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MIGAO GROUP HOLDINGS LIMITED
米高集團控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 9879)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025 AND PROPOSED AMENDMENTS
TO THE EXISTING ARTICLES AND PROPOSED ADOPTION OF THE
NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS			
- Total revenue for FY2025 of approximately RMB4,966.0 million (FY2024: approximately RMB3,770.5 million), year-on-year increase of approximately 31.7% - Profit for FY2025 of approximately RMB339.5 million (FY2024: approximately RMB276.2 million), year-on-year increase of approximately 22.9% - Basic earnings per Share for FY2025 of approximately RMB0.34 (FY2024: approximately RMB0.37), year-on-year decrease of approximately 8.1% - The Board recommended the payment of the final dividend of RMB0.075 per Share			
OPERATIONAL HIGHLIGHTS			
	For the year ended 31 March		Year-on-year
	2025	2024	change*
	(Tonne'000)	(Tonne'000)	
Sales volume			
Overall	2,345	1,734	35.2%
* Year-on-year change represents a comparison between the current year and the last year			

The Board is pleased to (i) announce its consolidated results of the Group for FY2025 together with the comparative figures for FY2024, as follows; and (ii) propose to amend the Existing Articles and to adopt the New Memorandum and Articles of Association, in order to, among others, (a) reflect and align with the legal and regulatory requirements, including the relevant requirements of the Listing Rules and the Companies Ordinance; (b) modernize and provide flexibility to the Company in relation to the conduct of general meetings; and (c) make certain other housekeeping changes (collectively, the “**Proposed Amendments**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	NOTES	Year ended 31 March	
		2025	2024
		RMB'000	RMB'000
Revenue	3	4,965,954	3,770,543
Cost of goods sold		(4,323,907)	(3,234,039)
Gross profit		642,047	536,504
Other income	4	20,400	9,218
Other gains and losses		5,526	5,593
Impairment losses under expected credit loss model, net of reversal		(3,993)	2,600
Distribution and selling expenses		(32,049)	(30,105)
General and administrative expenses		(137,045)	(93,398)
Research and development expenses		(34,831)	(30,932)
Listing expenses		–	(40,287)
Share of result of a joint venture		(26,702)	(5,992)
Finance costs	5	(19,980)	(19,597)
Profit before tax		413,373	333,604
Income tax expense	6	(73,889)	(57,410)
Profit for the year	7	339,484	276,194
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange difference arising on translation of a foreign operation		(1,827)	(4,589)
Total comprehensive income for the year		337,657	271,605
Profit for the year attributable to:			
– Owners of the Company		307,471	252,479
– Non-controlling interests		32,013	23,715
		339,484	276,194
Total comprehensive income for the year attributable to:			
– Owners of the Company		305,644	247,890
– Non-controlling interests		32,013	23,715
		337,657	271,605
Earnings per share	9		
– Basic (RMB)		0.34	0.37
– Diluted (RMB)		0.34	0.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

		As at 31 March	
	<i>NOTES</i>	2025	2024
		RMB'000	RMB'000
Non-current assets			
Plant and equipment		474,018	455,092
Right-of-use assets		156,745	144,004
Prepayments and deposits	<i>10</i>	59,248	9,851
Goodwill		12,069	12,069
Intangible asset		2,377	3,962
Interest in a joint venture		89,605	116,307
Deferred tax assets		4,697	3,699
		798,759	744,984
Current assets			
Inventories		183,157	449,326
Trade and other receivables and prepayments	<i>10</i>	3,180,445	2,428,151
Amounts due from joint ventures		19,412	18,520
Financial assets at fair value through profit or loss ("FVTPL")	<i>11</i>	82,758	—
Restricted cash		222,785	152,205
Bank balances and cash		750,804	812,343
		4,439,361	3,860,545
Assets classified as held for sale		8,356	—
		4,447,717	3,860,545
Current liabilities			
Trade and other payables	<i>12</i>	734,213	519,515
Contract liabilities		764,789	745,120
Tax liabilities		231,683	171,881
Borrowings	<i>13</i>	428,010	380,736
Lease liabilities		3,232	4,841
		2,161,927	1,822,093
Net current assets		2,285,790	2,038,452
Total assets less current liabilities		3,084,549	2,783,436

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued
AS AT 31 MARCH 2025

	<i>NOTE</i>	As at 31 March 2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital		64,496	63,861
Reserves		2,666,211	2,384,415
Equity attributable to owners of the Company		2,730,707	2,448,276
Non-controlling interests		186,038	167,416
Total equity		2,916,745	2,615,692
Non-current liabilities			
Deferred tax liabilities		2,400	2,783
Borrowings	<i>13</i>	154,334	164,427
Lease liabilities		11,070	534
		167,804	167,744
		3,084,549	2,783,436

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 November 2017 under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The controlling shareholder of the Company is Mr. Liu Guocai. The shares of the Company had been listed on the Main Board of the Stock Exchange on 21 March 2024.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of specialty potash-based fertilizers in the PRC.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS – continued

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year – continued

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* and related amendments to *Hong Kong Interpretation 5 (2020)* (the "2020 Amendments") and Amendments to HKAS 1 *Non-current Liabilities with Covenants* (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS – continued

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year – continued

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”) - continued

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The followings are the impact of the application of the amendments:

Borrowings which are subject to meeting certain covenants within 12 months from reporting date

The Group’s right to defer settlement for borrowings of RMB120,000,000 and RMB89,900,000 as at 1 April 2023 and 31 March 2024, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group’s other liabilities.

Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKAS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKAS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS – continued

Amendments to HKFRS Accounting Standards in issue but not yet effective – continued

- ¹ Effective for annual periods beginning on or after a date to be determined
- ² Effective for annual periods beginning on or after 1 January 2025
- ³ Effective for annual periods beginning on or after 1 January 2026
- ⁴ Effective for annual periods beginning on or after 1 January 2027

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group primarily recognises revenue from sales of specialty potash-based fertilizers in the PRC and recognises at a point of time. The Group purchases KCL from both overseas and domestic suppliers. The Group then processes majority of the purchased KCL for sales to its customers or use as raw materials for its manufacturing activities. Besides, part of the KCL, together with other raw materials, are used to manufacture into SOP and compound fertilizers for sales to customers. In addition, the Group also sources and resells KCL, SOP, NOP and compound fertilizers to customers without further manufacturing or processing.

3. REVENUE AND SEGMENT INFORMATION – continued

The Group also provides production services to its customers for processing the principal raw materials provided by customers into compound fertilizers in accordance with their product specifications. Revenue from provision of production services is recognised over time.

(i) Disaggregation of revenue from contracts with customers

Revenue by types of products or service

	Year ended 31 March	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of products		
KCL	4,372,941	3,166,130
SOP	464,500	438,190
NOP	7,138	2,348
Compound fertilizers	65,767	53,446
Others	32,871	86,444
	<u>4,943,217</u>	<u>3,746,558</u>
Provision of production services	<u>22,737</u>	<u>23,985</u>
Total	<u><u>4,965,954</u></u>	<u><u>3,770,543</u></u>

Timing of revenue recognition

	Year ended 31 March	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At a point in time	4,943,217	3,746,558
Over-time	<u>22,737</u>	<u>23,985</u>
Total	<u><u>4,965,954</u></u>	<u><u>3,770,543</u></u>

Revenue by types of customers

	Year ended 31 March	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
State-owned enterprise (“SOE”)	2,950,909	2,017,636
Non-SOE	<u>2,015,045</u>	<u>1,752,907</u>
Total	<u><u>4,965,954</u></u>	<u><u>3,770,543</u></u>

3. REVENUE AND SEGMENT INFORMATION – continued

(ii) Performance obligations for contracts with customers

The Group sells specialty potash-based fertilizers directly to its customers. Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been collected by customers or delivered from the Group's warehouses.

The Group provides production services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these production services based on the stage of completion of the contract using output method.

The normal credit term is 0 to 180 days upon delivery.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, is the consolidated results of the Group as a whole. No other discrete financial information is provided. Accordingly, the directors of the Company consider there is only one operating segment under the requirements of HKFRS 8 *Operating Segments*. In this regard, only entity-wide disclosures are presented.

No geographic information is presented as the revenue, non-current assets and operations of the Group are primarily derived from its activities located in the PRC.

4. OTHER INCOME

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Extra deduction of input value-added tax	13,902	–
Government grants (<i>Note</i>)	3,233	3,292
Bank interest income	2,055	4,473
Rental income	527	844
Others	683	609
	<u>20,400</u>	<u>9,218</u>

Note: The amounts mainly represented the incentive subsidies provided by the PRC government to encourage business operation in the PRC. There were no unfulfilled conditions attached to these grants and the Group has recognised the grants upon receipts.

5. FINANCE COSTS

	Year ended 31 March	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on borrowings	19,805	14,262
Interest expenses on loan from a related company	–	4,865
Interest expenses on lease liabilities	175	470
	<u>19,980</u>	<u>19,597</u>

6. INCOME TAX EXPENSE

	Year ended 31 March	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Income tax expense comprised of:		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	75,270	57,048
Deferred tax	(1,381)	362
	<u>73,889</u>	<u>57,410</u>

The Group is not subject to any income tax in the Cayman Islands pursuant to the rules and regulations in the jurisdiction.

No provision for Hong Kong Profits Tax as there is no assessable profit subject to Hong Kong Profits Tax for both years.

PRC EIT is calculated at the applicable rates of tax prevailing in the areas in which the Group operates, based on the existing legislation, interpretations and practices.

Pursuant to the PRC EIT law and its detailed implementation rules, the standard income tax rate is 25%. Besides, if the subsidiaries are qualified as high-technology companies (under the PRC EIT law), the subsidiaries are entitled to a reduced income tax rate of 15% and such qualification is subject to renewal every three years. Certain of group entities in the PRC are entitled to the reduced income tax rate of 15% for both years.

