

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation of the Company**

The Company was incorporated in Singapore under the Singapore Companies Act as a private limited company under the name of “Xin Lian Xin Holdings Pte. Ltd.” on 17 July 2006. The Company changed its name to “China XLX Fertiliser Pte. Ltd.” with effect from 22 February 2007. On 15 May 2007, the name of the Company was changed to “China XLX Fertiliser Ltd.” in connection with the Company’s conversion to a public company limited by shares. The Company has established a place of business in Hong Kong at 22nd Floor, World Wide House, 19 Des Voeux Road Central, Hong Kong and was registered on 2 September 2009 as an overseas company in Hong Kong under Part XI of the Companies Ordinance. Ms. Wong Wai Han, our authorised representative for the purposes of Part XI of the Companies Ordinance, has been appointed as our agent for the acceptance of service of process and notices on our behalf in Hong Kong. Our address for service of process and notices in Hong Kong is 22nd Floor, World Wide House, 19 Des Voeux Road Central, Hong Kong. As the Company was incorporated in Singapore, it operates subject to the Singapore Companies Act and to its constitution comprising the Memorandum and Articles. A summary of various provisions of the Company’s Memorandum and Articles and certain relevant aspects of the Singapore Companies Act are set out in Appendix IV and Appendix V to this document.

The Company’s registered office is at 333 North Bridge Road, #08-00, KH KEA Building, Singapore (188721), and its principal place of business in the PRC is located at Xinxiang Economic and Technology Development Zone (Xiaoji Town), Henan Province, PRC.

2. Changes in share capital of the Company

- (a) As at the date of incorporation of the Company, its issued and paid-up share capital was S\$100.00 comprising 100 Shares.
- (b) On 11 May 2007, by the written resolutions of the Company, the share capital of the Company changed as follows:
 - (i) the 100 Shares of the issued share capital of the Company were subdivided into 624,320,000 Shares, of which Pioneer Top owned 343,376,000 Shares and Go Power owned 280,944,000 Shares;
 - (ii) an aggregate of 175,680,000 Shares were allotted and issued to the investors and their nominees, including Alamo Assets Limited, Chu Beng Huat, Sunny Asia Holdings Limited, Asean China Investment Fund L.P., Winage Ltd., SkyVen Growth Capital Fund Pte. Ltd., Aventures 1 Pte Ltd., OCBC Capital Investment Private Limited, Portchester Asset Management Limited and Tan Keh Poo, pursuant to a convertible loan agreement dated 16 October 2006 (supplemented by a deed of ratification and accession dated 12 December 2006) (collectively “**Convertible Loan Agreement**”);

Table set forth below shows the shareholdings in the Company of each of the investors and their nominees upon exercise of the conversion rights in accordance with the Convertible Loan Agreement on 11 May 2007:

<u>Investors</u>	<u>Numbers of Shares held in the Company</u>	<u>Approximate percentage of the then issued Shares in the Company</u>
Alamo Assets Limited	9,680,000	1.21%
Asean China Investment Fund L.P.	25,200,000	3.15%
Aventures 1 Pte Ltd	8,720,000	1.09%
Exquisite Essence Limited.	21,440,000	2.68%
Kenmore Mezzanine Investments Ltd	30,000,000	3.75%
OCBC Capital Investment Private Limited	4,800,000	0.60%
Portchester Asset Management Limited	4,800,000	0.60%
Seacrest Pacific Ltd	24,160,000	3.02%
SkyVen Growth Capital Fund Pte. Ltd.	9,680,000	1.21%
Sunny Asia Holdings Limited	32,400,000	4.05%
Tan Keh Poo	4,800,000	0.60%
Total:	<u>175,680,000</u>	<u>21.96%</u>

(iii) an aggregate of 200,000,000 Shares were allotted and issued to the public upon the listing of Shares on the SGX-ST which rank pari passu in all respects with the then existing issued shares of the Company.

- (c) On 20 June 2007, an aggregate of 1,000,000,000 Shares were listed on the SGX-ST for trading. At the time of the initial public offering in Singapore, Alamo Assets Limited, Asean China Investment Fund L.P., Aventures 1 Pte Ltd, Portchester Asset Management Limited, SkyVen Growth Capital Fund Pte. Ltd. and Tan Keh Poo had sold all their respective Shares to the public in an aggregate of 62,880,000 Shares representing approximately 6.29% of the then total issued Shares.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years preceding the date of this document.

3. Resolutions of the Shareholders passed at the Company's general meetings on 27 April 2009 and 5 November 2009

At the annual general meeting of the Company held on 27 April 2009, resolutions of Shareholders were passed pursuant to which, amongst other things, approval was given to the Directors at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (i) issue Shares in the capital of the Company whether by way of rights, bonus or otherwise;

- (ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares;
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (iv) (notwithstanding the authority conferred by the Shareholders may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of Shares to be issued pursuant to the resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to the resolution) does not exceed 50%⁽¹⁾ of the total number of issued Shares excluding treasury shares, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to the resolution) to be issued other than on a pro rata basis to Shareholders of the Company does not exceed 20% of the total number of issued Shares excluding treasury shares.

