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CHINA XLX FERTILISER LTD.

中國心連心化肥有限公司*

(Incorporated in Singapore with limited liability)

(Hong Kong Stock Code: 1866)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Utilities Supply Agreement

On 13 November 2014, the Utilities Supply Agreement was entered into between various members of the XLX Chem Group and Henan XLX (a wholly-owned subsidiary of the Company), pursuant to which Henan XLX has agreed to supply water, electricity and steam to such members of the XLX Chem Group. The Utilities Supply Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

Equipment Purchase Agreement

On 13 November 2014, the Equipment Purchase Agreement was entered into between XLX Equipment and XLX Shenzhou (subsidiaries of XLX Chem) and Henan XLX, pursuant to which such members of the XLX Chem Group have agreed to supply Equipment which includes pipes, containers and high-pressure containers, to Henan XLX for the Group's production. The Equipment Purchase Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

General Accommodation and Catering Agreement

On 13 November 2014, the General Accommodation and Catering Agreement was entered into between Henan XLX and XLX Hotel (an associate of XLX Chem), pursuant to which XLX Hotel has agreed to provide accommodation and catering services to Henan XLX for general staff and guests located in Xiaoji Town, Xinxiang City of Henan province, the PRC. The General Accommodation and Catering Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

Lifting Services Agreement

On 13 November 2014, the Lifting Services Agreement was entered into between XLX Lifting (a subsidiary of XLX Chem) and Henan XLX, pursuant to which XLX Lifting has agreed to provide machinery and equipment (on an as-needed basis) to be used for providing Lifting Services for the production operations of Henan XLX. The Lifting Services Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

New Lifting Lease Agreement

On 13 November 2014, XLX Lifting (a subsidiary of XLX Chem) and Henan XLX also entered into the New Lifting Lease Agreement, pursuant to which Henan XLX has agreed to lease machinery and equipment (on an as-needed basis) to be used by XLX Lifting. The New Lifting Lease Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

Each of the above Utilities Supply Agreement, Equipment Purchase Agreement, Lifting Services Agreement and General Accommodation and Catering Agreement will supersede the arrangements under the Existing Continuing Connected Transaction Agreements which terms will expire on 31 December 2014.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Li Buwen (being executive Directors) collectively hold an aggregate of approximately 10.6% interest in XLX Chem and, together, they are the largest shareholders of XLX Chem. As with the case at the time of the Company's listing on the Stock Exchange, XLX Chem, its subsidiaries and associates were and remain to be deemed as the Company's connected persons under Rule 14A.07 of the Listing Rules.

Accordingly, the transactions under the Continuing Connected Transaction Agreements constitute continuing connected transactions of the Company under the Listing Rules.

The relevant percentage ratios under the Listing Rules for each of the Utilities Supply Annual Caps, the Equipment Purchase Annual Caps, the Aggregated Lifting Annual Caps and the General Accommodation and Catering Annual Caps, are individually, on an annual basis, more than 0.1% but less than 5%. Accordingly, each of the Continuing Connected Transaction Agreements, pursuant to Rule 14A.76 of the Listing Rules, are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. THE BACKGROUND

Utilities Supply Agreement

On 13 November 2014, the Utilities Supply Agreement was entered into between various members of the XLX Chem Group and Henan XLX (a wholly-owned subsidiary of the Company), pursuant to which Henan XLX has agreed to supply water, electricity and steam to such members of the XLX Chem Group. The Utilities Supply Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

Equipment Purchase Agreement

On 13 November 2014, the Equipment Purchase Agreement was entered into between XLX Equipment and XLX Shenzhou (subsidiaries of XLX Chem) and Henan XLX, pursuant to which such members of the XLX Chem Group have agreed to supply Equipment which includes pipes, containers and high-pressure containers, to Henan XLX for the Group's production. The Equipment Purchase Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