7. PROFIT FOR THE YEAR

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Profit for the year has been arrived at after charging		
Cost of inventories recognised as an expense	4,310,251	3,219,438
Amortisation of intangible asset	1,585	1,585
Depreciation of plant and equipment	45,837	44,644
Depreciation of right-of-use assets	8,283	9,073
Total depreciation and amortisation	55,705	55,302
Less: capitalised as cost of inventories	(36,745)	(37,235)
	18,960	18,067
Auditor's remuneration		
– Audit services	2,850	2,701
– Non-audit services	1,277	574
	4,127	3,275
Listing expenses	–	40,287
Staff costs (including directors' emoluments)		
– Directors' emoluments	9,175	6,117
– Salaries and other benefits	71,876	56,538
– Retirement benefit scheme contributions (excluding directors)	3,893	3,666
	84,944	66,321
Less: capitalised as cost of inventories	(22,828)	(25,363)
	62,116	40,958

8. DIVIDENDS

During the reporting period, a final dividend of RMB0.061 per share in respect of the year ended 31 March 2024 was declared to owners of the Company. The aggregate amount of the final dividend declared during the reporting period amounted to RMB55,445,000 and was paid to the shareholders of the Company in October 2024. There was no dividend declared or paid to the shareholders of the Company during the year ended 31 March 2024.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2025 of RMB0.075 (2024: RMB0.061) per ordinary share, in an aggregate amount of approximately RMB68,171,000 (2024: RMB55,445,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Earnings for the purpose of calculating basic and diluted earnings per share for the year attributable to the owners of the Company	307,471	252,479
	No. of Shares	No. of Shares
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	908,548,110	681,762,295
Effect of dilutive potential ordinary shares: Over-allotment options	30,456	676,230
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	908,578,566	682,438,525

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2024 has been determined based on the assumption that the share subdivision and capitalization issue had been effective on 1 April 2023.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Trade receivables	260,622	32,878
Unbilled receivables (<i>Note a</i>)	70,496	140,999
Less: allowance for credit losses	(18,796)	(14,803)
	<u>312,322</u>	<u>159,074</u>
Bills receivables	130,234	422,086
	<u>442,556</u>	<u>581,160</u>
Inventories prepayment (<i>Note b</i>)		
– third parties	2,616,974	1,758,736
– a joint venture	22,487	–
	<u>2,639,461</u>	<u>1,758,736</u>
Value-added tax receivables	42,799	50,169
Prepayments for plant and equipment	49,561	57
Other receivables, deposits and prepayments	65,316	47,880
	<u>2,797,137</u>	<u>1,856,842</u>
	<u>3,239,693</u>	<u>2,438,002</u>
Analysed as:		
Current	3,180,445	2,428,151
Non-current	59,248	9,851
	<u>3,239,693</u>	<u>2,438,002</u>

Notes:

- (a) Unbilled receivables represents accrued sales for goods delivered by the Group but yet to bill. The Group has unconditional right to the payment of the unbilled receivables which is expected to be billed within 180 days and received within 12 months from the end of the year.
- (b) As at 31 March 2025, the Group made inventory prepayment to various suppliers of approximately RMB1,019,000 (2024: RMB271,448,000) by endorsed billed for which the maturity dates of the bills receivables have not yet fallen due.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – continued

As at 1 April 2023, gross trade receivables and unbilled receivables from contracts with customers amount to RMB200,370,000 in aggregate.

The Group generally allows credit period ranging from 0 to 180 days. The Group will assess the credit quality of each potential customer and define rating and credit limit for each customer.

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Trade receivables		
Within 90 days	111,030	17,784
91-180 days	95,369	291
181-365 days	35,761	759
Over 1 year	1,086	1,784
	243,246	20,618

As at 31 March 2025, total bills received amounting to approximately RMB129,937,000 (2024: RMB412,307,000), was further discounted or endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of both years. All bills received by the Group are with a maturity period of less than one year (2024: one year).

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB132,216,000 (2024: RMB2,834,000) which is past due as at the reporting date. Out of the past due balances, RMB36,847,000 (2024: RMB2,543,000) has been past due for 90 days or more and is not considered as in default based on good repayment records for those customers. The Group does not hold any collateral over these balances.

11. FINANCIAL ASSETS AT FVTPL

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Unlisted investment funds (<i>Note</i>)	82,758	–

Note: During the year ended 31 March 2025, the Group invested in unlisted investment funds for short-term investment purpose. The return of investment funds is determined by reference to the return of their underlying investments.

Since the contractual cash flows of these financial assets do not represent solely the payments of principal and interest on the principal amount outstanding, the financial assets are measured at FVTPL.

The balance as at 31 March 2025 has been subsequently redeemed in full by the Group at an amount approximated to the fair value as at 31 March 2025.