For the purposes of this resolution, the total number of issued Shares excluding treasury shares shall be the Company’s total number of issued Shares excluding treasury shares at the time this resolution is passed, after adjusting for;

- (a) new shares arising from the conversion or exercise of convertible securities, or
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time the resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual, and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company’s shares.

The above mandate shall, unless revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next annual general meeting or the date by which the next general meeting of the Company is required by law to be held, whichever is the earlier.

Notwithstanding the above, it must be noted that the Listing Rules provide that the general mandate obtained from Shareholders in general meeting shall be subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 200,000,000 Shares, representing 20% of the existing issued share capital of the Company. Consequently, going forward, the Company will comply with the Listing Rules in relation to the issue of general mandate as the Listing Rules are generally more onerous than the Listing Manual in this aspect.

Note:

- (1) The 50% limit may be increased to 100% for issue of shares and/or Instruments by way of a renounceable rights issue where Shareholders are entitled to participate in the same on a pro-rata basis.

At an extraordinary general meeting of the Company held on 5 November 2009, resolutions of Shareholders were passed pursuant to which, amongst other things:

- (a) for the purposes of Sections 76C and 76E of the Singapore Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of, (i) on-market purchase(s) on the SGX-ST, through the SGX-ST's Central Limit Order Book (CLOB) trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Singapore Companies Act, and otherwise in accordance with all laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally; and
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of the resolution (i.e. 5 November 2009) and expiring on the earlier of, (i) the date of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required by law to be held; or (iii) the time when the Share Buy-Back Mandate is revoked or varied by the Shareholders of the Company in general meeting.

"Maximum Percentage" means the number of Shares representing ten per cent. (10%) of the total number of issued Shares of the Company as at the date of the passing of the above resolution, i.e. 5 November 2009.

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed (i) in the case of a market purchase, one hundred and five per cent. (105%) of the average closing market price. For this purpose, the average closing market price is the average of the closing market prices of the Shares transacted on the SGX-ST over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) day period; and (ii) in the case of an off-market purchase, one hundred and twenty per cent. (120%) of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme.

At the an extraordinary general meeting of the Company held on 5 November 2009, the Shareholders approved (a) the adoption of “中國心連心化肥有限公司” as the Company’s secondary name; (b) the listing of all Shares in issue on the Stock Exchange by way of an introduction and matters relating thereto were approved; and that the Company and any Director were authorised and empowered to take all necessary steps, to do all such acts and things and sign all such documents and deed (including approving any matters in relation to the Introduction) as they may consider necessary, desirable or expedient to give effect to or carrying into effect the resolution were approved and authorised; and (c) contingent upon the passing of (b) above, the adoption of the proposed amendments to the Articles.

4. Changes in the share capital of the subsidiary of the Company

Henan XLX Fertiliser

Henan XLX Fertiliser was incorporated in the PRC on 24 July 2006 wholly owned by XLX Chem with the registered capital of RMB107,570,000. On 24 July 2006, the Company and XLX Chem entered into a share transfer agreement, by which the entire equity interest of Henan XLX Fertiliser was transferred to the Company at a total consideration of US\$13,500,000. Pursuant to an approval dated 28 July 2006 issued by the Commence Department of Henan Province, the nature of Henan XLX Fertiliser was converted into a wholly foreign-owned enterprise owned by the Company and its registered capital was converted to US\$13,500,000.

On 28 September 2007, the registered capital of Henan XLX Fertiliser was increased from US\$13,500,000 to RMB400,000,000.

On 6 May 2008, the registered capital of Henan XLX Fertiliser was increased from RMB400,000,000 to RMB800,000,000.

Save as disclosed above, there has been no alteration in the share capital of the subsidiary of the Company within two years preceding the date of this document.

5. Further information about our Group’s PRC wholly foreign-owned enterprise

Our Group has interest in the registered capital of, Henan XLX Fertiliser, a wholly foreign-owned enterprise in the PRC. A summary of the corporate information and major terms of Henan XLX Fertiliser as at the Latest Practicable Date is set out as follows:

Henan XLX Fertiliser

- | | | |
|------------------------------------|---|---|
| (a) Corporate name | : | 河南心連心化肥有限公司 (Henan Xinlianxin Fertiliser Co., Ltd.*) |
| (b) Date of incorporation . . . | : | 24 July 2006 |
| (c) Registered office | : | Xinxiang Economic and Technology Development Zone (Xiaojie Town), Henan Province, PRC |
| (d) Nature of enterprise | : | Wholly foreign-owned enterprise |