General Accommodation and Catering Agreement

On 13 November 2014, the General Accommodation and Catering Agreement was entered into between Henan XLX and XLX Hotel (an associate of XLX Chem), pursuant to which XLX Hotel has agreed to provide accommodation and catering services to Henan XLX for general staff and guests located in Xiaoji Town, Xinxiang City of Henan province, the PRC. The General Accommodation and Catering Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

Lifting Services Agreement

On 13 November 2014, the Lifting Services Agreement was entered into between XLX Lifting (a subsidiary of XLX Chem) and Henan XLX, pursuant to which XLX Lifting has agreed to provide machinery and equipment (on an as-needed basis) to be used for providing Lifting Services for the production operations of Henan XLX. The Lifting Services Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

New Lifting Lease Agreement

On 13 November 2014, XLX Lifting (a subsidiary of XLX Chem) and Henan XLX also entered into the New Lifting Lease Agreement, pursuant to which Henan XLX has agreed to lease machinery and equipment (on an as-needed basis) to be used by XLX Lifting. The New Lifting Lease Agreement has a term commencing from 1 January 2015 up to and including 31 December 2016.

Each of the above Utilities Supply Agreement, Equipment Purchase Agreement, Lifting Services Agreement and General Accommodation and Catering Agreement will supersede the arrangements under the Existing Continuing Connected Transaction Agreements which terms will expire on 31 December 2014.

The transactions contemplated under the above Continuing Connected Transaction Agreements constitute continuing connected transactions of the Company and further details of these agreements are set out below.

B. THE AGREEMENTS

1. Utilities Supply Agreement

Date: 13 November 2014

Parties: (i) Henan XLX (as supplier)
(ii) XLX Shenzhou
(iii) XLX Yuyuan
(iv) XLX Equipment
(v) XLX Lifting
(vi) XLX Hotel
(each as purchaser)

Nature of Transaction: Henan XLX will supply water, electricity and steam to each of the purchasers at the following rates:

The supply of water shall be charged at the rate of 10% over the cost of supply.

The supply of electricity shall be charged at RMB0.6732 per kWh.

The supply of steam shall be charged at the rate of 10% over the cost of supply.

The quantity of water, electricity and steam to be supplied by Henan XLX to each of the purchasers would depend on the actual consumption of each of the purchasers on an as-needed basis.

Term of Agreement: From 1 January 2015 up to and including 31 December 2016.

Payment: Once Henan XLX accepts an order, Henan XLX will issue an invoice to XLX Chem and the fees for the utilities will be paid in cash by XLX Chem on the terms agreed in the order.

Pricing Policy: The price for the supply of electricity was determined on the basis of usage rate as recorded in the relevant meters with reference to the price set out by the PRC government or relevant authorities. The price for supply of water and steam is determined on the basis of usage rate as recorded in the relevant meters with reference to the actual costs plus a profit margin of 10% (being the same rate under current arrangements) over the actual costs in order to cover the maintenance and repair costs, labour costs and management fees. The pricing policy is supervised and monitored by the Group's general managers in charge and technical personnel to ensure the Utilities Supply Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

2. Equipment Purchase Agreement

Date: 13 November 2014

Parties: (i) XLX Equipment
(ii) XLX Shenzhou
(as suppliers)

(iii) Henan XLX (as purchaser)

Nature of Transaction: The suppliers will supply the Equipment, which includes pipes, containers and high-pressure containers, to Henan XLX. Prices for the Equipment will vary depending on the product type, quantity and quality specifications as required by Henan XLX from time to time.

Term of Agreement: From 1 January 2015 up to and including 31 December 2016.

Payment: Once XLX Equipment accepts an order, XLX Equipment will issue an invoice to Henan XLX and such fees will be paid in cash by Henan XLX (using its internal resources) on the terms agreed in the order.