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Trade payables	47,366	129,991
Bills payables	485,170	219,940
Other tax payables	160,360	128,794
Payables for plant and equipment	10,000	307
Amount due to a related company	7,755	–
Accrued employee expense	3,829	4,252
Payables for transportation costs	1,803	1,170
Accrued issue costs and listing expenses	–	18,480
Others	17,930	16,581
	<u>734,213</u>	<u>519,515</u>

The Group normally receives credit terms of 90 to 180 days from its suppliers. The following is an analysis of the trade and bills payables by age, presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Trade payables		
0 – 90 days	30,435	104,530
91 – 180 days	9,522	20,924
181 – 360 days	2,811	1,621
Over 1 year	4,598	2,916
	<u>47,366</u>	<u>129,991</u>

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Bills payables		
0 – 90 days	191,600	171,600
91 – 180 days	203,570	48,340
181 – 360 days	90,000	–
	<u>485,170</u>	<u>219,940</u>

Included in the trade and other payables, are RMB13,618,000 (2024: RMB22,882,000) which had been settled by endorsed bills for which the maturity dates of the bills receivables have not yet fallen due as at the end of the reporting period.

13. BORROWINGS

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Bank loans	314,990	320,800
Advance from banks on discounted bills receivables with full recourse	115,271	116,015
Other loans	152,083	108,348
	<u>582,344</u>	<u>545,163</u>
Analysed as:		
Current	428,010	380,736
Non-current	154,334	164,427
	<u>582,344</u>	<u>545,163</u>
Analysed as:		
Secured	513,594	465,163
Unsecured	68,750	80,000
	<u>582,344</u>	<u>545,163</u>
Carrying amount repayable* within one year and shown under current liabilities		
Bank loans	341,511	336,915
Other loans	86,499	43,821
	<u>428,010</u>	<u>380,736</u>
Carrying amount repayable* within a period of more than one year but not exceeding two years and shown under non-current liabilities		
Bank loans	88,750	99,900
Other loans	26,676	64,527
	<u>115,426</u>	<u>164,427</u>
Carrying amount repayable* within a period of more than two years but not exceeding five years and shown under non-current liabilities		
Other loans	38,908	—
	<u>582,344</u>	<u>545,163</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

13. BORROWINGS – continued

The Group had pledged the following assets to banks or a financial institution as securities against the banking facilities granted to the Group or the sales and leaseback transactions at the end of the reporting period:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Plant and equipment	204,644	85,037
Right-of-use assets	23,881	21,682
	228,525	106,719

The ranges of effective interest rates per annum (which are also equal to contractual interest rates) on the Group's borrowings and their carrying values are as follow:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Fixed-rate borrowings:		
Denominated in RMB (ranging from 3.75% to 7.33% as at 31 March 2025 (2024: 3.90% to 7.33%))	327,004	365,363
Variable-rate borrowings:		
Denominated in RMB (ranging from 2.30% to 4.90% as at 31 March 2025 (2024: 3.05% to 4.75%)) (<i>Note</i>)	255,340	179,800
	582,344	545,163

Note: For variable-rate borrowings denominated in RMB, the variable rates at range from 77% of Prime to 158% of Prime as at 31 March 2025 (2024: range from 88% of Prime to 138% of Prime). Prime is the prime rate in China, which is determined and announced by the People's Bank of China.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In FY2025, the Group continued to strengthen its position as a leading potash fertilizer company in China, achieving an increase of approximately 35.2% in overall sales volume of the products of the Group and the provision of production services, from approximately 1.7 million tonnes in FY2024 to approximately 2.3 million tonnes in FY2025. This growth is primarily attributable to the Group's unwavering commitment to product quality and a profound understanding of its customers' needs.

In line with the increase in sales volume, the Group's purchase volume of major raw material of KCL increased from approximately 1.5 million tonnes in FY2024 to approximately 1.9 million tonnes in FY2025. Having been in China's potash fertilizer business for more than 20 years, the Group has established comprehensive KCL procurement channels, enabling it to secure a stable supply of KCL from major overseas potash fertilizer producers at competitive costs and the Group is continuously expanding its market share to enhance its leadership in potash market.

Furthermore, in FY2025, the Group's revenue and profit for the year increased by 31.7% and 22.9% to approximately RMB4,966.0 million and approximately RMB339.5 million, respectively, as compared to that of FY2024 due to the increase in overall sales volume of the products of the Group and the provision of production services.

Future Prospects

Looking ahead, the Group aims to navigate market fluctuations by driving growth through innovation and expanding the Group's product offerings. The Group will continue exploring new markets to support the increasing global demand for high-efficiency fertilizers, while maintaining its focus on operational efficiency and customer satisfaction. The Group's strategic investments in new facilities and technologies are expected to enhance its supply capacity and bolster its position as a reliable partner in the agricultural industry. In line with these goals, the Group will continue to explore different investment opportunities, improve production capacity and bring values to the Group's customers in the PRC as well as in Asia, the Middle East and Europe.

