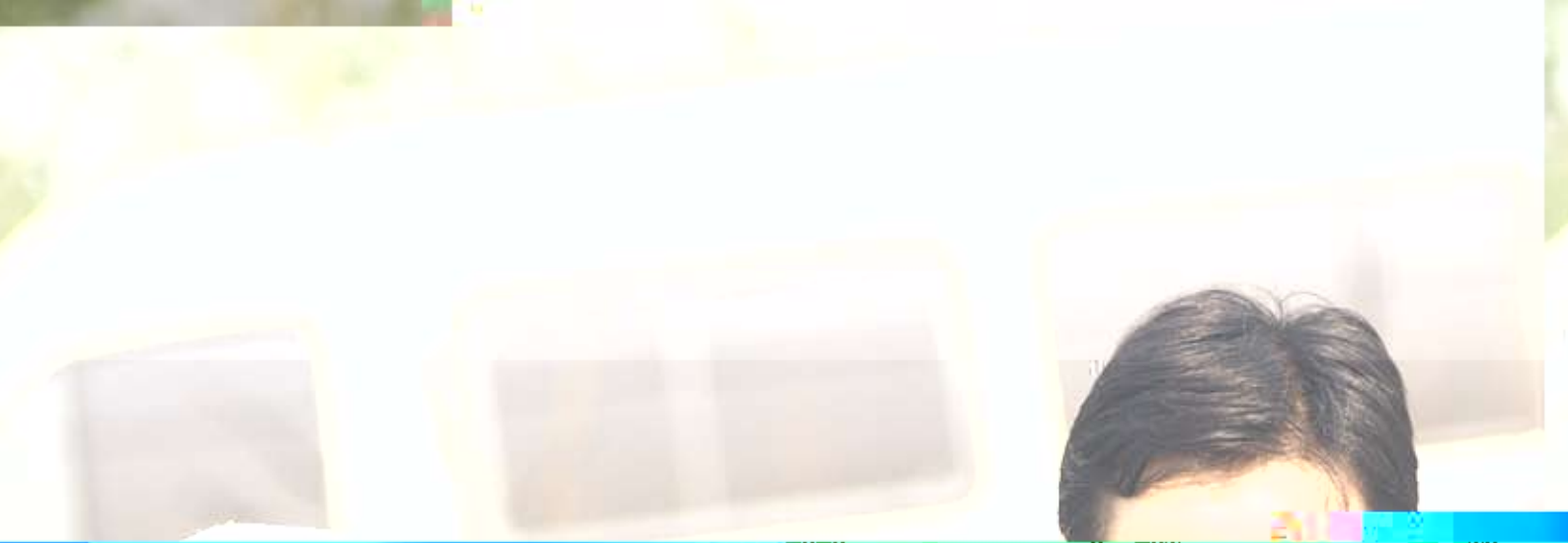


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# Analyst Reports



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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.

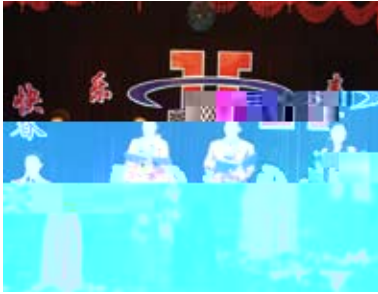
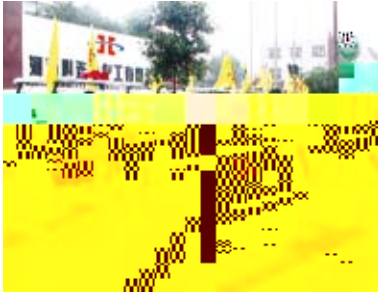
## Corporate Citizenship

### Social Responsibility

2006, 14001:2004, 14000, 2007.

### Environmental Protection

2006, 14001:2004, 14000, 2007.





Building Trust that **Instills**  
**confidence**



China XLX Fertiliser Ltd., ( )

**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.**

- ( )
- ( )
- ( )
- ( )
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- ( )

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE

## 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.**

No.	Description
(1)	The Board should have a formal and transparent process for the appointment of new directors to the Board. The process should be set out in the Board's Charter and should be consistent with the provisions of the Listing Rules and the Companies Act.
(2)	The Board should have a formal and transparent process for the appointment of new directors to the Board. The process should be set out in the Board's Charter and should be consistent with the provisions of the Listing Rules and the Companies Act.
(3)	The Board should have a formal and transparent process for the appointment of new directors to the Board. The process should be set out in the Board's Charter and should be consistent with the provisions of the Listing Rules and the Companies Act.
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## 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.**

No.	Description
(1)	The Board should have a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board. The assessment should be conducted annually and should be consistent with the provisions of the Listing Rules and the Companies Act.