Pricing Policy: The prices for such Equipment purchases will be determined by the Group's internal qualification and tendering procedures with potential suppliers of Equipment. A potential supplier of Equipment must pass certain qualification procedures internally formulated by the Group based on qualifications, product quality and price in order to become a qualified supplier. XLX Equipment and XLX Shenzhou were the successful suppliers out of 3 potential suppliers and the Equipment Purchase Agreement was entered into due to more favourable pricing terms offered for Equipment. The Directors believe that there is sufficient internal mechanism in place to ensure that the tendering process is conducted in a fair and open manner. The tendering process is supervised and monitored by the Group's general managers in charge and technical personnel to ensure the Equipment Purchase Agreement is conducted on normal commercial terms or terms more favourable to the Group and will not be otherwise prejudicial to the interests of the Company and its Shareholders as a whole.

3. General Accommodation and Catering Agreement

Date: 13 November 2014

Parties: (i) XLX Hotel (as vendor)
(ii) Henan XLX (as purchaser)

Nature of Transaction: XLX Hotel has agreed to provide accommodation and catering services to Henan XLX as further described below:—

- (1) General accommodation facilities per person (at a monthly rate of between RMB2,700 to RMB3,000); and
- (2) General catering services per person (at a monthly rate of between RMB1,500 to RMB2,400).

The accommodation and catering services will be used primarily for the general staff located nearby the Company's headquarters in Henan province, the PRC and for guests who visit the Company from time to time.

Term of Agreement: From 1 January 2015 up to and including 31 December 2016.

Payment: Once XLX Hotel accepts an order, XLX Hotel will issue an invoice to Henan XLX and such fees will be paid in cash by Henan XLX (using its internal resources) on the terms agreed in the order.

Pricing Policy: The rates for the accommodation and catering were arrived at on normal commercial terms with reference to prevailing market rates of 3 other similar premises and services in the same province or nearest city. XLX Hotel has the most favourable pricing terms for the Group as it has agreed to maintain the same rates under the General Accommodation and Catering Agreement compared to those set out in the existing general accommodation and catering agreement between the same parties dated 16 November 2012. As such, the Company considers that the terms of the General Accommodation and Catering Agreement, including the fees charged thereunder, are favorable to the Group.

4. Lifting Services Agreement

Date: 13 November 2014

Parties: (i) XLX Lifting (as supplier)
(ii) Henan XLX (as purchaser)

Nature of Transaction: XLX Lifting has agreed to provide Lifting Services for the production operations of Henan XLX.

Term of Agreement: From 1 January 2015 up to and including 31 December 2016.

Payment: Once XLX Lifting accepts an order, XLX Lifting will issue an invoice to Henan XLX and such fees will be paid in cash by Henan XLX (using its internal resources) on the terms agreed in the order.

Pricing Policy: The fees for the Lifting Services are calculated based on the rate of usage. The fees for the Lifting Services will be based on the market price of similar services in the nearest city. No less than 3 samples will be taken each year from other vendors of similar services and the prices charged will be compared with the prices charged by XLX Lifting to ensure they are favorable to the Group or within the market range. All these pricing procedures will be assessed at the beginning of each financial year and passed to the Company's management for final approval to ensure the Lifting Services Agreement will be conducted on normal commercial terms or terms more favourable to the Group and will not be otherwise prejudicial to the interests of the Company and its Shareholders as a whole.

5. New Lifting Lease Agreement

Date:	13 November 2014
Parties:	(i) Henan XLX (as supplier) (ii) XLX Lifting (as purchaser)
Nature of Transaction:	Henan XLX has agreed to provide Lifting Leases to XLX Lifting.
Term of Agreement:	From 1 January 2015 up to and including 31 December 2016.
Payment:	Once a lease is agreed between XLX Lifting and Henan XLX, Henan XLX will issue an invoice to XLX Lifting and such fees will be paid in cash by XLX Lifting on the terms agreed in the lease.
Pricing Policy:	The fees for the Lifting Leases are calculated based on the rate of usage. The fees for Lifting Leases will be based on the average market price of similar leases in the nearest city. No less than 3 samples will be taken each year from other vendors of similar services to ensure the Lifting Leases charged by the Group are within the market range. All these pricing procedures will be assessed at the beginning of each financial year and passed to management for final approval to ensure the New Lifting Lease Agreement will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

C. ANNUAL CAPS

Actual Amounts Transacted

The actual amounts transacted for each of the Existing Continuing Connected Transaction Agreements are set out in the table below.