The Group is planning to establish a subsidiary in Vietnam, which will operate a production facility (the "**Vietnam Facility**"). The Vietnam Facility is expected to cover the aforesaid emerging Asia markets. The Group has signed a memorandum of understanding for the Vietnam Facility to sublease the site and the Group is currently pursuing necessary local approvals and is addressing feedback from local authorities. In addition, the Group is evaluating and considering strategic business development opportunities in the Middle East. Such initiatives align with the Group's long-term global growth strategy, focusing on tapping into the overseas dynamic market potential, improving continuous technology utilization and innovation and fostering mutually beneficial collaborations.

Financial Review

Revenue

The Group's revenue for FY2025 consisted of sales of products and provision of production services. The following table sets forth a breakdown of the Group's revenue by (i) sales of each type of products and the provision of production services; (ii) types of customers; and (iii) sales volume, respectively, for the years indicated:

	For the year ended 31 March		Year-on-year change
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	
Sales of products			
KCL	4,372,941	3,166,130	38.1%
SOP	464,500	438,190	6.0%
NOP	7,138	2,348	204.0%
Compound fertilizer	65,767	53,446	23.1%
Others ⁽¹⁾	32,871	86,444	(62.0)%
	4,943,217	3,746,558	31.9%
Provision of production services	22,737	23,985	(5.2)%
Total	4,965,954	3,770,543	31.7%
	For the year ended 31 March		Year-on-year change
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	
Types of customers			
SOE	2,950,909	2,017,636	46.3%
Non-SOE	2,015,045	1,752,907	15.0%
Total	4,965,954	3,770,543	31.7%

	For the year ended 31 March		Year-on-year change
	2025	2024	
	Tonne'000	Tonne'000	
Sales volume			
Potash-based fertilizers ⁽²⁾	2,061	1,395	47.7%
Compound fertilizers ⁽³⁾	83	83	0.0%
Others ⁽¹⁾	201	256	(21.5)%
Total	2,345	1,734	35.2%

Notes:

- (1) Others mainly consist of HCL and fertilizer additive.
- (2) Potash-based fertilizers consist of KCL, SOP and NOP.
- (3) The sales volume of compound fertilizers includes both direct sales and volumes produced under production services arrangement.

During FY2025, the sales of KCL and SOP contributed the top two portions of the revenue of the Group, accounting for approximately 88.1% and 9.4%, respectively, of the total revenue of the Group (FY2024: approximately 84.0% and 11.6%, respectively). During FY2025, the sales to agribusiness companies and agricultural reclamation companies contributed approximately 82.2% and 14.0%, respectively, to the total revenue of the Group (FY2024: approximately 78.4% and 16.6%, respectively). The Group's revenue for FY2025 was approximately RMB4,966.0 million, representing an increase of approximately 31.7% from approximately RMB3,770.5 million for FY2024. The increase in revenue was primarily attributable to the increase of approximately 35.2% in overall sales volume of the Group.

Cost of Goods Sold

For FY2025, the cost of goods sold was approximately RMB4,323.9 million, representing an increase of approximately 33.7% from approximately RMB3,234.0 million for FY2024. This increase was primarily consistent with the increase in overall sales volume of the products of the Group and the provision of production services.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by approximately 19.7% from approximately RMB536.5 million for FY2024 to approximately RMB642.0 million for FY2025. Gross profit margin decreased from approximately 14.2% for FY2024 to approximately 12.9% for FY2025. The decrease in gross profit margin was primarily due to lower market price for most period of FY2025.

Other Income

Other income of the Group increased by approximately 121.7% from approximately RMB9.2 million for FY2024 to approximately RMB20.4 million for FY2025. This increase was primarily due to an extra deduction of input value-added tax, which increased by approximately RMB13.9 million in FY2025.

Other Gains and Losses

Other gains and losses, net of reversal of the Group remained relatively stable from a gain of approximately RMB5.6 million for FY2024 to a gain of approximately RMB5.5 million for FY2025.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

The Group recognised an impairment loss of approximately RMB4.0 million for FY2025, primarily attributable to the increase in trade and unbilled receivables resulting from increased revenue during FY2025. The Group recognised a reversal of impairment loss, net, of approximately RMB2.6 million for FY2024 due to the decrease in trade receivables balances in FY2024.

Distribution and Selling Expenses

Distribution and selling expenses of the Group slightly increased to approximately RMB32.0 million for FY2025, compared to approximately RMB30.1 million for FY2024, due to the increase in revenue of the Group.

General and Administrative Expenses

General and administrative expenses of the Group increased by approximately 46.7% from approximately RMB93.4 million for FY2024 to approximately RMB137.0 million for FY2025, primarily due to the increase in business travelling expenses, payroll and welfare and professional fees, which were in line with the business development of the Group.