## 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.**

(2) The Board should have 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.

(a) The Board should have 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.

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(g) The Board should have 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.**

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(b) [Illegible text]





China XLX Fertiliser Ltd. - 39

(i) China XLX Fertiliser Ltd. - 39

(ii) China XLX Fertiliser Ltd. - 39

China XLX Fertiliser Ltd. - 39

China XLX Fertiliser Ltd. - 39

China XLX Fertiliser Ltd. - 39

China XLX Fertiliser Ltd. - 39





(continued)

	Note	Group		Company	
		2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		4,444	-	4	4
Intangible assets		-	-	-	-
Investments		-	-	-	-
Other non-current assets		-	-	-	-
<b>Current assets</b>					
Accounts receivable	4	1,141	1,141	1,141	1,141
Prepaid expenses		1,141	1,141	1,141	1,141
Other receivables		1,141	1,141	1,141	1,141
Inventory		1,141	1,141	1,141	1,141
Other current assets		1,141	1,141	1,141	1,141
<b>TOTAL ASSETS</b>		<b>8,467</b>	<b>4,423</b>	<b>4,464</b>	<b>4,427</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable		1,141	1,141	1,141	1,141
Other payables		1,141	1,141	1,141	1,141
Other current liabilities		1,141	1,141	1,141	1,141
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>4,467</b>	<b>(1,141)</b>	<b>4,464</b>	<b>(1,141)</b>
<b>Non-current liabilities</b>					
Other non-current liabilities		1,141	1,141	1,141	1,141
<b>TOTAL LIABILITIES</b>		<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>
<b>NET ASSETS</b>					
Equity attributable to equity holders of the Company		4,467	4,423	4,464	4,427
<b>TOTAL EQUITY</b>		<b>4,467</b>	<b>4,423</b>	<b>4,464</b>	<b>4,427</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,467</b>	<b>4,423</b>	<b>4,464</b>	<b>4,427</b>

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





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2007

2006

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(1,000,000,000)

	2007 Rmb'000	2006 Rmb'000
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets (Note 12)	(1,111)	-
Acquisition of property, plant and equipment (Note 12)	(4,122)	-
Disposal of property, plant and equipment (Note 12)	(1,211)	(4,414)
Disposal of intangible assets (Note 12)	-	4
Disposal of financial assets (Note 12)	-	(11)
<b>Net cash used in investing activities</b>	<b>(6,444)</b>	<b>(4,414)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares (Note 13)	11	-
Proceeds from bank borrowings (Note 13)	4,122	-
Proceeds from other financing activities (Note 13)	-	(1,111)
Repayment of bank borrowings (Note 13)	(1,111)	(4,414)
Repayment of other financing activities (Note 13)	-	(11)
Repayment of financial assets (Note 13)	-	(11)
<b>Net cash from financing activities</b>	<b>4,122</b>	<b>(5,546)</b>
Net change in cash and cash equivalents	(2,322)	(9,960)
Cash and cash equivalents at the beginning of the year	4,122	14,122
<b>Cash and cash equivalents at the end of the year</b>	<b>1,800</b>	<b>4,162</b>

## Notes to the cash flow statement

### A. Cash and cash equivalents

	2007 Rmb'000	2006 Rmb'000
Bank deposits	4,122	1,111
Other cash equivalents	-	4,122
<b>Total cash and cash equivalents</b>	<b>4,122</b>	<b>5,233</b>
Bank deposits	(1,111)	(1,111)
Other cash equivalents	-	4,414
<b>Total cash and cash equivalents</b>	<b>(1,111)</b>	<b>3,303</b>

The cash and cash equivalents are denominated in RMB. The carrying amount of cash and cash equivalents is measured at fair value, which approximates their carrying amount because of the short-term maturity of these financial instruments.

The cash and cash equivalents are classified as financial assets at amortized cost. The carrying amount of cash and cash equivalents is measured at fair value, which approximates their carrying amount because of the short-term maturity of these financial instruments.