Transaction	Actual amounts transacted		
	12 months ended 31 December 2012	12 months ended 31 December 2013	9 months ending 30 September 2014
Existing Utilities Supply Agreement	RMB11,252,000 (approximately HK\$14,251,000)	RMB2,655,000 (approximately HK\$3,363,000)	RMB2,173,000 (approximately HK\$2,752,000)
Existing Equipment Purchase Agreement	RMB11,495,000 (approximately HK\$14,558,000)	RMB16,924,000 (approximately HK\$21,434,000)	RMB20,811,000 (approximately HK\$26,357,000)
Existing Lifting Services Agreement	RMB3,715,000 (approximately HK\$4,705,000)	RMB4,602,000 (approximately HK\$5,828,000)	RMB4,878,000 (approximately HK\$6,178,000)
Existing General Accommodation and Catering Agreement	RMB5,121,000 (approximately HK\$6,486,000)	RMB5,032,000 (approximately HK\$6,373,000)	RMB3,781,000 (approximately HK\$4,789,000)

Adjustment to Annual Cap for the Existing Equipment Purchase Agreement

Reference is made to the announcement of the Company on 21 August 2013, in relation to, among other things, the renewal of the annual cap of the Existing Equipment Purchase Agreement. The Company expects the annual cap of the Existing Equipment Purchase Agreement as revised in the announcement dated 21 August 2013 for the year ending 31 December 2014 will be exceeded due to the purchase of additional equipment as a result of the expansion of the Group's production capacity and the increased market demand.

Based on the above historical transaction amounts of the Existing Equipment Purchase Agreement and factoring in the additional amounts expected to be incurred to the expanding production capacity of the Group, the annual cap for the Existing Equipment Purchase Agreement for the year ending 31 December 2014 is further revised to RMB33,000,000 (approximately HK\$41,794,500).

New Annual Caps

The new annual caps for each of the Continuing Connected Transaction Agreements for each of the periods ending 31 December 2015 and 2016 are as follows:–

Type of Transaction	Amount for 12 months ending:	
	31 December 2015	31 December 2016
Utilities Supply Annual Caps	RMB6,000,000 (approximately HK\$7,599,000)	RMB7,000,000 (approximately HK\$8,865,500)
Equipment Purchase Annual Caps	RMB33,000,000 (approximately HK\$41,794,500)	RMB33,000,000 (approximately HK\$41,794,500)
General Accommodation and Catering Annual Caps	RMB9,000,000 (approximately HK\$11,398,500)	RMB10,000,000 (approximately HK\$12,665,000)
Lifting Services Annual Caps	RMB10,000,000 (approximately HK\$12,665,000)	RMB10,000,000 (approximately HK\$12,665,000)
New Lifting Lease Annual Caps	RMB3,230,000 (approximately HK\$4,090,795)	RMB3,230,000 (approximately HK\$4,090,795)

Utilities Supply Annual Caps

The Utilities Supply Annual Caps have been determined after the relevant parties had discussed (i) the previous transactions, (ii) the above historical actual transacted amounts, (iii) the estimated future increase in demand for utilities, (iv) the expected expansion of the operations of the XLX Chem Group, and (v) the anticipated consumption requirements of the XLX Chem Group for the periods ending 31 December 2016 as indicated above, as well as the estimated unit price of water, steam and electricity services to be provided by Henan XLX (including the operational costs for running and maintaining the lines, pipes and conduits for the related utilities).