- (e) Registered owner : China XLX Fertiliser Ltd.
- (f) Total investment capital . : RMB800,000,000
- (g) Total registered capital . : RMB800,000,000
- (h) Terms of operation : 24 July 2006 to 30 July 2056
- (i) Scope of business : production and sale, and import and export business (excluding distribution) of urea, compound fertiliser (including bulk blending fertiliser, organic and non-organic compound fertiliser) diammonium phosphate, slow-controlled release fertilisers, liquid anhydrous ammonia, ammonia solution, methanol; (business operation with permit holding which relate to administrative permit holding system)
- (j) Directors : Liu Xingxu, Yan Yunhua, Li Buwen, Li Yushun, Ru Zhengtao, Zhang Qingjin and Wang Nairen
- (k) Legal representative . . . : Liu Xingxu

6. Repurchase of its own securities by the Company

This section includes information required by the Stock Exchange to be included in this document concerning the repurchase by us of our own securities:

(a) Provision of the Listing Rules

The Listing Rules permit a company listed on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the Shareholders resolutions passed in the extraordinary general meeting of the Company on 5 November 2009, the repurchase mandate was given to the Directors authorising any repurchase of Shares by the Company as described above in the paragraph headed "Resolutions of Shareholders passed at the Company's general meetings on 27 April 2009 and 5 November 2009" in this section.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles, and the applicable laws and regulations of Singapore. A listed company on SGX-ST may not repurchase its own securities on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the Listing Manual and trading rules of the SGX-ST which are in effect from time to time.

(iii) Shares to be repurchased

The Listing Rules provide that the shares which are proposed to be repurchased by a company must be fully paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interest of the Company and its Shareholders for our Directors to have general authority from the Shareholders to enable the Company to repurchase Shares in the market at any time, subject to market conditions, during the period when the repurchase mandate is in force. Our Directors believe that the repurchases of Shares will enhance the return on equity of the Company, and will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share.

(c) Exercise of the repurchase mandate

Exercise in full of the repurchase mandate on the basis of 1,000,000,000 Shares in issue immediately after the listing of the Shares could accordingly result in up to 100,000,000 Shares being repurchased by the Company during the period prior to (1) the conclusion of the next annual general meeting of the Company; (2) the expiration of the period within the next annual general meeting of the Company is required by the Articles or the applicable laws of Singapore to be held; or (3) the revocation or variation of the repurchase mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

(d) Funding of repurchases

The Company may, in accordance with the provisions of the Singapore Companies Act, purchase or otherwise acquire the Shares if it is expressly permitted to do so by the Articles of Association. In purchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws in Singapore. The Company may not purchase its shares for a consideration other than cash and where relevant, settlement shall be in accordance with the trading rules of the SGX-ST. Previously, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may only be made out of distributable profits. The Singapore Companies Act now permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits. Furthermore, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the liquidity (for example, share trading volume) of the Group.

(e) Director's undertaking

Our Directors have undertaken to the Stock Exchange that, they will exercise the power of the Company to make purchase of the Company's securities in accordance with the Listing Rules, the Listing Manual, the applicable laws of Singapore and the Articles.

(f) Disclosure of interests

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates, as defined in the Listing Rules, currently intends to sell any Shares to the Company.

No connected person, as defined in the Listing Rules, has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

(g) Takeovers Code consequences

If, as a result of the repurchase of the securities by the Company pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this document and are or may be material:




- (1) a transfer of technology (patent licensing) agreement in Chinese dated 7 March 2008 between Henan XLX Fertiliser and Hunan Anchun Hi-Technology Co., Ltd. (湖南安淳高技術有限公司), by which Hunan Anchun Hi-Technology Co., Ltd. agreed to grant a licence to use the patents of water tube isothermal methanol reactor (水管式等溫甲醇反應器) to our Group, at a consideration of RMB500,000, from 7 March 2008 to the expiry date of the patents;

- (2) a deed of non-competition in Chinese dated 12 November 2009 entered into between the Company, Pioneer Top and Mr. Liu, details of which have been set out under the paragraph headed “Non-competition undertaking” in the section headed “Relationship with the Controlling Shareholders and XLX Chem Group” of this document;
- (3) a deed of non-competition in Chinese dated 12 November 2009 entered into between the Company, Go Power and Ms. Yan, details of which have been set out under the paragraph headed “Non-competition undertaking” in the section headed “Relationship with the Controlling Shareholders and XLX Chem Group” of this document;
- (4) a deed of non-competition in Chinese dated 12 November 2009 entered into between the Company and XLX Chem for itself and as trustee for its subsidiaries and associates, details of which have been set out under the paragraph headed “Non-competition undertaking” in the section headed “Relationship with the Controlling Shareholders and XLX Chem Group” of this document; and
- (5) a deed of indemnity in Chinese dated 12 November 2009 entered into among Pioneer Top, Go Power, Mr. Liu, Ms. Yan and the Company for itself and as trustee for its subsidiaries pursuant to which each of Pioneer Top, Go Power, Mr. Liu, Ms. Yan has given certain indemnities in favour of the Group containing, among other things, the indemnities referred to in the sub-paragraph headed “Deed of Indemnity” under the paragraph headed “Other information” in this Appendix.