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(continued)

Notes to the cash flow statement (cont'd)

A. Cash and cash equivalents (cont'd)

	2007 Rmb'000	2006 Rmb'000
Initial cash and cash equivalents	4,114	4
Net cash generated from operating activities	4,114	44
Effect of exchange rate changes	-	-
Final cash and cash equivalents	8,228	48

B. Property, plant and equipment

	2007 Rmb'000	2006 Rmb'000
Cost of property, plant and equipment	1,114	1,114
Accumulated depreciation	(1,114)	(1,114)
Net book value	-	-





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)*

1. The consolidated financial statements are prepared on the basis of the accounting policies of the parent company, which are consistent with the accounting policies of the subsidiaries, except where stated otherwise.

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

### 2.8 Land use rights

Land use rights are recognized at cost and are measured at cost less accumulated amortization and impairment losses. Land use rights are amortized on a straight-line basis over their useful lives. The useful lives of land use rights are determined based on the remaining term of the land use rights granted by the government. Land use rights are tested for impairment when there is an indication that the carrying amount of the land use rights may be impaired. Impairment losses are recognized when the carrying amount of the land use rights exceeds their recoverable amount. Impairment losses are reversed if the recoverable amount of the land use rights increases in subsequent periods.

### 2.9 Impairment of non-financial assets

Non-financial assets are tested for impairment when there is an indication that the carrying amount of the asset may be impaired. Impairment losses are recognized when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the maximum of the asset's fair value less costs of disposal and its value in use. Impairment losses are reversed if the recoverable amount of the asset increases in subsequent periods. Impairment losses on non-financial assets are not reversed. Non-financial assets are tested for impairment at the end of each reporting period. Impairment losses are recognized when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the maximum of the asset's fair value less costs of disposal and its value in use. Impairment losses are reversed if the recoverable amount of the asset increases in subsequent periods. Impairment losses on non-financial assets are not reversed. Non-financial assets are tested for impairment at the end of each reporting period.

### 2.10 Financial assets

Financial assets are classified into three categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost. Financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognized in profit or loss. Financial assets at fair value through other comprehensive income are measured at fair value and changes in fair value are recognized in other comprehensive income. Financial assets at amortized cost are measured at amortized cost and changes in amortized cost are recognized in profit or loss.

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

Financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognized in profit or loss. Financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognized in profit or loss. Financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognized in profit or loss.

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

### 2.10 *Financial assets (cont'd)*

#### (.) *Loans and receivables*

Loans and receivables are measured at amortized cost less impairment. Loans and receivables are classified as held-to-maturity investments, available-for-sale financial assets, or loans and receivables, depending on the company's intent to hold the financial asset until maturity, whether the financial asset is available for sale, and whether the financial asset is a loan or receivable. Loans and receivables are classified as held-to-maturity investments if the company has the intent and ability to hold the financial asset until maturity. Loans and receivables are classified as available-for-sale financial assets if the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment. Loans and receivables are classified as loans and receivables if the financial asset is a loan or receivable and the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or available-for-sale financial asset.

#### ( ) *Held-to-maturity investments*

Held-to-maturity investments are measured at amortized cost less impairment. Held-to-maturity investments are classified as held-to-maturity investments if the company has the intent and ability to hold the financial asset until maturity. Held-to-maturity investments are classified as available-for-sale financial assets if the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment. Held-to-maturity investments are classified as loans and receivables if the financial asset is a loan or receivable and the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or available-for-sale financial asset.

#### (e) *Available-for-sale financial assets*

Available-for-sale financial assets are measured at fair value. Available-for-sale financial assets are classified as available-for-sale financial assets if the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or loan and receivable. Available-for-sale financial assets are classified as held-to-maturity investments if the company has the intent and ability to hold the financial asset until maturity. Available-for-sale financial assets are classified as loans and receivables if the financial asset is a loan or receivable and the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or available-for-sale financial asset.

### 2.11 *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value. Cash and cash equivalents are classified as cash and cash equivalents if the company has the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment, available-for-sale financial asset, or loan and receivable. Cash and cash equivalents are classified as held-to-maturity investments if the company has the intent and ability to hold the financial asset until maturity. Cash and cash equivalents are classified as available-for-sale financial assets if the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or loan and receivable. Cash and cash equivalents are classified as loans and receivables if the financial asset is a loan or receivable and the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or available-for-sale financial asset.

