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 OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors (the "**Board**") of China XLX Fertiliser Ltd. (the "**Company**") is pleased to announce its consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 reporting period (the "**Reporting Period**" or "**FY2024**") together with the comparative figures for the year ended 31 December 2023 ("**FY2023**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	*4, 5*	**23,128,292**	23,475,338
Cost of sales		**(19,197,209)**	(19,288,318)
Gross profit	*4*	**3,931,083**	4,187,020
Other income and gains	*5*	**1,061,152**	298,931
Selling and distribution expenses		**(707,523)**	(618,274)
General and administrative expenses		**(1,323,800)**	(1,299,158)
Other expenses		**(71,348)**	(40,136)
Finance costs	*6*	**(495,041)**	(579,993)
Impairment losses on financial assets		**(19,711)**	(9,310)
Share of profits of associates		**1,624**	665
Profit before tax	*7*	**2,376,436**	1,939,745
Income tax expense	*8*	**(362,816)**	(302,451)
Profit for the year		**2,013,620**	1,637,294
Profit attributable to:			
Owners of the parent		**1,459,446**	1,186,882
Non-controlling interests		**554,174**	450,412
Total comprehensive income for the year		**2,013,620**	1,637,294
Earnings per share attributable to ordinary equity holders of the parent			
Basic *(RMB cents per share)*	*10*	**120.05**	96.95
Diluted *(RMB cents per share)*	*10*	**117.63**	96.95

Details of the dividends proposed for the year are disclosed in note 9 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	Group **2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**22,981,051**	20,236,061
Right-of-use assets		**1,892,449**	1,634,832
Intangible assets		**91,254**	69,710
Goodwill		**74,753**	63,022
Coal mining rights		**–**	232,447
Equity investments at fair value through profit or loss		**6,708**	29,638
Prepayments for purchases of property, plant and equipment	*11*	**880,221**	946,943
Other assets		**43,846**	66,488
Deferred tax assets		**165,020**	156,794
Investments in associates		**55,608**	107,983
Pledged time deposits		**26,584**	–
Due from a related company		**26**	6,190
Total non-current assets		**26,217,520**	23,550,108
Current assets			
Due from related companies		**1,540**	2,285
Derivative financial instruments		**7,056**	9,015
Equity investments at fair value through profit or loss		**7,830**	7,843
Inventories		**1,710,320**	1,596,661
Trade and bills receivables	*12*	**974,669**	1,138,101
Prepayments	*11*	**773,613**	600,907
Deposits and other receivables	*16*	**1,254,654**	346,379
Pledged time deposits		**602,031**	676,073
Cash and cash equivalents		**887,226**	1,162,558
Contract assets		**52,625**	25,029
Other assets		**29,160**	18,537
Total current assets		**6,300,724**	5,583,388
TOTAL ASSETS		**32,518,244**	29,133,496

		Group	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Current liabilities			
Due to related companies		**36,591**	97,671
Trade payables	*13*	**1,581,482**	1,388,617
Bills payable	*14*	**806,179**	939,068
Contract liabilities		**1,228,535**	1,346,124
Accruals and other payables		**2,405,626**	2,087,375
Income tax payable		**23,360**	94,913
Deferred grants		**12,770**	10,526
Interest-bearing bank and other borrowings	*15*	**5,267,226**	4,468,625
Lease liabilities		**6,192**	4,069
Other liabilities		**–**	6,593
Total current liabilities		**11,367,961**	10,443,581
NET CURRENT LIABILITIES		**(5,067,237)**	(4,860,193)
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,150,283**	18,689,915
Non-current liabilities			
Loan from non-controlling interests		**128,200**	49,800
Interest-bearing bank and other borrowings	*15*	**7,588,086**	7,164,507
Deferred grants		**233,900**	122,088
Deferred tax liabilities		**194,685**	149,632
Provision for rehabilitation		**–**	26,280
Accruals and other payables		**404,182**	493,077
Lease liabilities		**79,442**	74,600
Other liabilities		**–**	98,933
Total non-current liabilities		**8,628,495**	8,178,917
TOTAL LIABILITIES		**19,996,456**	18,622,498
NET ASSETS		**12,521,788**	10,510,998

	Group	
	2024	2023
	RMB'000	*RMB'000*
Equity attributable to owners of the parent		
Share capital	**1,532,781**	1,457,380
Special reserve	**387**	4,127
Statutory reserve fund	**1,104,253**	863,518
Treasury shares	**(98,433)**	–
Other reserve	**2,115,646**	1,984,035
Retained profits	**4,306,533**	3,378,490
Equity attributable to the parent	**8,961,167**	7,687,550
Non-controlling interests	**3,560,621**	2,823,448
TOTAL EQUITY	**12,521,788**	10,510,998
TOTAL EQUITY AND LIABILITIES	**32,518,244**	29,133,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATION INFORMATION