2. Intellectual property

Trademarks

As at the Latest Practicable Date, Henan XLX Fertiliser is the registered owner of the following trademarks:

<u>Trademark Content</u>	<u>Place of registration</u>	<u>Registration number</u>	<u>Class</u>	<u>Expiry date</u>	<u>Registered owner</u>
	PRC	1680080	1	13 December 2011	Henan XLX Fertiliser
 . . .	PRC	3796923	1	27 August 2015	Henan XLX Fertiliser
 . . .	PRC	3796924	6	6 September 2015	Henan XLX Fertiliser
金连心	PRC	4807431	1	20 January 2019	Henan XLX Fertiliser
心相通	PRC	4807432	1	20 January 2019	Henan XLX Fertiliser

<u>Trademark Content</u>	<u>Place of registration</u>	<u>Registration number</u>	<u>Class</u>	<u>Expiry date</u>	<u>Registered owner</u>
心贴心	PRC	4807434	1	20 January 2019	Henan XLX Fertiliser
根连根	PRC	4807435	1	20 January 2019	Henan XLX Fertiliser
献爱心	PRC	4807437	1	20 January 2019	Henan XLX Fertiliser
手拉手	PRC	4807440	1	20 January 2019	Henan XLX Fertiliser
心爱心	PRC	4807444	1	20 January 2019	Henan XLX Fertiliser
双心	PRC	4807445	1	20 January 2019	Henan XLX Fertiliser
连心	PRC	4807446	1	20 January 2019	Henan XLX Fertiliser
心心	PRC	4807449	1	20 January 2019	Henan XLX Fertiliser
新连新	PRC	4807452	1	20 January 2019	Henan XLX Fertiliser
心通心	PRC	4807453	1	20 January 2019	Henan XLX Fertiliser
	PRC	4988091	6	20 February 2019	Henan XLX Fertiliser
	PRC	4807429	5	6 April 2019	Henan XLX Fertiliser
心相连	PRC	4807433	1	6 April 2019	Henan XLX Fertiliser
心心相连	PRC	4807436	1	6 April 2019	Henan XLX Fertiliser
信心	PRC	4807448	1	6 April 2019	Henan XLX Fertiliser
心相联	PRC	4807450	1	6 April 2019	Henan XLX Fertiliser

<u>Trademark Content</u>	<u>Place of registration</u>	<u>Registration number</u>	<u>Class</u>	<u>Expiry date</u>	<u>Registered owner</u>
金连金	PRC	4807451	1	6 April 2019	Henan XLX Fertiliser

Upon the approval for the transfers of trademarks from XLX Chem to Henan XLX Fertiliser was issued by the Trademark Office of the State Administration of Industry and Commerce of the PRC on 28 January 2007, Henan XLX Fertiliser has the exclusive right to use the trademarks, including to initiate legal proceedings regarding the trademark infringement, and XLX Chem no longer has any rights in the trademarks and shall not directly or indirectly revoke the registrations of the trademarks.

As at the Latest Practicable Date, applications have been made by the Group for the registration of the following trademarks:

<u>Trademark</u>	<u>Place of application</u>	<u>Class</u>	<u>Application number</u>	<u>Application Date</u>	<u>Applicant</u>
心相印	PRC	1	4807430	1 August 2005	Henan XLX Fertiliser
心心相印	PRC	1	4807438	1 August 2005	Henan XLX Fertiliser
新新	PRC	1	4807439	1 August 2005	Henan XLX Fertiliser
	PRC	7	4807441	1 August 2005	Henan XLX Fertiliser
	PRC	1	4807442	1 August 2005	Henan XLX Fertiliser
	PRC	8	4807443	1 August 2005	Henan XLX Fertiliser
肩并肩	PRC	1	4807447	1 August 2005	Henan XLX Fertiliser
	PRC	7	4988089	8 November 2005	Henan XLX Fertiliser
	PRC	8	4988090	8 November 2005	Henan XLX Fertiliser
	PRC	1	4988092	8 November 2005	Henan XLX Fertiliser
聚能网	PRC	1	5925421	27 February 2007	Henan XLX Fertiliser

<u>Trademark</u>	<u>Place of application</u>	<u>Class</u>	<u>Application number</u>	<u>Application Date</u>	<u>Applicant</u>
 . . .	HK	1, 5, 6, 7 and 8	301408266	18 August 2009	The Company

On 11 December 2006, the Trademark Office of the State Administration of Industry and Commerce of the PRC issued a Certificate of Approval of Transfer, by which transfer of application nos. 4807429, 4807430, 4807433, 4807436, 4807438, 4807439, 4807441, 4807442, 4807443, 4807447, 4807448, 4807450, 4807451, 4988089, 4988090, 4988092 by XLX Chem to Henan XLX Fertiliser was approved.