### 2.12 *Trade and other receivables*

Trade and other receivables are measured at fair value. Trade and other receivables are classified as trade and other receivables if the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment, available-for-sale financial asset, or cash and cash equivalent. Trade and other receivables are classified as held-to-maturity investments if the company has the intent and ability to hold the financial asset until maturity. Trade and other receivables are classified as available-for-sale financial assets if the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or cash and cash equivalent. Trade and other receivables are classified as loans and receivables if the financial asset is a loan or receivable and the company does not have the intent and ability to hold the financial asset until maturity and the financial asset is not classified as a held-to-maturity investment or available-for-sale financial asset.

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*

Financial liabilities	2007	2006
Accounts payable	1,000,000	1,000,000
Accounts receivable	1,000,000	1,000,000
Other receivables	1,000,000	1,000,000
Other payables	1,000,000	1,000,000
Other liabilities	1,000,000	1,000,000
Total	5,000,000	5,000,000

### 2.16 *Borrowing costs*

Borrowing costs	2007	2006
	1,000,000	1,000,000

### 2.17 *Employee benefits*

#### *Defined contribution plans - pension benefits*

Defined contribution plans - pension benefits	2007	2006
	1,000,000	1,000,000

### 2.18 *Revenue*

Revenue	2007	2006
	1,000,000	1,000,000

#### ( ) *Sale of goods*

Sale of goods	2007	2006
	1,000,000	1,000,000

#### (.) *Interest income*

Interest income	2007	2006
	1,000,000	1,000,000

### 2.19 *Grant*

Grant	2007	2006
	1,000,000	1,000,000

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

2.20 Provisions

The provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount of the provision is the best estimate of the amount required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the company is unable to estimate the amount of the obligation, a provision is recognized for the minimum amount that the company is obliged to settle. Provisions are reviewed at each reporting date and adjusted to reflect changes in circumstances.

2.21 Income taxes

( ) Current tax

Current tax is recognized as a liability for the amount payable to the tax authorities, and as an asset for the amount receivable from the tax authorities, based on the tax return filed with the tax authorities.

(-) Deferred tax

Deferred tax is recognized for the tax consequences of temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax base. Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax is recognized as a liability, except where it relates to goodwill or where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or loss) at the time of the transaction. Deferred tax is recognized as an asset where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or loss) at the time of the transaction, and where it is probable that the asset will be realized or the liability settled at a tax rate lower than the tax rate that would apply if the asset were realized or the liability settled at the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize the full amount of the deferred tax asset recognized. Deferred tax assets and liabilities are offset only when they relate to income taxes and when the company has the legal right to offset the current tax assets and liabilities and it is intended to settle the current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.



5. Profit from operations

	Group	
	2007 Rmb'000	2006 Rmb'000
Operating profit	4,144	4,412
Finance income	(1)	(1)
Finance expense	1	4
Other income	1	1
Other expense	1	1
Share of profit of associates	1	1
Share of profit of joint ventures	1	1
Share of profit of subsidiaries	1	1
Share of profit of other entities	1	1
Profit from operations	4,144	4,412

6. Related party transactions

	Group	
	2007 Rmb'000	2006 Rmb'000
Operating profit	1	1
Finance income	1	1
Finance expense	1	1
Other income	1	1
Other expense	1	1
Share of profit of associates	1	1
Share of profit of joint ventures	1	1
Share of profit of subsidiaries	1	1
Share of profit of other entities	1	1
Profit from operations	1	1

6. Related party transactions (cont'd)

(-) *Information is not available*

	Group	
	2007 Rmb'000	2006 Rmb'000
Interest income	1,100	1,100
Interest expense	(1,100)	(1,100)
Other income	1,100	1,100
Other expenses	(1,100)	(1,100)
<b>Total</b>	<b>1,100</b>	<b>1,100</b>

7. Personnel expenses

	Group	
	2007 Rmb'000	2006 Rmb'000
Salaries and wages	4,400	4,400
Employee benefits	4,400	4,400
Other personnel expenses	1,100	1,100
<b>Total</b>	<b>9,900</b>	<b>9,900</b>

8. Financial income (expenses)

	Group	
	2007 Rmb'000	2006 Rmb'000
Interest income	1,100	1,100
Interest expense	(1,100)	(1,100)
Other financial income	1,100	1,100
Other financial expenses	(1,100)	(1,100)
<b>Total</b>	<b>1,100</b>	<b>1,100</b>



10. Earnings per share

Basic earnings per share	4.1	(4.1)
Diluted earnings per share	4.1	(4.1)