China XLX Fertiliser Ltd. is a limited liability company incorporated in Singapore on 17 July 2006 under the Singapore Companies Act and its shares are primary-listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). The registered office of the Company is located at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619. The Group's headquarters and principal places of business are located in Xinxiang Economic Development Zone, Henan Province; Taxihe Industrial Park, Baojiadian Town, Manas County, Changji Prefecture, Xinjiang Province; Jishan Industrial Zone, Jiujiang City, Jiangxi Province; and Guiping New Materials Industrial Park, Guigang City, Guangxi Province in the People's Republic of China (the "**PRC**"). The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are mainly the development, manufacturing, and trading of related differentiated products such as urea, compound fertilizer, methanol, urea solution for vehicle, melamine, dimethyl formamide (DMF) , liquid ammonia and medical intermediate.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") and International Financial Reporting Standards ("**IFRSs**"). For the purpose of SFRS(I)s, financial statements that have been prepared in accordance and complied with IFRSs are deemed to have also complied with SFRS(I)s. SFRS(I)s comprise standards and interpretations that are equivalent to IFRSs.

These financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies. These financial statements are presented in Renminbi ("**RMB**") and all values in the tables are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted by the Group are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2024. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

The Group has not adopted the following standards and interpretation applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 21: *Lack of Exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to IFRS Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 on Subsidiaries without Public Accountability: *Disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28: *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for IFRS 18 Presentation and Disclosure in Financial Statements, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IFRS 18 Presentation and Disclosure in Financial Statements is described below.

IFRS 1-18 Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, which replaces IFRS 1-1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals was issued. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IFRS 1-7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

4. OPERATING SEGMENT INFORMATION

An analysis by principal activity of contribution to the results is as follows:

For the year ended 31 December 2024	Urea	Compound fertilizer	Methanol	Urea Solution for vehicle	Melamine	DMF	Liquid Ammonia	Medical intermediate	Others**	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sales to external customers	7,306,210	5,994,296	2,677,711	376,829	739,599	1,191,571	1,206,132	484,673	3,151,271	–	23,128,292
Intersegment sales	1,753,847	872,576	2,950,157	109,217	208,270	6,713	911,887	149,879	1,103,541	(8,066,087)	–
Total revenue	9,060,057	6,866,872	5,627,868	486,046	947,869	1,198,284	2,118,019	634,552	4,254,812	(8,066,087)	23,128,292
Segment profit	1,803,927	895,955	230,264	68,202	200,619	125,244	213,119	24,193	369,560		3,931,083
Interest income											42,945
Unallocated other income and gains											1,018,207
Unallocated expenses, net											(2,120,758)
Finance costs											(495,041)
Profit before tax											2,376,436
Income tax expense											(362,816)
Profit for the year											2,013,620
Other segment information:											
Loss on disposal of items of property, plant and equipment *(note 7)*											14,926
Depreciation of property, plant and equipment *(note 7)*											1,605,043
Amortisation of intangible assets *(note 7)*											15,635
Depreciation of right-of-use assets *(note 7)*											45,481
Capital expenditure*											4,874,463

* Capital expenditure consists of addition to property, plant and equipment, right-of-use assets and intangible assets.

** Other products include chemical products such as methylamine, furfuryl alcohol and furaldehyde, humic acid, and intelligent equipment with sales revenue of RMB532 million, RMB446 million, RMB344 million and RMB305 million.

4. OPERATING SEGMENT INFORMATION *(Continued)*

An analysis by principal activity of contribution to the results is as follows:

For the year ended 31 December 2023	Urea *RMB'000*	Urea Solution for vehicle *RMB'000*	Compound fertilizer *RMB'000*	Methanol *RMB'000*	Melamine *RMB'000*	Medical intermediate *RMB'000*	Liquid ammonia *RMB'000*	DMF *RMB'000*	Others** *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Sales to external customers	6,874,417	434,118	6,129,573	2,338,594	784,173	616,039	2,091,215	1,047,023	3,160,186	–	23,475,338
Intersegment sales	1,644,897	145,447	864,468	1,669,090	193,613	14,358	800,653	–	476,175	(5,808,701)	–
Total revenue	8,519,314	579,565	6,994,041	4,007,684	977,786	630,397	2,891,868	1,047,023	3,636,361	(5,808,701)	23,475,338
Segment profit	2,006,645	120,198	793,012	(14,190)	225,583	52,778	380,053	116,007	506,934	–	4,187,020
Interest income											23,174
Unallocated other income and gains											275,757
Unallocated expenses, net											(1,966,213)
Finance costs											(579,993)
Profit before tax											1,939,745
Income tax expense											(302,451)
Profit for the year											1,637,294
Other segment information:											
Loss on disposal of items of property, plant and equipment *(note 7)*											577
Depreciation of property, plant and equipment *(note 7)*											1,492,772
Amortisation of intangible assets *(note 7)*											10,150
Depreciation of right-of-use assets *(note 7)*											29,612
Amortisation of coal mining rights *(note 7)*											987
Impairment of property, plant and equipment *(note 7)*											4,817
Capital expenditure*											3,582,144

* Capital expenditure consists of addition to property, plant and equipment, right-of-use assets and intangible assets.