Equipment Purchase Annual Caps

The Equipment Purchase Annual Caps have been determined by taking into account (i) previous transactions, (ii) the above historical actual transacted amounts, (iii) the general inflation and prevailing market prices, and (iv) expected growth in production and sales of the Group's operations, as well as the expansion and maintenance of the Group's production plants for the periods ending 31 December 2016 as indicated above.

General Accommodation and Catering Annual Caps

The General Accommodation and Catering Annual Caps were based on (i) the previous transactions, (ii) the above historical actual transacted amounts, (iii) expected increase in overall work force as a result of the expansion of the Group's production for the periods ending 31 December 2016 as indicated above, and (iv) after taking into account the prevailing market rates for similar services.

Lifting Services Annual Caps

The Lifting Services Annual Caps have been determined by taking into account (i) the previous transactions, (ii) the above historical actual transacted amounts, (iii) general inflation of prices in the PRC, maintenance and expected growth in production and sales of the Group's operations, as well as the expansion and maintenance of the Group's production plants for the periods ending 31 December 2016 as indicated above.

New Lifting Lease Annual Caps

The New Lifting Lease Annual Caps have been determined with reference to the requirements of XLX Lifting that were discussed in light of the anticipated requirements of the XLX Chem Group in utilising the Lifting Leases and after considering XLX Lifting's past record of providing Lifting Services to the Group under the Lifting Services Agreement.

D. REASONS AND BENEFITS FOR THE TRANSACTIONS

Utilities Supply Agreement

Prior to the listing of the Group on the Stock Exchange, the facilities to supply water, electricity and steam for the Group's production were built and registered under Henan XLX and had additional connecting lines, pipes and conduits installed to deliver water, steam and electricity to the XLX Chem Group along with independent meters to monitor their utilisation rate and actual consumption of utilities. As a result of the installation set-up, Henan XLX had continued to supply utilities to the XLX Chem Group due to the close proximity and convenience of accessing such utilities. This arrangement provided mutual benefits as it also helps the Group to improve the utilisation of its utilities facilities and the additional income received from providing such utilities to the XLX Chem Group could be used to reduce the overall maintenance, labour and management costs to the Group of maintaining such facilities.

Equipment Purchase Agreement

As mentioned above, the prices for Equipment purchases were determined by the Group's internal qualification and tendering procedures with potential suppliers of Equipment. XLX Equipment was selected as the successful supplier after having gone through the selection procedures mentioned above. Given the close geographical location of the respective operations of XLX Equipment and the Group, the Group also enjoys the benefit of reliable and timely delivery of Equipment and cost effectiveness.

General Accommodation and Catering Agreement

The General Accommodation and Catering Agreement was entered into with a view for the Group to take advantage of the strategic location of the accommodation and catering facilities of XLX Hotel which is located at the Company's staff residential area and is nearby the Company's headquarters and factory site in Henan province.

Lifting Services Agreement

The Lifting Services Agreement was entered into with XLX Lifting as other lifting service providers in the areas near the Group's production base did not have sufficient machinery and equipment capable of providing the scale of services required for the Group's production and operation. In addition to XLX Lifting being capable of providing the required services, the close proximity between the Group's production base and the lifting service centre of XLX Lifting will also enable lifting equipment and machines to reach the Group's production base promptly upon request.

New Lifting Lease Agreement

The New Lifting Lease Agreement was entered into after considering XLX Lifting's past record of providing Lifting Services to the Group under the Lifting Services Agreement and with a view of increasing the flexibility in the Group's production planning and operation through Lifting Leases.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Continuing Connected Transaction Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

E. GENERAL

Information about the Company and Henan XLX

The Group is principally engaged in the manufacturing, sales and trading of urea, compound fertiliser, methanol, liquid ammonia and ammonia solution. The Group is also one of the largest coal-based urea producers in the PRC. Henan XLX is a wholly-owned subsidiary of the Company and is principally engaged in manufacturing, sales and trading of urea, compound fertilisers and other related products.