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							
At the beginning of the year	1,114	1,114	1,114	1,114	1,114	1,114	1,114
Acquisitions	1,114	1,114	1,114	1,114	1,114	1,114	1,114
Disposals	(1,114)	(1,114)	(1,114)	(1,114)	(1,114)	(1,114)	(1,114)
At the end of the year	1,114	1,114	1,114	1,114	1,114	1,114	1,114

12. Land use rights

	Group Rmb'000
<b>Cost</b>	
At the beginning of the year	4,444
Disposals	(4,444)
At the end of the year	4,444
At the beginning of the year	4,444
At the end of the year	4,444
<b>Accumulated amortisation</b>	
At the beginning of the year	-
Disposals	(4,444)
At the end of the year	-
At the beginning of the year	-
At the end of the year	-
<b>Net carrying amount</b>	
At the beginning of the year	4,444
At the end of the year	4,444
At the end of the year, the carrying amount of land use rights is Rmb4,444,000 (2014: Rmb4,444,000), of which Rmb4,444,000 (2014: Rmb4,444,000) are included in non-current assets.	

14. Inventories

	Group	
	2007 Rmb'000	2006 Rmb'000
Raw materials	1,441,412	1,441,412
Work in progress	1,441,412	1,441,412
Finished goods	1,441,412	1,441,412
<b>Total</b>	<b>4,324,236</b>	<b>4,324,236</b>

15. Prepayments

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
Prepaid expenses	1,441,412	1,441,412	1,441,412	1,441,412
Other prepayments	1,441,412	1,441,412	1,441,412	1,441,412
<b>Total</b>	<b>2,882,824</b>	<b>2,882,824</b>	<b>2,882,824</b>	<b>2,882,824</b>

16. Trade receivables and other receivables








19. Trade and other payables

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
<b>Trade and other payables (current)</b>				
Trade payables	1,411,414	1,311,414	1,411,414	1,311,414
Other payables	1,411,414	1,311,414	1,411,414	1,311,414
<b>Total</b>	<b>2,822,828</b>	<b>2,622,828</b>	<b>2,822,828</b>	<b>2,622,828</b>
<b>Add:</b>				
Trade payables (non-current)	1,411,414	1,311,414	1,411,414	1,311,414
Other payables (non-current)	1,411,414	1,311,414	1,411,414	1,311,414
<b>Total</b>	<b>2,822,828</b>	<b>2,622,828</b>	<b>2,822,828</b>	<b>2,622,828</b>

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
Trade payables	1,411,414	1,311,414	1,411,414	1,311,414
Other payables	1,411,414	1,311,414	1,411,414	1,311,414
<b>Total</b>	<b>2,822,828</b>	<b>2,622,828</b>	<b>2,822,828</b>	<b>2,622,828</b>
Trade payables	1,411,414	1,311,414	1,411,414	1,311,414
Other payables	1,411,414	1,311,414	1,411,414	1,311,414
<b>Total</b>	<b>2,822,828</b>	<b>2,622,828</b>	<b>2,822,828</b>	<b>2,622,828</b>

20. Accruals and other liabilities

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
	44	44	44	



25. Segment information (cont'd)

**Business segments (cont'd)**

(...)

**Geographical segments**

**Allocation basis and transfer pricing**

Group 2007	Urea Rmb'000	Compound fertiliser Rmb'000	Methanol Rmb'000	Others Rmb'000	Elimination Rmb'000	Total Rmb'000
	1,414	4,420	1,110	4,111	( 1,110 )	10,045
(...)	1,110	1,110	1,110	( 1,110 )		2,220
☒						( 1,110 )
						1,110
						10,045
						( 1,110 )
						1,110
						1,110
						1,110
						4,420
						10,045

25. Segment information (cont'd)

**Geographical segments (cont'd)**

Group 2006	Urea	Compound	Methanol	Others	Elimination	Total
	Rmb'000	fertiliser Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
China	4,122	4,224	1,124	424	(4,224)	5,640
Other countries	(4,122)	4,224	1,124	(424)		1,602
Group						7,242
Elimination						(7,242)
Group						0
Group						7,242
Group						7,242

26. Commitments

	Group	
	2007 Rmb'000	2006 Rmb'000
( )		
<b>Capital expenditure</b>		
China	4,224	4,224
Other countries		
Group	4,224	4,224
<b>Others</b>		
China		
Other countries		
Group		
(.)		