** Other products include chemical products such as dimethyl ether, furfuryl alcohol and methylamine, with sales revenue of RMB631 million, RMB403 million, and RMB314 million respectively.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts. An analysis of the Group's revenue, other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
REVENUE		
Sale of goods	**22,822,843**	23,275,396
Construction and installation services	**305,449**	199,942
	23,128,292	23,475,338
OTHER INCOME AND GAINS		
Interest income	**42,945**	23,174
Sales of by-products, water, electricity and steam	**88,801**	83,538
Government grants	**153,786**	142,986
Compensation income	**8,129**	5,955
Rental income	**251**	5,902
Gain on other investments	**238**	216
Gain on derivative financial instruments	**1,202**	1,227
Exchange gains	**–**	10,114
Gain on disposal of a subsidiary	**739,532**	–
Gain on bargain purchase	**–**	303
Others	**26,268**	25,516
Total other income and gains	**1,061,152**	298,931

6. FINANCE COSTS

The Group's finance costs are analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans, other loans and bonds	**490,255**	575,668
Interest on lease liabilities	**4,786**	4,325
	495,041	579,993

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Group	
	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**19,197,209**	19,288,318
Depreciation of property, plant and equipment	**1,605,043**	1,492,772
Amortisation of intangible assets	**15,635**	10,150
Depreciation of right-of-use assets	**45,481**	29,612
Amortisation of coal mining rights	**–**	987
Expenses relating to short-term leases:		
Factories	**10,125**	8,675
Buildings	**371**	240
Land	**–**	58
	10,496	8,973
Auditor's remuneration	**6,136**	4,724
Employee benefit expenses (including directors' remuneration):		
Salaries and bonuses	**1,620,450**	1,508,055
Pension scheme contributions (defined contribution scheme)	**208,735**	212,429
Benefits in kind	**110,558**	119,474
Share-based payment expense	**67,519**	8,301
	2,007,262	1,848,259
Impairment losses on financial assets	**19,711**	9,310
Impairment of property, plant and equipment	**–**	4,817
Impairment of goodwill	**3,408**	–
Impairment of inventories	**19,913**	12,379
Loss on fair value changes of financial instruments through profit or loss, net	**1,819**	3,405
Loss on disposal of property, plant and equipment	**14,926**	577
Donations	**6,106**	2,703

8. INCOME TAX

The Company is incorporated in Singapore and is subject to an income tax rate of 17% (2023: 17%) for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The Company's subsidiaries in Mainland China are subject to income tax rate of 25% (2023: 25%). In 2024, seventeen (2023: fourteen) of the subsidiaries were awarded the High and New Tech Enterprise Award as recognition of their innovation and use of state-of-the-art equipment in the PRC. This award brought these subsidiaries a tax concession of a lower income tax rate (i.e. 15%) for three years since the subsidiaries were awarded the High and New Tech Enterprise Award.

The major components of income tax expense for the financial years ended 31 December 2024 and 2023 are:

	Group	
	2024	2023
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**364,547**	329,872
(Over)/under provision in respect of prior years	**(8,109)**	13,066
Deferred income tax	**6,378**	(40,487)
Total tax charge for the year	**362,816**	302,451

9. PROPOSED FINAL DIVIDENDS

The Board recommended the payment of a final dividend of RMB26 cents per share for the year ended 31 December 2024 (the "**Proposed Final Dividend**") (2023: RMB24 cents per share), subject to the shareholders' approval at the forthcoming annual general meeting of the Company. Upon obtaining shareholders' approval at the annual general meeting, the Proposed Final Dividend is expected to be paid in Hong Kong dollars before the end of July 2025. The Company will announce further details in due course regarding the date of the annual general meeting and the timetable for the final dividend, including the period during which the registration of share transfers will be suspended and the record date for the final dividend, along with other relevant details.

	2024	2023
	RMB'000	*RMB'000*
Proposed Final Dividend – RMB26 cents (2023: RMB24 cents) per ordinary share	**380,118**	292,503

The Proposed Final Dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

To present a positive guidance to the capital market and reasonable returns, it is recommended that the dividend policy for the Company from 2025 to 2027 be as follows: the audited net profit attributable to the owners of the parent company should have a distribution ratio of no less than 25%, and the dividend per share should be no less than RMB0.24.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares (exclusive of restricted share) of 1,215,658,000 (2023: 1,224,222,000), as adjusted to reflect shares repurchased and cancelled in 2024.