In respect of our trademark application numbers 4807430, 4807438, 4807441, 4807442, 4807443, 4807447, 4988089, 4988090 and 4988092, the objections to our trademark applications were submitted by third parties, which are pending the examination of Trademark Office.

Patents

As at the Latest Practicable Date, Henan XLX Fertiliser was the registered owner of the following patent:

<u>Title of patent</u>	<u>Place of registration</u>	<u>Patent number</u>	<u>Authorised announcement date</u>	<u>Registered owner</u>
Refined separating equipments of chemical industry splitter internals — utility model patent (化工分離器內件的精分離裝置 — 實用新型專利)	PRC	ZL 2007 2 0090223. 7	27 February 2008	Henan XLX Fertiliser

As at the Latest Practicable Date, Henan XLX Fertiliser has been granted a licence to use the following patent:

<u>Title of patent</u>	<u>Place of registration</u>	<u>Patent number</u>	<u>Authorised announcement date</u>	<u>Registered owner</u>
Water tube isothermal methanol reactor (水管式等溫甲醇反應器) ⁽¹⁾	PRC	ZL 2004 2 0069178. 3	9 November 2005	Hunan Anchun Hi- Technology Co., Ltd.
Water tube isothermal methanol reactor (水管式等溫甲醇反應器) ⁽¹⁾	PRC	ZL 2004 1 0046980. 5	5 September 2007	Hunan Anchun Hi- Technology Co., Ltd.

Note:

- (1) Pursuant to a transfer of technology (patent licensing) agreement dated 7 March 2008 between Henan XLX Fertiliser and Hunan Anchun Hi-Technology Co., Ltd. (湖南安淳高新技術有限公司), Hunan Anchun Hi-Technology Co., Ltd. agreed to grant a licence to use the patents of water tube isothermal methanol reactor (水管式等溫甲醇反應器) to our Group from 7 March 2008 to the expiry date of the patents.

Domain name

As at the Latest Practicable Date, the Company has registered the following domain name:

<u>Domain Name</u>	<u>Registration date</u>	<u>Expiry date</u>
chinaxlx.com.sg	3 April 2007	3 April 2010

C. FURTHER INFORMATION ABOUT DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Disclosure of Interest

A. Directors

The Directors confirm that immediately following completion of the Introduction, the interests and short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions), or which will be required, pursuant to section 347 of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange, or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, once the Shares are listed, are as follows:

<u>Name of Shareholder</u>	<u>Name of corporation</u>	<u>Capacity/nature of interests</u>	<u>Number of Shares directly or indirectly held</u>	<u>Approximate percentage of issued Shares</u>
Liu Xingxu ⁽¹⁾	The Company	Deemed interest and interest of controlled Company	343,376,000(L)	34.34%
Yan Yunhua ⁽²⁾	The Company	Deemed interest and interest of controlled Company	280,624,000(L)	28.06%
Yan Yunhua	The Company	Registered and beneficial owner	300,000(L)	0.03%
Li Buwen ⁽³⁾	The Company	Deemed interest and interest of a controlled corporation	54,940,000(L)	5.49%
Ong Kian Guan	The Company	Registered and beneficial owner	100,000(L)	0.01%

Notes:

- (1) Liu Xingxu beneficially owns approximately 42% of equity interest in Pioneer Top which in turn holds approximately 34.34% of the total issue Shares in the Company. Pursuant to the Trust Agreement 1, Liu Xingxu is irrevocably granted the absolute discretion to the voting rights and day-to-day management rights in Pioneer Top.
- (2) Yan Yunhua beneficially owns approximately 12.74% of equity interest in Go Power which in turn holds approximately 28.06% of the total issue Shares in the Company. Pursuant to the Trust Agreement 2 and the Go Power Trust Confirmation, Yan Yunhua is irrevocably granted the absolute discretion to the voting rights and day-to-day management rights in Go Power.
- (3) Liu Xingxu holds 16% of the equity interest in Pioneer Top on trust for Li Buwen in accordance with the Trust Agreement 1, and Pioneer Top holds approximately 34.34% of the total issue Shares in the Company.