Information about XLX Chem Group

The XLX Chem Group is engaged in the business of production and trading of equipment, chemical products, gas and raw materials, and the provision of accommodation and catering services. XLX Lifting is primarily engaged in the provision of lifting services in the Henan province. XLX Equipment is primarily engaged in the trading of equipment including pipes, containers and high-pressure containers. XLX Hotel is primarily engaged in the provision of hotel, accommodation and catering services. XLX Shenzhou is primarily engaged in the production and trading of sealants for heavy machinery and equipment. XLX Yuyuan is primarily engaged in the production and trading of various chemical products.

As at the date of this announcement, Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Li Buwen (being executive Directors) collectively hold an aggregate of approximately 10.6% interest in XLX Chem and, together, they are the largest shareholders in XLX Chem. As with the case at time of the Company's listing on the Stock Exchange, XLX Chem, its subsidiaries and associates were and remain to be deemed as our connected persons under Rule 14A.07 of the Listing Rules. Accordingly, the transactions under the Continuing Connected Transaction Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Save and except for Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Li Buwen who had abstained from voting on the board resolutions in relation to the Continuing Connected Transaction Agreements, no other Director has a material interest in the Continuing Connected Transaction Agreements or is required to abstain from voting at the board meetings of the Company.

The relevant percentage ratios under the Listing Rules for each of the Utilities Supply Annual Caps, the Equipment Purchase Annual Caps, the Aggregated Lifting Annual Caps and the General Accommodation and Catering Annual Caps are individually, on an annual basis, more than 0.1% but less than 5%. Accordingly, each of the Continuing Connected Transaction Agreements, pursuant to Rule 14A.76 of the Listing Rules, are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

F. DEFINITIONS

The following defined terms are used in this announcement:

“Aggregated Lifting Annual Caps”	the aggregated Lifting Services Annual Caps and the New Lifting Lease Annual Caps for the purposes of calculating the relevant percentage ratios under the Listing Rules and corresponding disclosure requirements;
“associate”	has the meaning ascribed thereto in the Listing Rules;
“Company”	China XLX Fertiliser Ltd., a company incorporated in Singapore with limited liability;
“Continuing Connected Transaction Agreements”	the Utilities Supply Agreement, the Equipment Purchase Agreement, Lifting Services Agreement, the General Accommodation and Catering Agreement and the New Lifting Lease Agreement;
“Directors”	directors of the Company;
“Equipment”	pipes, containers and high-pressure containers;
“Equipment Purchase Agreement”	the agreement dated 13 November 2014 between XLX Equipment, XLX Shenzhou and Henan XLX in relation to the supply of Equipment by XLX Equipment and XLX Shenzhou to Henan XLX, details of which are set out in this announcement;

“Equipment Purchase Annual Caps”	the maximum annual consideration to be paid or received for the supply of Equipment by XLX Equipment and XLX Shenzhou to Henan XLX under the Equipment Purchase Agreement for each of the 12-month periods ending 31 December 2015 and 2016, details of which are set out in this announcement;
“Existing Equipment Purchase Agreement”	the agreement dated 16 November 2012 between XLX Equipment and Henan XLX in relation to the supply of Equipment by XLX Equipment to Henan XLX, details of which are set out in the announcements of the Company dated 16 November 2012 and 21 August 2013;
“Existing Continuing Connected Transaction Agreements”	the utilities supply agreement, equipment purchase agreement, lifting services agreement, general accommodation and catering agreement, each entered into on 16 November 2012, details of which are set out in the Company’s announcement dated 16 November 2012;
“General Accommodation and Catering Agreement”	the agreement dated 13 November 2014 between XLX Hotel and Henan XLX, in relation to the provision of accommodation and catering services by XLX Hotel to Henan XLX, details of which are set out in this announcement;
“General Accommodation and Catering Annual Caps”	the aggregate maximum annual consideration to be paid or received for the provision of accommodation and catering services by XLX Hotel to Henan XLX under the General Accommodation and Catering Agreement for each of the 12-month periods ending 31 December 2015 and 2016, details of which are set out in this announcement;
“Group”	the Company and its subsidiaries;
“Henan XLX”	Henan Xinlianxin Fertiliser Co., Ltd. (河南心連心化肥有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“kWh”	unit of electricity, i.e. kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour;
“Lifting Leases”	the lease of machinery and equipment under the New Lifting Lease Agreement;
“Lifting Services”	the use of machinery and equipment for providing lifting services under the Lifting Services Agreement;