The calculations of basic and diluted earnings per share are based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**1,459,446**	1,186,882

	2024	2023
	Number of shares	*Number of shares*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,215,658,000**	1,224,222,000
Effect of dilution – weighted average number of ordinary shares:		
– the Restricted Share Incentive Scheme	**25,077,000**	–
Total	**1,240,735,000**	1,224,222,000

11. PREPAYMENTS

	2024	2023
	RMB'000	*RMB'000*
NON-CURRENT		
Prepayments for purchases of property, plant and equipment	**880,221**	946,943
CURRENT		
Advance deposits to suppliers	**773,613**	600,907

12. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**531,011**	495,910
Bills receivable	**443,658**	642,191
Trade and bills receivables	**974,669**	1,138,101

Trade receivables are non-interest-bearing and are normally settled on terms of 30 to 180 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group's bills receivable are non-interest-bearing and are normally settled on terms of 90 to 180 days. Trade and bills receivables are denominated in RMB.

The Group's trading terms with its customers are mainly payment in advance or on credit for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

An aging analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**304,676**	309,630
1 to 3 months	**121,367**	95,586
3 to 6 months	**52,588**	44,935
6 to 12 months	**52,380**	45,759
	531,011	495,910

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**1,224,101**	1,109,016
1 to 3 months	**164,892**	138,533
3 to 6 months	**72,259**	77,631
6 to 12 months	**66,048**	36,013
Over 12 months	**54,182**	27,424
	1,581,482	1,388,617

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. Trade payables are denominated in RMB.

14. BILLS PAYABLE

The Group's bills payable have an average maturity period of 180 days and are non-interest-bearing. Bills payable are denominated in RMB and are secured by time deposits of RMB302,975,000 (2023: RMB500,462,000).

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group	
	2024	2023
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**5,127,278**	4,088,482
In the second year	**4,041,291**	4,852,770
In the third to fifth years, inclusive	**3,176,034**	2,090,970
Beyond five years	**350,695**	49,620
	12,695,298	11,081,842
Loans from leasing company/finance lease payables:		
Within one year or on demand	**139,948**	380,143
In the second year	**18,258**	150,960
In the third to fifth years, inclusive	**1,808**	20,187
	160,014	551,290
	12,855,312	11,633,132

Net debt includes interest-bearing bank and other borrowings, trade and bills payables, contract liabilities, amounts due to related companies, accruals and other payables, other liabilities, and lease liabilities less cash and cash equivalents and pledged time deposits. Capital includes equity attributable to the owners of the parent less the abovementioned statutory reserve fund.

16. DEPOSITS AND OTHER RECEIVABLES

Deposits and other receivables increased by approximately RMB909 million or 263% from approximately RMB346 million for FY2023 to approximately RMB1,255 million for FY2024.The substantial increase in deposits and other receivables was mainly due to the impact of the uncollected amounts from the Group's acquisition of the Tianxin Coal Mine.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Despite the support from favourable domestic economic policies in recent years, recovery has been relatively slow due to macro trends such as declining raw coal prices, a slack demand and supply balance, and tightened export policies, gradually weakening the support for the prices of coal chemical products, which in turn has led to a downturn in the overall performance of the industry.

The Group has actively responded to industry cycles and aligned with the trends in agricultural development in China. We have not only created an innovative marketing model called "Two Majors, One Share, Joint Service" to enhance our brand awareness and market share, but have also successfully completed project construction. The Xinjiang base's polyformaldehyde project, with an annual production capacity of 60,000 tons, and the Guangxi base's compound fertilizer project, with an annual production capacity of 300,000 tons, were commissioned by the end of the year, laying a solid foundation for exploring new markets and sectors.

Revenue

In 2024, the Group achieved sales revenue of approximately RMB23,128 million, representing a year-on-year ("**YoY**") decline of 1%, mainly affected by the decline in product prices. Although revenue slightly decreased amidst an industry fluctuation cycle, the release of new high-quality production capacity and the scale advantages have maximized our resilience against price volatility and the pressures from the sluggish market. Meanwhile, by expanding marketing channels and extending the supply chain, we have effectively increased the sales of our urea, methanol, DMF, and other products, ensuring stable growth of our core offerings. Additionally, the Group focuses on core business development, divesting its entire stake in its subsidiary, Manas Tianxin Coal Co., LTD ("**Tianxin Coal Mine**"), which has significantly increased investment income, leading to a YoY increase in net profit of 23% to RMB2,014 million, with net profit attributable to the parent company increasing by 23% YoY to RMB1,459 million.

The Group remains committed to a fertilizer-focused strategic direction, fostering coordinated development across its business segments by leveraging core business strengths. In 2024, the revenue distribution across the Group's segments was as follows: fertilizer accounted for 58%, chemicals for 37%, medical intermediates for 2%, and others for 3%. Below is an overview of the profitability of each key products:

(I) BUSINESS REVIEW *(Continued)*

Revenue *(Continued)*

Finished Urea Products

Revenue from the sales of urea increased by approximately RMB432 million or 6.3% from approximately RMB6,874 million for FY2023 to approximately RMB7,306 million for FY2024, primarily driven by a significant 29% YoY increase in sales volume. With the expansion of production capacity, the production volume increased by 21% YoY, which drove the increase in sales volume. Meanwhile, stricter environmental regulations led to a substantial rise in industrial demand, providing strong support for the Group's urea sales growth.