B. Senior management

<u>Name of Shareholder</u>	<u>Name of corporation</u>	<u>Capacity/nature of interests</u>	<u>Number of issued Shares directly or indirectly held</u>	<u>Approximate percentage of the total issued Shares</u>
Li Yushun ⁽¹⁾	The Company	Deemed interest and interest of controlled Company	24,036,000(L)	2.40%
Ru Zhengtao ⁽¹⁾	The Company	Deemed interest and interest of controlled Company	24,036,000(L)	2.40%
Wang Nairen ⁽¹⁾	The Company	Deemed interest and interest of controlled Company	24,036,000(L)	2.40%
Zhang Qingjin ⁽¹⁾	The Company	Deemed interest and interest of controlled Company	24,036,000(L)	2.40%

Note:

- (1) Pioneer Top is an investment holding company established in the BVI, which holds approximately 34.34% of the total issued Shares in the Company. Mr. Liu holds on trust for each of Li Yushun, Ru Zhengtao, Wang Nairen and Zhang Qingjin of approximately 7% of the equity interest in Pioneer Top respectively, in accordance with the Trust Agreement 1.

C. *Substantial Shareholders*

The Directors confirm that immediately following the Listing, the following persons will have an interest or short position in any Shares or underlying Shares (together with particulars of any option in respect of such capital) which will be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO, or are directly, or, directly or indirectly interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

<u>Name of Shareholder</u>	<u>Name of corporation</u>	<u>Capacity/nature of interests</u>	<u>Number of Shares directly or indirectly held</u>	<u>Approximate percentage of issued Shares</u>
Pioneer Top Holdings Limited ⁽¹⁾	The Company	Registered owner	343,376,000(L)	34.34%
Liu Xingxu ⁽¹⁾	The Company	Deemed interest and interest of controlled Company	343,376,000(L)	34.34%
Go Power Investments Limited ⁽²⁾	The Company	Registered owner	280,624,000(L)	28.06%
Yan Yunhua ⁽²⁾	The Company	Deemed interest and interest of controlled Company	280,624,000(L)	28.06%
Yan Yunhua	The Company	Registered and beneficial owner	300,000(L)	0.03%

Notes:

- (1) Pioneer Top is an investment holding company established in the BVI. Mr. Liu beneficially owns approximately 42% of the equity interest in Pioneer Top, and holds the remaining 58% of the equity interest in Pioneer Top on trust for 7 beneficiaries, including approximately 16% for Li Buwen, our executive Director, and approximately 7% for Li Yushun, 7% for Ru Zhengtao, 7% for Wang Nairen and 7% for Zhang Qingjin, our senior management, and approximately 7% for Zhu Xingye and 7% for Shang Dewei, our employees. Mr. Liu has the absolute discretion to exercise the voting rights held by Pioneer Top in the Company in accordance with the Trust Agreement 1.
- (2) Go Power is an investment holding company established in the BVI. Ms. Yan beneficially owns approximately 12.74% of the equity interest in Go Power and holds approximately 87.26% of the equity interest in Go Power on trust for a total of 1,463 beneficiaries under the Trust Agreement 2. Ms. Yan has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the Trust Agreement 2 and the Go Power Trust Confirmation.

Save as disclosed above, the Directors confirm that they are not aware of any persons who will immediately following completion of the Introduction be interested or deemed to be interested under Part XV of the SFO in 10% or more of the Shares then in issue, or who have interests of short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

2. Particulars of Directors' service agreements

(1) Executive Directors

Mr. Liu entered into a service agreement with the Company on 11 May 2007, pursuant to which he has been appointed as an executive Director, chairman and chief executive officer commencing from 1 January 2007 for an initial period of 3 years, with an annual basic salary of RMB900,000. He is also entitled to an annual incentive bonus on proportionate if the Group has met its profit target for the relevant financial year. All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by Mr. Liu during such appointment shall be borne by the Company. The Company shall also bear the reasonable medical expenses incurred by him in accordance with the Company's staff policy.

Ms. Yan entered into a service agreement with the Company on 11 May 2007, pursuant to which she has been appointed as an executive Director and chief financial officer commencing from 1 January 2007 for an initial period of 3 years, with an annual basic salary of RMB720,000. She is also entitled to an annual incentive bonus on proportionate if the Group has met its profit target for the relevant financial year. All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by Ms. Yan during such appointment shall be borne by the Company. The Company shall also bear the reasonable medical expenses incurred by her in accordance with the Company's staff policy.

Mr. Li Buwen entered into a service agreement with the Company on 11 May 2007, pursuant to which he has been appointed as an executive Director commencing from 1 January 2007 for an initial period of 3 years, with a annual basic salary of RMB720,000. He is also entitled to an annual incentive bonus if the Group has met its profit target for the relevant financial year. All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by Mr. Li during such appointment shall be borne by the Company. The Company shall also bear the reasonable medical expenses incurred by him in accordance with the Company's staff policy.