Research and Development Expenses

Research and development expenses of the Group increased by approximately 12.6% from approximately RMB30.9 million for FY2024 to approximately RMB34.8 million for FY2025 as the Group continued to invest in research and development activities.

Listing Expenses

The Group incurred no listing expenses for FY2025 compared to approximately RMB40.3 million for FY2024 upon the Group's listing in March 2024.

Share of Result of A Joint Venture

The Group's share of results of a joint venture increased by approximately 345.6%, increasing the loss from approximately RMB6.0 million for FY2024 to approximately RMB26.7 million for FY2025, primarily due to a decrease in sales volume of fertilizer products of the joint venture and an increase in the share of loss of approximately RMB17.4 million arising from an impairment loss made on plant and equipment recognized by its joint venture.

Finance Costs

Finance costs of the Group increased by approximately 2.0% from approximately RMB19.6 million for FY2024 to approximately RMB20.0 million for FY2025, primarily due to an increase in overall borrowings of the Group in FY2025.

Income Tax Expense

The income tax expenses of the Group increased by approximately 28.7% from approximately RMB57.4 million for FY2024 to approximately RMB73.9 million for FY2025, mainly attributable to (i) an increase in profit before tax; and (ii) a consistent effective tax rate.

Profit for FY2025

The net profit of the Group for FY2025 was approximately RMB339.5 million, representing an increase of approximately 22.9% as compared with approximately RMB276.2 million for FY2024. This increase was mainly due to the following reasons: (i) an increase in the Group's revenue and gross profit; (ii) a decrease in listing expenses after the Group's listing in March 2024; and partially offset by (iii) an increase in general and administrative expenses related to business development; and (iv) an increase in share of loss of a joint venture.

Liquidity and Capital Resources

The Group's total cash and restricted cash balances increased from approximately RMB964.5 million as at 31 March 2024 to approximately RMB973.6 million as at 31 March 2025. The Group maintained sufficient bank balances and cash to meet its operational needs.

As at 31 March 2025, the current assets of the Group amounted to approximately RMB4,447.7 million, primarily consisting of trade and other receivables and prepayments of approximately RMB3,180.4 million, and cash and restricted cash balances of approximately RMB973.6 million. As at 31 March 2025, the current liabilities of the Group amounted to approximately RMB2,161.9 million, primarily consisting of contract liabilities of approximately RMB764.8 million and trade and other payables of approximately RMB734.2 million. As at 31 March 2025, the current ratio (the current assets to current liabilities ratio) of the Group was approximately 2.1 (31 March 2024: approximately 2.1).

As at 31 March 2025, the borrowings of the Group amounted to approximately RMB582.3 million (31 March 2024: approximately RMB545.2 million). The increase in borrowings was mainly attributable to an increase in other borrowings from sale and leaseback arrangements in relation to machinery leases. During FY2025, the Group newly obtained and repaid bank loans and other loans of approximately RMB469.9 million and approximately RMB316.8 million, respectively (FY2024: approximately RMB545.0 million and approximately RMB264.2 million, respectively).

As at 31 March 2025, the gearing ratio of the Group, which was calculated on the basis of the amount of total debt as a percentage of the total equity attributable to owners of the Company, was approximately 21.3% (31 March 2024: 22.3%). The Group maintained a stable gearing ratio to balance its financial leverage and support business development.

Capital Expenditures

For FY2025, the capital expenditures of the Group amounted to approximately RMB119.8 million, which were primarily used for construction and development of a warehousing and production centre of the Group in Heilongjiang Province, the PRC.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2025.

Pledge of Assets

As at 31 March 2025, the aggregate carrying value of the plant and equipment, right-of-use assets and restricted cash of the Group pledged for the Group's bills payables and/or deposits for letter of credits and/or the sale and leaseback transactions was approximately RMB451.3 million (31 March 2024: approximately RMB258.9 million).

Future Plan for Material Investments and Capital Assets

Save as disclosed in the Prospectus and this announcement, the Group did not have other plans for material investments and capital assets.

The Group will continue to explore different investment opportunities that will add value, with future plans focused on enhancing production capacity and operational efficiency. In the event that the Group makes material investments in the future, further announcement(s) will be made by the Company as and when appropriate and necessary.

Significant Investments, Material Acquisitions and Disposals

Save as disclosed in this announcement, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Board for other material investments or additions of capital assets during FY2025.

Foreign Exchange Risk Management

The functional currency of the Group is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. The Group also has certain cash and bank balances and financial assets at FVTPL denominated in United State dollars and Hong Kong dollars, which would expose the Group to foreign exchange risk. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

SIGNIFICANT EVENTS AFTER THE YEAR END

The Group did not have any significant events after 31 March 2025 and up to the date of this announcement.