In 2024, the concentrated release of new production capacity coupled with export restrictions led to a demand and supply mismatch in the market, and the selling price of the Group's urea therefore decreased by 17% YoY, resulting in a decrease in the gross profit margin on the sale of urea by approximately 4 percentage points from approximately 29% for FY2023 to approximately 25% for FY2024.

Compound Fertilizers

Revenue from sales of compound fertilizers for FY2024 was approximately RMB5,994 million, representing a decrease of approximately RMB136 million or 2% as compared to approximately RMB6,130 million for FY2023. In recent years, the increase in domestic grain production and abundant grain reserves led to rising pressure in the market supply, resulting in a downward pressure on grain prices and delays in the downstream fertilizer stocking cycle, contributing to a 0.3% YoY decrease in the sales volume. Meanwhile, the price of raw materials declined, which led to a 2% YoY decrease in the average selling price.

The gross profit margin from the sales of compound fertilizers increased by approximately 2.1 percentage points, from approximately 12.9% for FY2023 to 15% for FY2024. On the one hand, due to a relatively loose supply of raw materials, the prices of key materials such as phosphate fertilizers and potash fertilizers, decreased by 1% and 14% YoY, respectively, resulting in a 4% reduction in production costs. On the other hand, by increasing the proportion of high-margin products, the sales of high-efficiency fertilizers grew by 4% YoY, effectively enhancing the overall gross profit margin by approximately 3 percentage points.

(I) BUSINESS REVIEW *(Continued)*

Revenue *(Continued)*

Methanol

Revenue from sales of methanol increased by approximately RMB339 million or 14.5% from approximately RMB2,339 million for FY2023 to approximately RMB2,678 million for FY2024. Due to the recovery of the domestic economy, the demand for basic chemicals from downstream manufacturing sectors, such as the automobile and electronics industries, gradually increased, driving a 16% YoY rise in the Group's methanol sales volume.

Gross profit margin of sales of methanol increased by approximately 9.2 percentage points from approximately -0.6% for FY2023 to 8.6% for FY2024. On the one hand, the supply-demand imbalance as well as the decline in the price of raw coal and carbon resulted in a YoY reduction in procurement costs. On the other hand, the Group continued to optimise its production technology and reduced its consumption of steam through increased R&D, ensuring a 10.6% YoY decrease in the average production cost of methanol.

Urea Solution for Vehicle

Revenue from sales of urea solution for vehicle decreased by approximately RMB57 million or 13% from approximately RMB434 million for FY2023 to approximately RMB377 million for FY2024. With the promotion of environmental protection policies and the advancement of new energy technologies, the ownership of heavy-duty diesel trucks was on a declining trend. Meanwhile, the domestic economy remained weak, leading to a decrease in the transportation of bulk commodities, which resulted in reduced demand for large diesel vehicles. In order to alleviate the squeeze on profits, the Group has taken an initiative to reduce its production by 13%, leveraged flexible adjustments to ensure maximisation of overall profitability.

Additionally, the price support for urea solution for vehicle has weakened due to a decline in raw material costs, resulting in a 10.3% YoY decrease in the average selling price. Consequently, the gross profit margin of sales of urea solution for vehicle for FY2024 decreased by approximately 10 percentage points to 18% from approximately 28% for FY2023.

Revenue *(Continued)*

Melamine

Revenue from sales of melamine decreased by approximately RMB44 million or 5.6% from approximately RMB784 million for FY2023 to approximately RMB740 million for FY2024. As the domestic real estate industry remained in an adjustment cycle with insufficient operating rates in downstream sectors such as panel production and immersion coating, the demand recovery was below expectations. Meanwhile, support from raw material costs has weakened, leading to a 11.3% YoY decline in the average selling price of melamine. In recent years, the Group has intensified its efforts in overseas business development, strengthening the retention of existing overseas orders. This has effectively resulted in a 13% YoY increase in international orders, thereby driving a 6.4% rise in sales volume.

Affected by the decline in the average selling price of melamine, gross profit margin of melamine of the Group dropped by approximately 2 percentage points from 29% for FY2023 to 27% for FY2024.

DMF

Revenue from sales of DMF increased by approximately RMB145 million or 14% from approximately RMB1,047 million for FY2023 to approximately RMB1,192 million for FY2024. The increase in revenue was attributable to a significant increase in sales volume by 36% YoY. On the one hand, the Group facilitated technological improvement and innovation of its equipment, enhanced the operating skills of its personnel and extended its production cycle, resulting in a 36% YoY increase in production volume, which in turn drove the growth in sales volume. On the other hand, DMF, as an important chemical raw material, is widely used in industries such as pulps, pharmaceuticals and films, etc. Due to continuous optimisation of the industrial structure in the PRC, the industrial demand has been increasing significantly.