For the purpose of the Listing, each of the executive Directors has entered into a service agreement with the Company on 12 November 2009, which supersedes and substitutes the previous services agreements. Particulars of these new directors service agreements, except as indicated, are summarised below:

- (a) each of the new service agreements is for an initial term of 3 years (unless otherwise terminated by either party giving not less than six (6) months' prior notice in writing to the other, or in accordance with other terms of the service agreement). Each service agreement will be effective from the date of the Listing. For the avoidance of doubt, the respective years of service of Mr. Liu, Ms. Yan and Mr. Li Buwen as executive Directors prior to the effective date of the service agreement will be counted in considering such period of appointments;
- (b) each of the executive Directors is entitled to the respective annual salary set out below;

- (c) each of the executive Directors is entitled to an annual incentive bonus (the “**Incentive Bonus**”) for a sum based on the audited PBT of the Group. If our executive Directors’ employment with the Company is less than a full financial year, the Incentive Bonus for that financial year shall be apportioned in respect of the actual number of days for their respective employment on the basis of a 365-day financial year. Mr. Liu will be entitled to 40% of the aggregate Incentive Bonus per financial year, while Ms. Yan and Mr. Li Buwen will be entitled to 30% of the aggregate Incentive Bonus per financial year respectively. “PBT” for the purposes of computing the Incentive Bonus means the consolidated audited profit before tax of the Group (before the Incentive Bonus and minority interests) for any financial year. The respective entitlement of the executive Directors to the Incentive Bonus are set out below:

Incentive Bonus per financial year

If PBT is less than RMB150 million, no Incentive Bonus will be paid to Mr. Liu, Ms. Yan and Mr. Li Buwen

2% of PBT in excess of RMB150 million (inclusive) up to RMB200 million (exclusive)

2.5% of PBT in excess of RMB200 million (inclusive) up to RMB250 million (exclusive)

3.0% of PBT in excess of RMB250 million (inclusive)

- (d) Each of the executive Directors will be entitled to insurance, medical and dental benefits in line with the Group’s staff policy. All entitlement expenses, and travelling, hotel and other out-of-pocket expenses incurred by the executive Directors in connection with the Group’s business will also be borne by the Group.
- (e) Each of the service agreement may be terminated by either party giving not less than six (6) months’ prior notice in writing to the other. The Company may also terminate the service agreements forthwith by prior notice in writing upon the occurrence of certain events such as bankruptcy or criminal conviction.
- (f) Each of Mr. Liu, Ms. Yan and Mr. Li Buwen is entitled to an annual basic salary of RMB900,000, RMB720,000 and RMB720,000 respectively.

(2) *Independent non-executive Directors*

Each of Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin has been appointed as independent non-executive Directors since 11 May 2007 for a period of 3 years subject to re-election by the Shareholders.

For the purpose of the Listing, each of the independent non-executive Directors has entered into a letter of appointment with the Company on 12 November 2009, which supersedes and substitutes the original letter of appointment, if any. Particulars of the letter of appointment, except as indicated, are summarised below:

- (a) each of the independent non-executive Directors is appointed for an initial term of 3 years from the date of the Listing;
- (b) each of the letters of appointment may be terminated by either party thereto giving to the other not less than 3 months' prior notice in writing; and
- (c) the annual fee payable to Ong Kian Guan, Li Shengxiao and Ong Wei Jin are S\$50,000, S\$45,000 and S\$45,000 respectively.

3. Directors' remuneration

- (1) The Company determines its Directors' remuneration based on factors including, but not limited to duties, qualifications, experience and performance of the Directors. For the years ended 31 December 2006, 2007 and 2008, the aggregate of the Directors' remuneration paid and benefits in kind granted by the Company were approximately RMB0.9 million, RMB8.8 million, and RMB8.4 million respectively.
- (2) The Directors confirm that the Company's remuneration policies for Directors will remain the same immediately after the Listing.
- (3) None of the directors or any past directors or any members of the Group was paid any sum of money for each of the three years ended 31 December 2008:
 - (a) as an inducement to join or upon joining the Company; or
 - (b) for his loss of office as a director of any member of the Group in connection with the management of the affairs of any member of the Group; or
 - (c) There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2008; or
 - (d) Save as disclosed above, no remuneration or benefit in kind have been made or are payable, in respect of the three years ended 31 December 2008, by the Group to or on behalf of any Directors.

4. Personal guarantee

None of the Directors has provided personal guarantee in favour of any lenders in connection with banking facilities granted or to be granted to any member of the Group.

5. Related party transactions

The Group had entered into related party transactions within the 2 years immediately preceding the date of this document as mentioned in note 38 headed “Related party transactions” of the accountants’ report as set out in Appendix I to this document and the section headed “Connected transactions” in this document.