USE OF PROCEEDS

On 21 March 2024, the Shares were listed on the Stock Exchange, with 225,000,000 Shares issued at an offer price of HK\$4.08 per Share. An additional 8,940,000 Shares were issued at the same price pursuant to the partial exercise of the over-allotment option on 17 April 2024. The net proceeds from the listing of the Shares on the Stock Exchange and the net proceeds from the partial exercise of the over-allotment option (after deducting underwriting fees and other related expenses) amounted to approximately HK\$798.6 million (the “**Net Proceeds**”).

As disclosed in the Company's announcement dated 22 October 2024 and the supplemental announcement dated 8 November 2024, to utilize the Net Proceeds more efficiently and facilitate the Group's development, the Board resolved on 22 October 2024 to change the use of the Net Proceeds, considering the infeasibility of the original plan to establish the New Sichuan Production Facility, the Group's need and strategy to expand in Asia and the industrialization of the Group's research achievements. In particular, the funds originally designated for the “New Sichuan Production Facility” were allocated to the “Vietnam Expansion”, and the scope of the “Upgrading and Replacement of Equipment and Machinery” was broadened to cover upgrades of and for all production facilities of the Group other than the Vietnam Facility.

The following table sets forth a summary of the utilization of the Net Proceeds as at 31 March 2025:

Intended Use of Net Proceeds	Purpose for Which They Are Used	Revised Allocation of Net Proceeds HK\$'000	Approximate Percentage of Net Proceeds %	Utilized Amount from the Listing Date to end of FY2024 HK\$'000	Utilized Amount For FY2025 HK\$'000	Unutilized Amount as at 31 March 2025 HK\$'000	Expected Timeline for Utilization
Heilongjiang Warehousing and Production Centre	Construction of the Heilongjiang Warehousing and Production Centre, including land acquisition, railway connecting lines construction, facilities construction, equipment and machinery acquisition and installation, and miscellaneous costs	360,975	45.2	–	114,285	246,690	By 31 March 2026
Vietnam Expansion	Construction and development of the Vietnam Facility, including land acquisition, facilities construction, and equipment and machinery acquisition and installation	196,459	24.6	–	5,882	190,577	By 31 March 2027
Research and Development Centre	Funding for establishing the Group's R&D Centre in Sichuan Province, including land acquisition, construction costs and equipment and machinery acquisition	113,403	14.2	–	–	113,403	By 31 March 2026
Upgrading and Replacement of Equipment and Machinery	Upgrading of and for all production facilities of the Group other than the Vietnam Facility	47,917	6.0	–	23,546	24,371	By 31 March 2026
General Working Capital	Allocation for additional working capital and other general corporate purposes	79,862	10.0	–	79,862	–	Not Applicable
Total	–	<u>798,616</u>	<u>100.0</u>	<u>–</u>	<u>223,575</u>	<u>575,041</u>	

The expected timeline to use the Net Proceeds is based on the Directors' best estimation, barring any unforeseen circumstances, and it may be subject to change based on the future development of market conditions.

EMPLOYEE REMUNERATION AND RELATIONS

As at 31 March 2025, the Group had a total of 428 employees. The total staff cost for FY2025 was approximately RMB84.9 million, as compared to approximately RMB66.3 million for FY2024. The remuneration packages of the Group's employees are determined with reference to individual qualification, experience, performance, contribution to the Group and prevailing market rate. The Group remunerates its employees with basic salaries as well as performance-based bonuses. The Group participates in a variety of social security plans for its employees that are administered by PRC local governments, including housing, pension, medical insurance and unemployment insurance, and the Group made contributions to employee benefit plans for its employees as required by local authorities in accordance with applicable PRC laws and regulations in all material respects.

To ensure equal opportunities for all the Group's employees, the Group has implemented merit-based promotion mechanism. The Group examines its employees' performance regularly and promotes its employees based on their job performance. The Group also provides its employees with a variety of trainings, which are tailored to each job functions and a set of responsibilities to enhance performance. Furthermore, the Group has established a labor union for its employees, and each production facility has a labor union head to collect feedback from local employees.

PAYMENT OF FINAL DIVIDEND

Having taken into account the performance of the Group for FY2025, the Board has resolved to recommend the payment of a final dividend of RMB0.075 per Share for FY2025 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 2 September 2025. The total amount of the proposed final dividend is approximately RMB68.2 million. Subject to the approval of the Shareholders at the AGM, the proposed final dividend will be paid in HK\$, with the amount to be converted based on the median exchange rate of RMB to HK\$ published by the People's Bank of China on the ex-dividend date. The proposed final dividend is expected to be paid on or before Friday, 10 October 2025.

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Any amount of dividends the Company pays will be at the discretion of the Directors and will depend on the Group's future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that the Board may deem relevant.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 22 August 2025. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain the Shareholders' entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 19 August 2025 to Friday, 22 August 2025, both days inclusive, during which period no transfer of Shares will be registered and the record date will be on Friday, 22 August 2025. All Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 18 August 2025.