Gross profit margin of sales of DMF for FY2024 was 11%, remaining stable compared to the same period last year.

(I) BUSINESS REVIEW *(Continued)*

Revenue *(Continued)*

Liquid Ammonia

Revenue from sales of liquid ammonia decreased by approximately RMB885 million, or 42%, from approximately RMB2,091 million for FY2023 to approximately RMB1,206 million for FY2024. The decrease was primarily driven by a 33% YoY decline in sales volume. Following the successful commissioning of a 700,000-tonne urea production facility at the Xinxiang base, the Group further reduced costs and enhanced efficiency by fully converting self-produced liquid ammonia to meet downstream urea production demand, thus leading to a decrease in external sales of liquid ammonia. Additionally, weakened support from front-end raw material coal prices led to a 15% YoY drop in the average selling price.

In 2024, the gross profit margin of sales of liquid ammonia was 18%, basically the same compared to the same period last year. Despite declines in both selling price and sales volume, the Group implemented cost control measures, coupled with a reduction in raw material costs, effectively reducing production costs by 14% YoY.

Medical Intermediate

Revenue from sales of medical intermediate decreased by approximately RMB131 million or 21.3% from approximately RMB616 million for FY2023 to approximately RMB485 million for FY2024, mainly due to a 23.6% YoY decrease in the average selling price in the segment. In this segment, as the downstream demand for individual products gradually shrunk, such as tetra-acetyl ribose and hypoxanthine, the support for product prices weakened, thus pulling down the average selling price of the entire segment. This factor also led to a marginal decrease in the gross profit margin by 4 percentage points to approximately 5% in FY2024. In addition, the bio-fermentation project located at the Xinjiang base marks the entry of this sector into a new field. During the commissioning phase, it led to increased costs and also had a certain impact on gross profit margins.

During the price volatility cycle, the Group further optimised its product mix and pooled its advantageous resources by focusing on nucleoside (nucleotide) products and facilitating the promotion of cytosine, adenosine, and premium adenine, which contributed to a 3% YoY increase in sales volume of the segment.

Other income and gains

Other income and gains increased by approximately RMB762 million, or approximately 255%, from approximately RMB299 million in FY2023 to approximately RMB1,061 million in FY2024. The increase was mainly due to: (1) the disposal of equity interest in Tianxin Coal Mine, a subsidiary of the Group, which resulted in an increase in investment income of approximately RMB740 million; (2) an increase in interest income of approximately RMB20 million in FY2024.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB90 million or approximately 15% from RMB618 million in FY2023 to RMB708 million in FY2024. The increase was mainly due to the fact that: (1) the Group achieved the sales target well. To further motivate the sales team, incentives were provided to the personnel with outstanding sales performance. Meanwhile, with the commissioning of the Guangxi base and the transformation of the new marketing model, the size of the outstanding sales team increased accordingly, resulting in an increase in salaries and commissions of approximately RMB72 million YoY; (2) in order to further enhance the brand awareness and influence, the Group actively carried out marketing and promotional activities, especially increased sales and promotion of new products, resulting in an increase of approximately RMB10 million YoY in publicity and promotion expenses; and (3) with the application of the water and fertilizer integration system and the operation of the "war zone model", the corresponding depreciation and amortization expenses increased by approximately RMB7 million YoY.

(I) BUSINESS REVIEW *(Continued)*

General and administrative expenses

General and administrative expenses increased by approximately RMB25 million or approximately 2% from approximately RMB1,299 million in FY2023 to approximately RMB1,324 million in FY2024. In 2024, in accordance with the Group's talent strategy, equity incentives were granted to key and core employees, which increased administrative expenses by approximately RMB67 million. Excluding the effect of this factor, the Group's administrative expenses for 2024 decreased by approximately RMB42 million or 3% YoY. The main reasons for the decrease are set out below:

(1) The Group's continuous efforts to improve management efficiency through measures such as digital transformation, strengthening of expense control and optimization of operational processes resulted in significant improvements in utilities, rental fees, office expenses and publicity expenses, which decreased by approximately RMB22 million YoY;

(2) With the further optimization of the production process at each base and stringent control of emission targets, the Group has been approved to participate in the formulation of industrial pollution emission standards, and formed a complete system of environmental protection operation, effectively reducing the safety and environmental protection expenses by approximately RMB13 million YoY;

(3) The disposal of the equity interest in Tianxin Coal Mine resulted in a reduction of depreciation expenses by approximately RMB7 million YoY.