6. Disclaimers

Save as disclosed herein:

- (1) none of the Directors nor any of the persons whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other information” in this Appendix has any direct or indirect interest in the promotion of any member of the Group, or in any assets which have within the two years immediately preceding the issue of this document been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (2) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;
- (3) none of the experts referred to in the paragraph headed “Consents of experts” under the section headed “Other information” in this Appendix has any shareholding in any member of the Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (4) the Directors confirm that none of the Directors, their respective associates or the Shareholders who are interested in 5% or more of the issued share capital of the Company have any interests in the five largest customers or the five largest suppliers of the Group.

D. OTHER INFORMATION

1. Deed of Indemnity

(i) *Estate duty indemnity*

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries under the laws of Singapore or the PRC, being jurisdictions in which one or more of the companies comprised the Group are incorporated.

(ii) *Taxation indemnity*

The Controlling Shareholders have entered into a deed of indemnity (the “**Deed of Indemnity**”) with the Company on 12 November 2009 (being a material contract referred in to in the section headed “Further information about the Group’s business — Summary of material contracts” in this Appendix) to provide indemnities in favour of the

Group in respect of any incomes, profits or gains earned, accrued or received on or before the date on which the Introduction becomes unconditional, save in the following circumstances:

- (a) to the extent that provision or reserve has been made for such taxation in the audited consolidated account as have been prepared for the Group as at 31 December 2008;
- (b) for which the Group is or may become primarily liable as a result of transactions in the ordinary course of business after 31 December 2008;
- (c) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or practice thereof by the Tax Bureau of the PRC or the Hong Kong Inland Revenue Department or any of the relevant authorities coming into force after the date of the Deed of Indemnity or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the date on which the Introduction becomes unconditional with retrospective effect; and
- (d) to the extent that any provision or reserve made for such taxation in the audited consolidated accounts which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of such taxation liabilities and claims shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this paragraph to reduce the Indemnifiers' liability in respect of such taxation liabilities and claims shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excess reserve shall only be applied to reduce the liability of the Indemnifiers under the Deed of Indemnity and none of the members of the Group shall in any circumstances be liable to pay the Indemnifier any such excess.

2. Litigation

No member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

3. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue as mentioned in this document.

4. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately RMB3,500 and are payable by the Group.

5. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

<u>Name</u>	<u>Qualification</u>
Cazenove Asia Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants
Haihua Yongtai Law Firm	PRC legal advisers
Shook Lin & Bok LLP	Singapore legal advisers
Jones Lang LaSalle Sallmanns Limited	Certified professional surveyors and valuers

6. Consents of experts

Each of Cazenove Asia Limited, Ernst & Young, Haihua Yongtai Law Firm, Shook Lin & Bok LLP, Jones Lang LaSalle Sallmanns Limited and China National Chemical Information Center has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

7. Binding effect

This document shall have the effect if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

8. Taxation of holders of Shares

(1) *Hong Kong*

The sale, purchase and transfer of Shares registered with Hong Kong Branch Share Register will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(2) Singapore*Dividend Distributions*

A one-tier corporate system took effect from 1 January 2003 under which the tax collected on corporate profits is final and Singapore dividends are tax exempt in the hands of all shareholders. There will be no tax credits attached to such dividends.

The Company falls under the one-tier system. Thus dividends of the Company will be tax exempt to all Shareholders. The dividends will have no tax credit attached.

No withholding tax is imposed on dividend payments made, whether to resident or non-resident Shareholders.

Gains on Disposal of Ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of the Shares that are construed to be of an income nature will be subject to tax. Hence, any profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the Shares would be taxable. Similarly, if the gains are regarded by the Inland Revenue Authority of Singapore as having arisen from the carrying on of a trade or business in Singapore, such gains may be taxed as trading income.

Stamp Duty

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of S\$2.00 for every S\$1,000 or any part thereof of the consideration for or market value of, the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty will be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

(3) Consultation with professional advisers

Potential holders of the Shares are recommended to consult their professional advisers if they are in any doubt about the taxation implications of the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares. It is emphasised that none of the Company, the Sponsor, any of their respective directors, agents, employees, advisors or affiliates or any other person involved in the Introduction accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares.

9. Register of members and branch register of members

Subject to the provisions of Singapore Companies Act, the principal register of members of the Company will be maintained in Singapore and the branch register of members of the Company will be maintained in Hong Kong. Unless the Directors otherwise agree, all transfers and other documents of title of Shares which are traded on the Stock Exchange must be lodged for registration with and registered by, Hong Kong Branch Share Registrar and may not be lodged in Singapore.

10. Miscellaneous

- (1) Save as disclosed below, within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries; and
 - (v) the Group has no outstanding convertible debt securities or debentures.
- (2) Save for the Company, no member of the Group is presently listed on any stock exchange or traded on any trading system.
- (3) There has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the twelve (12) months immediately preceding the date of this document.
- (4) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (5) The Directors confirm that there has not been any material adverse change in the financial or trading position or prospects of the Group since 31 July 2009 (being the end of the period reported on in the audited consolidated financial statements of the Group).

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).