27. Financial risk management objectives and policies

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\_\_\_\_\_

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

(b) Liquidity risk

The Group's liquidity risk management policy is to ensure that it has sufficient liquid resources to meet its financial obligations as they fall due. The Group monitors its liquidity risk by reviewing its cash flow forecasts and the maturity profile of its assets and liabilities. The Group's liquidity risk is primarily managed through the use of short-term debt instruments and the Group's cash and cash equivalents. The Group's liquidity risk is also managed through the use of derivatives, such as interest rate swaps and currency swaps.

	2007 Rmb'000				2006 Rmb'000			
	1 year or less	1 to 3 years	Over 3 years	Total	1 year or less	1 to 3 years	Over 3 years	Total
<b>Group</b>								
Financial assets	4,411	4,411	4,411	13,233	4,411	4,411	4,411	13,233
Financial liabilities	(4,411)	(4,411)	(4,411)	(13,233)	(4,411)	(4,411)	(4,411)	(13,233)
<b>Company</b>								
Financial assets	4,411	4,411	4,411	13,233	4,411	4,411	4,411	13,233
Financial liabilities	(4,411)	(4,411)	(4,411)	(13,233)	(4,411)	(4,411)	(4,411)	(13,233)

(c) Interest rate risk

The Group's interest rate risk management policy is to ensure that it has sufficient liquid resources to meet its financial obligations as they fall due. The Group monitors its interest rate risk by reviewing its cash flow forecasts and the maturity profile of its assets and liabilities. The Group's interest rate risk is primarily managed through the use of short-term debt instruments and the Group's cash and cash equivalents. The Group's interest rate risk is also managed through the use of derivatives, such as interest rate swaps and currency swaps.

**Sensitivity analysis for interest rate risk**

*Fair value sensitivity analysis for fixed rate instruments*

The Group's fair value sensitivity analysis for fixed rate instruments is as follows:

*Cash flow sensitivity analysis for variable rate instruments*

The Group's cash flow sensitivity analysis for variable rate instruments is as follows:



28. Capital management (cont'd)

**ANALYSIS OF SHAREHOLDINGS**

	\$
China XLX Fertiliser Ltd.	1,000,000,000
Other shareholders	1,000,000,000
<b>Total</b>	<b>2,000,000,000</b>

**DISTRIBUTION OF SHAREHOLDINGS  
AS AT 27 MARCH 2008**

Size of Shareholdings	C	N	0	No. of	J	0
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## Closure of Books

The closure of books is a critical process in the financial reporting cycle, ensuring that all transactions are recorded and accounted for. This process involves a thorough review of all financial data, including income statements, balance sheets, and cash flow statements. Key steps include identifying and adjusting for accruals, deferrals, and other non-cash items. The goal is to present a true and fair view of the company's financial position and performance. The closure process is typically completed by the end of the reporting period, with the final financial statements being prepared and audited.

The closure of books is a critical process in the financial reporting cycle, ensuring that all transactions are recorded and accounted for.

The closure of books is a critical process in the financial reporting cycle, ensuring that all transactions are recorded and accounted for.

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The closure of books is a critical process in the financial reporting cycle, ensuring that all transactions are recorded and accounted for.



**CHINA XLX FERTILISER LTD.**

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**PROXY FORM**

\_\_\_\_\_ ( )  
: \_\_\_\_\_ ( )  
\_\_\_\_\_ ( )

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

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\_\_\_\_\_ ( )  
\_\_\_\_\_ ( )  
\_\_\_\_\_ ( )

- $\int_{-\infty}^{\infty} \delta(x) dx = 1$  (normalization)
- $\int_{-\infty}^{\infty} \delta(x) f(x) dx = f(0)$  (sifting property)
- $\int_{-\infty}^{\infty} \delta(x) dx = 1$  (normalization)
- $\int_{-\infty}^{\infty} \delta(x) f(x) dx = f(0)$  (sifting property)
- $\int_{-\infty}^{\infty} \delta(x) dx = 1$  (normalization)
- $\int_{-\infty}^{\infty} \delta(x) f(x) dx = f(0)$  (sifting property)
- $\int_{-\infty}^{\infty} \delta(x) dx = 1$  (normalization)
- $\int_{-\infty}^{\infty} \delta(x) f(x) dx = f(0)$  (sifting property)
- $\int_{-\infty}^{\infty} \delta(x) dx = 1$  (normalization)
- $\int_{-\infty}^{\infty} \delta(x) f(x) dx = f(0)$  (sifting property)

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