(I) BUSINESS REVIEW *(Continued)*

Finance costs

Finance costs decreased by approximately RMB85 million or approximately 15% from approximately RMB580 million in FY2023 to approximately RMB495 million in FY2024. The decrease was due to the fact that (1) the Group seized the window of interest rate reductions to actively replace high-cost loans and reduce financing costs while optimising its debt structure; and (2) we have strengthened the strategic cooperation with banks and strived to drive down the average lending rate by 0.7 percentage points.

Income tax expense

Income tax expense increased by approximately RMB61 million or approximately 20% from approximately RMB302 million in FY2023 to approximately RMB363 million in FY2024.

Profit for the year

The profit for the year increased by RMB377 million or approximately 23% from approximately RMB1,637 million in FY2023 to approximately RMB2,014 million in FY2024.

(II) FINANCIAL REVIEW

Gearing

The Group monitors capital using a gearing ratio, which is net debt divided by the aggregate of total capital and net debt.

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,581,482**	1,388,617
Bills payable	**806,179**	939,068
Contract liabilities	**1,228,535**	1,346,124
Accruals and other payables	**2,809,808**	2,580,452
Other liabilities	**–**	105,526
Due to related companies	**36,591**	97,671
Loans from non-controlling interests	**128,200**	49,800
Interest-bearing bank and other borrowings	**12,855,312**	11,633,132
Lease liabilities	**85,634**	78,669
Less: Cash and cash equivalents	**(887,226)**	(1,162,558)
Pledged time deposits	**(602,031)**	(676,073)
Net debt	**18,042,484**	16,380,428
Equity attributable to owners of the parent	**8,961,167**	7,687,550
Less: Statutory reserve fund	**(1,104,253)**	(863,518)
Adjusted capital	**7,856,914**	6,824,032
Capital and net debt	**25,899,398**	23,204,460
Gearing ratio	**69.66%**	70.59%

The Group's liability-asset ratio (total liabilities divided by total assets) was 61.5% as at 31 December 2024, a decrease of 2.4 percentage points from 63.9% for the same period last year.

(III) PROSPECTS

In 2025, the domestic nitrogen fertilizer demand and supply pattern remained relatively stable. Although new production capacity was released, under the promotion of environmental policies, outdated facilities will gradually be phased out, which will partially offset the overall increase in production capacity. As the scale of agricultural land management accelerates, the demand for differentiated products will become stronger, increasing the sales of our Group. Meanwhile, under the stimulation of economic recovery and environmental regulation policies, industrial demand for urea from downward sectors such as panel production and thermal power denitrification will further increase. Additionally, periodic relaxation of export policies is not ruled out, which could further improve the domestic supply-demand balance. For compound fertilizers, influenced by factors such as the release of spring farming preparation demand, tightening global supply, and rising transportation costs, supply and demand are in a tight balance, pushing global potash fertilizer prices upward and providing strong support for compound fertilizer prices.

In recent years, the fertilizer industry has been affected by factors such as demand-supply mismatches, environmental pressures, and geopolitical tensions, leading to increasingly fierce market competition. Large-scale development has driven a continuous rise in industry concentration. At the same time, with the support from the national policies to continuously strengthen farmland protection and increase grain yield per unit area, the rigid demand for fertilizers will steadily grow, inevitably creating new development opportunities for leading industry players. The Group continues to adhere to its core strategy of "low cost + differentiation." On the one hand, it leverages the advantages of large-scale development by improving the industrial chain and enhancing comprehensive resource utilization to further solidify low-cost operations. On the other hand, guided by national policies and centered on customer needs, the Group strengthens research and product innovation, increases the proportion of high-efficiency fertilizers such as liquid fertilizers and water-soluble fertilizers, and continues to promote integrated water-fertilizer solutions. To advance sales and distribution ideas, the Group leveraged big data to strengthen control over end-users. Our agricultural service personnel, financial staff, and big data experts integrated with the front lines of sales to support the promotion of differentiated products and enhance service capabilities for end-users.

(III) PROSPECTS *(Continued)*

Taking advantage of the industry's low cycle, the Group is steadily and solidly advancing high-quality capacity expansion to capture market share. At the same time, based on industry trends and its own cash flow situation, it prioritizes investment on reasonable basis, focusing first on projects with high input-output ratios, good economic benefits, and sufficient funding. Once the market structure stabilizes, this will form a strong competitive edge. Currently, all of the Group's ongoing projects are progressing in an orderly manner, with the Jiangxi industrial chain extension project, the Zhundong project, and the Guangxi major project progressing per plan, the Group's total output will surpass ten million tons, while we will also introduce advanced industry technologies to strengthen our cost and product advantages, positioning the Group favorably in market competition.

(IV) SUPPLEMENTARY INFORMATION

1. Operational and Financial Risks

(i) Market Risk

The major market risks of the Group include changes in the average selling prices of key products, changes in the costs of raw materials (mainly coal) and fluctuations in interest and exchange rates.

(ii) Commodity Price Risk

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and costs of raw materials.

