

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 September 2009 of the property interests of the Group.*



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27 November 2009

The Board of Directors  
China XLX Fertiliser Ltd.  
333 North Bridge Road  
#08-00 KH KEA Building  
Singapore 188721

Dear Sirs,

In accordance with your instructions to value the properties in which China XLX Fertiliser Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) have interests in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 September 2009 (the “**date of valuation**”).

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

Due to the nature of the buildings and structures of the properties and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available and the property interests in Group I have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the property interest in Group II, which is rented by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Haihua Yongtai Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services of the properties. Our valuation is prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,  
for and on behalf of  
**Jones Lang LaSalle Sallmanns Limited**  
**Paul L. Brown**  
*B.Sc. FRICS FHKIS*  
*Director*

*Note:* Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

## SUMMARY OF VALUES

## Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
1.	3 parcels of land, 99 buildings and various structures located at the eastern side of Qingnian Central Road Xiaoji Town Xinxiang County Xinxiang City Henan Province The PRC	109,161,000	100%	109,161,000
2.	2 parcels of land, 70 buildings and various structures located at the northern side of Zhaoti Village Qinglong Road Langgongmiao Town Xinxiang County Xinxiang City Henan Province The PRC	273,424,000	100%	273,424,000
3.	A parcel of land and a single-storey building located at Zhangqing Village Xinxiang City Henan Province The PRC	No commercial value	100%	No commercial value
<b>Sub-total:</b>		<u>382,585,000</u>		<u>382,585,000</u>

## Group II — Property interest rented and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	<u>Capital value in existing state as at 30 September 2009 RMB</u>	<u>Capital value attributable to the Group as at 30 September 2009 RMB</u>
4.	6 parcels of land located at Zhangqing Village and Weizhuang Village Xinxiang Economic and Technology Development Zone Xinxiang City Henan Province The PRC	No commercial value	No commercial value
	<b>Sub-total:</b>	<u>Nil</u>	<u>Nil</u>
	<b>Grand total:</b>	<u><u>382,585,000</u></u>	<u><u>382,585,000</u></u>

## VALUATION CERTIFICATE

## Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
1.	3 parcels of land, 99 buildings and various structures located at the eastern side of Qingnian Central Road Xiaoji Town Xinxiang County Xinxiang City Henan Province The PRC	<p>The property comprises 3 parcels of land with a total site area of approximately 180,126.2 sq.m. and 99 buildings and various structures erected thereon which were completed in various stages between 1969 and 2009.</p> <p>The buildings have a total gross floor area of approximately 79,766.72 sq.m.</p> <p>The buildings mainly include industrial buildings, warehouses, office buildings and a guard house.</p> <p>The structures mainly include chimney, boundary fences and road.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 5 November 2053 and 31 December 2056 for industrial use.</p>	The property is currently occupied by the Group for production, office, storage and ancillary purposes.	<p>109,161,000</p> <p>100% interest attributable to the Group: RMB109,161,000</p>

## Notes:

1. Henan Xinlianxin Fertiliser Co., Ltd. ("**Henan Xinlianxin Fertiliser**", a wholly-owned subsidiary of the Company) has entered into an Assets Purchase Contract with Henan Xinlianxin Chemical Co., Ltd. ("**Henan Xinlianxin Chemical**", a connected party of the Company) dated 14 August 2007 to purchase various assets including the land, buildings, structures and equipments from Henan Xinlianxin Chemical at a total consideration of RMB209,909,030. 3 parcels of land, 91 buildings and various structures of the property (the "**Chemical Property I**") together with the Chemical Property II mentioned in property no. 2 are included in this transaction and the total consideration has been paid off by the Group.
2. Pursuant to 3 State-owned Land Use Rights Certificates — Xin Xiang Xian Guo Yong (2009) Di Nos. 010, 011 and 012 dated 21 April 2009, the land use rights of 3 parcels of land with a total site area of approximately 180,126.2 sq.m. have been granted to Henan Xinlianxin Fertiliser for terms with the expiry dates on 5 November 2053 and 31 December 2056 for industrial use.
3. Pursuant to 60 Building Ownership Certificates — Fang Quan Zheng Zi Di Nos. 090235 to 090285, 090290 to 090295, 090297, 090478 and 090479 dated 30 April 2009 and 7 May 2009, 99 buildings with a total gross floor area of approximately 79,766.72 sq.m. are owned by Henan Xinlianxin Fertiliser.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
  - a. Henan Xinlianxin Fertiliser has the rights to use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property in accordance with the PRC laws;

- b. The building ownership rights of the property with a total gross floor area of approximately 79,766.72 sq.m. are legally vested in Henan Xinlianxin Fertiliser and can be transferred, leased, mortgaged or handled by Henan Xinlianxin Fertiliser; and
- c. The property is not subject to mortgage or any other encumbrances.

## VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 30 September 2009</u> RMB												
2.	2 parcels of land, 70 buildings and various structures located at the northern side of Zhaoti Village Qinglong Road Langgongmiao Town Xinxiang County Xinxiang City Henan Province The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 483,878 sq.m. and 70 buildings and various structures erected thereon which were completed in various stages between 2007 and 2009.</p> <p>The buildings have a total gross floor area of approximately 140,882.15 sq.m.</p> <p>The buildings mainly include industrial buildings, warehouses, office buildings and a guard house.</p> <p>The structures mainly include chimney, boundary fences and roads.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 31 December 2056 and 25 March 2058 for industrial use.</p> <p>Details of the 2 parcels of land (hereinafter referred to as Lot nos. 1 and 2) are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <tr> <td>Lot no.</td> <td>1</td> <td>2</td> </tr> <tr> <td>Site Area (sq.m.)</td> <td>338,559</td> <td>145,319</td> </tr> <tr> <td>Usage</td> <td>Industrial</td> <td>Industrial</td> </tr> <tr> <td>Expiry Date</td> <td>31 December 2056</td> <td>25 March 2058</td> </tr> </table>	Lot no.	1	2	Site Area (sq.m.)	338,559	145,319	Usage	Industrial	Industrial	Expiry Date	31 December 2056	25 March 2058	The property is currently occupied by the Group for production, office, storage and ancillary purposes.	273,424,000  100% interest attributable to the Group: RMB273,424,000
Lot no.	1	2														
Site Area (sq.m.)	338,559	145,319														
Usage	Industrial	Industrial														
Expiry Date	31 December 2056	25 March 2058														

*Notes:*

- Henan Xinlianxin Fertiliser Co., Ltd. ("**Henan Xinlianxin Fertiliser**", a wholly-owned subsidiary of the Company) has entered into an Assets Purchase Contract with Henan Xinlianxin Chemical Co., Ltd. ("**Henan Xinlianxin Chemical**"), a connected party of the Company) dated 14 August 2007 to purchase various assets including the land, buildings, structures and equipments from Henan Xinlianxin Chemical at a total consideration of RMB209,909,030. Lot no. 1, 27 buildings with a total gross floor area of approximately 50,527.68 sq.m. and various structures of the property (the "**Chemical Property II**") together with the Chemical Property I mentioned in property no. 1 are included in this transaction and the total consideration has been paid off by the Group.
- Pursuant to a State-owned Land Use Rights Grant Contract — No. 2008-006 dated 25 March 2008, the land use rights of Lot no. 2 of the property with a site area of approximately 145,319 sq.m. were contracted to be granted to Henan Xinlianxin Fertiliser for a term of 50 years expiring on 25 March 2058 for industrial use. The land premium was RMB18,310,200.
- Pursuant to a State-owned Land Use Rights Certificate — Xin Xiang Xian Guo Yong (2009) Di No. 009 dated 21 April 2009, the land use rights of Lot no. 1 of the property with a site area of approximately 338,559 sq.m. have been granted to Henan Xinlianxin Fertiliser for a term expiring on 31 December 2056 for industrial use.



4. Pursuant to a State-owned Land Use Rights Certificate — Xin Xiang Xian Guo Yong (2008) Di No. 012 dated 11 September 2008, the land use rights of Lot no. 2 of the property with a site area of approximately 145,319 sq.m. have been granted to Henan Xinlianxin Fertiliser for a term of 50 years expiring on 25 March 2058 for industrial use.
5. Pursuant to 51 Building Ownership Certificates — Fang Quan Zheng Zi Di Nos. 090220 to 090234, 090298 to 090313 and 090316 to 090335 dated 30 April 2009 and 7 May 2009, 70 buildings with a total gross floor area of approximately 140,882.15 sq.m. are owned by Henan Xinlianxin Fertiliser.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
  - a. Henan Xinlianxin Fertiliser has the rights to use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property in accordance with the PRC laws;
  - b. The building ownership rights of the property with a total gross floor area of approximately 140,882.15 sq.m. are legally vested in Henan Xinlianxin Fertiliser and can be transferred, leased, mortgaged or handled by Henan Xinlianxin Fertiliser; and
  - c. The property is not subject to mortgage or any other encumbrances.

## VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<b>Capital value in existing state as at 30 September 2009</b> <b>RMB</b>
3.	A parcel of land and a single-storey building located at Zhangqing Village Xinxiang City Henan Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 61,200 sq.m. and a single-storey building erected thereon which was completed in 2009.</p> <p>The building has a gross floor area of approximately 30,624 sq.m.</p> <p>The land parcel of the property is collectively-owned land which was rented by Henan Xinlianxin Fertiliser Co., Ltd. for a term of 20 years expiring on 5 March 2028 (Please refer to note 1).</p>	The property is currently occupied by the Group for storage purpose.	No commercial value

*Notes:*

1. Pursuant to a Land Lease Agreement, the land use rights of the property are leased to Henan Xinlianxin Fertiliser Co., Ltd. ("**Henan Xinlianxin Fertiliser**", a wholly-owned subsidiary of the Company), from the Village Committee of Zhangqing Village Xiaoji Town Xinxiang County (新鄉縣小冀鎮張青村委會, the "**Lessor**"), for a term of 20 years expiring on 5 March 2028 at a passing annual rent of RMB137,700.
2. Pursuant to a Collectively-owned Land Use Rights Certificate — Xin Xiang Xian Ji Yong (2009) Di No. L001 dated 18 April 2009, the land use rights of a parcel of land with a site area of approximately 61,200 sq.m. are held by Henan Xinlianxin Fertiliser for a term with the expiry date on 1 October 2028 for industrial use.
3. Pursuant to a Building Ownership Certificate — Fang Quan Zheng Zi Di No. 090296 dated 7 May 2009, a building with a gross floor area of approximately 30,624 sq.m. is owned by Henan Xinlianxin Fertiliser.
4. We have attributed no commercial value to the property as the land is collectively-owned land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building as at the date of valuation would be RMB18,126,000 assuming all relevant title certificates have been obtained and the building could be freely transferred.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
  - a. The Land Lease Agreement is valid, binding and enforceable under the PRC laws;
  - b. The Land Lease Agreement has been registered with local authorities;
  - c. Henan Xinlianxin Fertiliser has the rights to occupy and use the building;
  - d. Henan Xinlianxin Fertiliser can transfer, mortgage or otherwise dispose of the building upon obtaining the approval from the land owner and the land administration authorities; and
  - e. The property is not subject to mortgage or any other encumbrances.

## VALUATION CERTIFICATE

## Group II – Property interest rented and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 30 September 2009</u> <u>RMB</u>
4.	6 parcels of land located at Zhangqing Village and Weizhuang Village Xinxiang Economic and Technology Development Zone Xinxiang City Henan Province The PRC	The property comprises 6 parcels of land with a total site area of approximately 78,852 sq.m.  The property is leased to Henan Xinlianxin Fertiliser Co., Ltd. from 2 independent third parties for a term of 20 years with the expiry dates between 1 August 2026 and 15 August 2026 at a total annual rent of RMB177,553.5.	The property is currently occupied by the Group for storage purpose.	No commercial value

*Notes:*

1. Pursuant to 4 Land Lease Agreements, 6 parcels of land with a total site area of approximately 78,852 sq.m. are leased to Henan Xinlianxin Fertiliser Co., Ltd. (“**Henan Xinlianxin Fertiliser**”, a wholly-owned subsidiary of the Company) from the Village Committee of Zhangqing Village Xiaoji Town Xinxiang County (新鄉縣小冀鎮張青村村委會) and the Village Committee of Weizhuang Village Xiaoji Town Xinxiang County (新鄉縣小冀鎮魏莊村村委會) (the “**Lessors**”), for a term of 20 years with the expiry dates between 1 August 2026 and 15 August 2026 at a total passing annual rent of RMB177,553.5.
2. Pursuant to 6 Collectively-owned Land Use Rights Certificates — Xin Xiang Xian Ji Yong (2007) Di Nos. L002 to L007 dated 18 April 2007, the land use rights of 6 parcels of land with a total site area of approximately 78,852 sq.m. are held by Henan Xinlianxin Fertiliser for a term with the expiry dates between 1 August 2026 and 15 August 2026 for industrial use.
3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
  - a. The 4 Land Lease Agreements are valid, binding and enforceable under the PRC laws;
  - b. The 4 Land Lease Agreements have been registered with local authorities;
  - c. The Lessors have proper titles and the right to lease the property during the term of the Land Lease Agreements; and
  - d. The existing use of the property complies with its prescribed use.