In order to ascertain the Shareholders' entitlements to the proposed final dividend (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Thursday, 28 August 2025 to Tuesday, 2 September 2025, both days inclusive, during which period no transfer of Shares will be registered and the record date will be on Tuesday, 2 September 2025. All Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 August 2025.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code as its own code of corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Corporate Governance Code during FY2025, save for deviation from code provision C.2.1 of the Corporate Governance Code. The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. The Group does not have a separate chairperson and chief executive officer as Mr. Liu Guocai currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively given that (i) decisions to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of six Directors and the Group believes there is sufficient check and balance on the Board; (ii) Mr. Liu Guocai and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of the Company and will make decisions of the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of the Group. The Board will continue to review and consider splitting the roles of chairperson of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout FY2025.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three members, namely, Mr. Chen Guofu, Ms. Huang Shasha and Ms. Qing Meyerson, all of whom are independent non-executive Directors. Ms. Qing Meyerson is the chairperson of the Audit Committee. The Audit Committee has reviewed the Company's consolidated annual results for FY2025 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters. The annual results for FY2025 have been prepared in accordance with HKFRS.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2025 as set out in this annual results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 26 June 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules), if any) during FY2025. As at 31 March 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.migaogroup.com). The annual report for the year ended 31 March 2025 containing all the information by the Listing Rules will be available on the same websites in due course, and will be dispatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

PROPOSED AMENDMENTS TO THE EXISTING ARTICLES AND PROPOSED ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to put forward to the Shareholders a special resolution to amend the Existing Articles by adopting the New Memorandum and Articles of Association with the Proposed Amendments incorporated in substitution for, and to the exclusion of, the Existing Articles. The major areas of the Proposed Amendments include: (i) to expressly allow the Company to hold general meetings as hybrid meetings, provide E-voting, and improve the efficiency of electronic dissemination of corporate communications to maintain the New Articles' consistency with the expansions of the Stock Exchange's paperless listing regime and amendments to the Companies Ordinance; (ii) to bring the New Articles up-to-date and enhance of clarity and flexibility in line with the Listing Rules and the Companies Ordinance; and (iii) to update and tidy up definitions and other references and make other housekeeping amendments, including consequential amendments in line with the above amendments.

The Proposed Amendments by way of the adoption of the New Memorandum and Articles of Association is subject to the approval of the Shareholders by way of special resolution to be considered and, if thought fit, passed at the AGM.

A circular containing, among other things, further details of the Proposed Amendments, together with a notice convening the AGM and the proxy form, will be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company proposed to be held on Friday, 22 August 2025
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company as constituted from time to time or as the context may require the majority of Directors present and voting at a meeting of the Directors at which a quorum is present
“China” or “PRC”	the People’s Republic of China excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Company”	Migao Group Holdings Limited (米高集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 21 November 2017
“compound fertilizer”	a kind of fertilizer with three-components, providing nitrogen, phosphorus and potassium. Compound fertilizer can be used for balanced fertilization and can increase the utilization rate of fertilizers
“Corporate Governance Code”	code on corporate governance contained in Appendix C1 to the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Director”	any director of the Company from time to time
“Existing Articles”	the amended and restated articles of association of the Company as adopted by a special resolution passed on 28 February 2024 and effective on the date on which the Shares were listed on the Main Board of the Stock Exchange
“FVTPL”	the fair value through profit or loss
“FY2024”	the Company’s financial year ended 31 March 2024
“FY2025”	the Company’s financial year ended 31 March 2025
“Group”	collectively, the Company and its subsidiaries
“HCL”	hydrochloric acid, an aqueous solution of hydrogen chloride, belonging to one-component inorganic strong acid, which is an important part of the chlor-alkali industry and is widely used in industrial fields

“HK\$”, and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HKFRS”	Hong Kong Financial Reporting Standards
“KCL”	potassium chloride, a compound with the chemical formula KCl containing around 60% potassium oxide equivalent, which can be used as a fertilizer
“Listing Date”	21 March 2024
“Listing Rules”	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules
“New Articles”	the second amended and restated articles of association of the Company to be adopted by a special resolution to be proposed at the AGM
“New Memorandum and Articles of Association”	the second amended and restated memorandum and articles of association of the Company to be adopted by a special resolution to be proposed at the AGM
“NOP”	potassium nitrate, a compound with the chemical formula KNO ₃ containing potassium, oxygen, and nitrogen, which can be used as a fertilizer
“Prospectus”	the prospectus of the Company dated 13 March 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of a par value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“SOP”	potassium sulphate, a compound with the chemical formula K ₂ SO ₄ containing around 50% potassium oxide equivalent, which can be used as a fertilizer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“%” per cent

By Order of the Board
Migao Group Holdings Limited
Mr. Liu Guocai
Chairperson and Executive Director

Hong Kong, 26 June 2025

As at the date of this announcement, the Board comprises Mr. Liu Guocai, Mr. Sun Pingfu and Mr. Dong Benzi as executive Directors; and Mr. Chen Guofu, Ms. Huang Shasha and Ms. Qing Meyerson as independent non-executive Directors.