(iii) Interest Rate Risk

The major market interest rate risk that the Group is exposed to includes the Group's long-term debt obligations which are subject to floating interest rates.

(iv) Foreign Exchange Risk

The Group's revenue and costs are primarily denominated in RMB. Some costs may be denominated in Hong Kong dollars, United States dollars or Singapore dollars.

(IV) SUPPLEMENTARY INFORMATION *(Continued)*

1. Operational and Financial Risks *(Continued)*

(v) Inflation and Currency Risk

According to the data released by the National Bureau of Statistics of China, the consumer price index of the PRC increased by approximately 0.2% YoY for the year ended 31 December 2024. Such inflation in the PRC did not have a significant effect on the Group's operating results.

(vi) Liquidity Risk

The Group monitors its risk exposure to shortage of funds. The Group regularly reviews the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projects cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. As at 31 December 2024, approximately RMB5,267 million (31 December 2023: approximately RMB4,469 million), or approximately 40.97% (31 December 2023: 38.41%) of the Group's debts will mature in less than one year based on the carrying value of the borrowings reflected in the financial statements.

(vii) Gearing Risk

The Group monitors its capital ratios in order to support its business and maximise shareholders value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023. The gearing ratio of the Group (calculated as net debt divided by the aggregate of total capital and net debt) decreased from approximately 70.59% as at 31 December 2023 to approximately 69.66% as at 31 December 2024.

(IV) SUPPLEMENTARY INFORMATION *(Continued)*

2. Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities (2023: Nil).

3. Material Litigation and Arbitration

As at 31 December 2024, the Group was not involved in any material litigation or arbitration (2023: Nil).

4. Scope of work of Ernst & Young LLP

The figures in respect of preliminary announcement of Group results for the year ended 31 December 2024 have been agreed by the Group's auditor, Ernst & Young LLP, to the amount set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Accounting Standards Board and consequently no assurance has been expressed by Ernst & Young LLP on the preliminary announcement.

5. Audit Committee

The audit committee of the Company (the "**Audit Committee**") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed risk management, internal control and financial reporting matters with management members of the Group. The annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

6. Compliance with the Corporate Governance Code

The Company devotes to best practice on corporate governance, and has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") during the year ended 31 December 2024.

7. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by the directors of the Company. The Board confirms that, having made specific enquiries with all directors of the Company, all directors have complied with the required standards of the Model Code during the year ended 31 December 2024.

8. Purchase, Sales or Redemption of the Company's Securities

For the year ended 31 December 2024, the Company repurchased 6,312,000 issued shares of the Company in total through the spot market of the SEHK at a total consideration of HK$24,609,000 (excluding transaction costs), with consideration per share ranging from HK$3.59 to HK$4.15. The shares repurchased during such period represented approximately 0.5% of the issued shares as at 31 December 2024. All shares repurchased during the Reporting Period have been cancelled by the Company on 18 June 2024 and 3 December 2024 respectively. The repurchase of shares is based on the Company's confidence on its long-term business prospects and potential growth. At the same time, the Company believes that actively optimizing the capital structure through the implementation of share repurchase will improve the earnings per share, net assets per share and overall shareholder returns. Details of the share repurchase as follows:

(IV) SUPPLEMENTARY INFORMATION *(Continued)*

8. Purchase, Sales or Redemption of the Company's Securities *(Continued)*

	For the year ended 31 December 2024			
		Purchase consideration per share		
Month of repurchase	Number of shares repurchased	Highest price paid	Lowest price paid	Total consideration paid
		HK$	*HK$*	*HK$*
May	4,336,000	4.15	3.80	17,316,000
July	491,000	3.78	3.66	1,836,000
September	1,485,000	3.72	3.59	5,457,000
Total:	6,312,000			24,609,000

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any other listed securities of the Company (including sale of treasury shares (as defined in the Listing Rules)).

During the Reporting Period and as at 31 December 2024, the Company did not hold any treasury shares (including any treasury shares held or deposited with the Central Clearing And Settlement System).

9. Employees and Remuneration Policy

As at 31 December 2024, there were 11,787 (2023: 10,390) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

10. Significant Events after the Reporting Period

There were no significant events affecting the Group which have occurred since the end of the Reporting Period.

(IV) SUPPLEMENTARY INFORMATION *(Continued)*

11. Disclosure on the Websites of the SEHK and the Company

This announcement is published on the website of the SEHK (http://www.hkexnews.hk) and on the website of the Company (http://www.chinaxlx.com.hk). The annual report of the Company for the year ended 31 December 2024 will be available on both websites and dispatched to the Shareholders who have already provided instructions indicating their preference to receive printed copies in due course.

By Order of the Board
China XLX Fertiliser Ltd.
Yan Yunhua
Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Liu Xingxu, Mr. Zhang Qingjin and Ms. Yan Yunhua; and the independent non-executive directors of the Company are Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Li Hongxing and Mr. Ong Wei Jin.

* *for identification purpose only*