“Lifting Services Agreement”	the agreement dated 13 November 2014 between XLX Lifting and Henan XLX in relation to the provision of Lifting Services by XLX Lifting to Henan XLX, details of which are set out in this announcement;
“Lifting Services Annual Caps”	the maximum annual consideration to be paid or received for the provision of Lifting Services by XLX Lifting to Henan XLX under the Lifting Services Agreement for each of the 12-month periods ending 31 December 2015 and 2016, details of which are set out in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Lifting Lease Agreement”	the agreement dated 13 November 2014 between XLX Lifting and Henan XLX in relation to the provision of Lifting Leases by Henan XLX to XLX Lifting, details of which are set out in this announcement;
“New Lifting Lease Annual Caps”	the maximum annual consideration to be paid or received for the provision of Lifting Leases by Henan XLX to XLX Lifting under the New Lifting Lease Agreement for each of the 12-month periods ending 31 December 2015 and 2016, details of which are set out in this announcement;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Utilities Supply Agreement”	the agreement dated 13 November 2014 between various members of XLX Chem Group and Henan XLX in relation to the supply of water, electricity and steam by Henan XLX to members of the XLX Chem Group, details of which are set out in this announcement;
“Utilities Supply Annual Caps”	the maximum annual consideration to be paid or received for the supply of water, electricity and steam by Henan XLX to various members of the XLX Chem Group under the Utilities Supply Agreement for each of the 12-month periods ending 31 December 2015 and 2016, details of which are set out in this announcement;

“XLX Chem”	Henan Xinlianxin Chemicals Group Co., Ltd. (河南心連心化工集團有限公司), a company incorporated under the laws of the PRC and deemed to be a connected person of the Company under Rule 14A.07 of the Listing Rules;
“XLX Chem Group”	XLX Chem together with its subsidiaries and associates;
“XLX Equipment”	Xinxiang Xinlianxin Chemical Equipment Co., Ltd. (新鄉市心連心化工設備有限公司), a company incorporated in the PRC and a subsidiary of XLX Chem;
“XLX Hotel”	Xinxiang Xinlianxin Hotel Co., Ltd. (新鄉市心連心賓館有限責任公司), a company incorporated in the PRC and an associate of XLX Chem;
“XLX Lifting”	Xinxiang Xinlianxin Lifting Equipment Co., Ltd. (新鄉市心連心吊裝有限公司), a company incorporated in the PRC and a subsidiary of XLX Chem;
“XLX Shenzhou”	Henan Shenzhou Heavy Sealing Co., Ltd. (河南神州重型封頭有限公司), a company incorporated in the PRC and a subsidiary of XLX Chem;
“XLX Yuyuan”	Xinxiang Yuyuan Chemical Co., Ltd. (新鄉市玉源化工有限公司), a company incorporated in the PRC and a subsidiary of XLX Chem; and
“%”	per cent.

For illustration purposes only, the exchange rate of RMB1 = HK\$1.2665 has been adopted for translating RMB into HK\$ in this announcement. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

By Order of the Board
China XLX Fertiliser Ltd.
Yan Yunhua
Executive Director
and Chief Financial Officer

13 November 2014

As at the date of announcement, the executive Directors are Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Li Buwen; the independent non-executive Directors are Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin; and the non-executive Director is Mr. Lian Jie.

* *for identification purpose only*