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CHINA XLX FERTILISER LTD.

中國心連心化肥有限公司 *

(Incorporated in Singapore with limited liability)

(Hong Kong Stock Code: 1866)

**ANNOUNCEMENT OF UNAUDITED BUSINESS UPDATE FOR
THE NINE MONTHS ENDED 30 SEPTEMBER 2025**

The board of directors (the “**Board**”) of China XLX Fertiliser Ltd. (the “**Company**”) hereby announces the unaudited business update of the Company and its subsidiaries (the “**Group**”) as of September 2025 (“**9M2025**”, or “**Reporting Period**”).

In the third quarter of 2025, the Group coordinated planned maintenance for its three major production bases, aligning with the progress of ongoing projects and product market trends. The maintenance focused on two key aspects: first, systematic inspections were conducted at the Jiujiang and Xinxiang bases to ensure seamless integration of new and existing equipment, in preparation for the commissioning of the Jiujiang Phase II project and the Xinxiang base’s new chemical materials project. Additionally, considering that the Xinjiang base’s polyoxymethylene production line has been operational for nearly a year since November 2024, maintenance was also carried out on its polyoxymethylene and melamine production lines to further enhance production efficiency.

Due to the maintenance, the Group’s product output experienced a temporary decline in the third quarter of 2025. Among these, urea, liquid ammonia, and DMF decreased by approximately 269,000 tonnes, a year-on-year (“**YoY**”) decline of approximately 19%, which consequently reduced the Group’s product sales volume during the same period. It is estimated that this impacted the Group’s total profit by approximately RMB226 million. Although the concentrated maintenance had a certain impact on the Group’s performance in the first three quarters, it improved the operating efficiency of core production equipment and production capacity release, laying a solid foundation for subsequent stable production and performance recovery. Meanwhile, the smooth commissioning of the Jiujiang Phase II Project facilitated further expansion of low-cost production capacity, providing strong support for the Group to strengthen market competitiveness and achieve long-term profit growth.

A. KEY FINANCIAL DATA AND PERFORMANCE INDICATORS

	Notes	Reporting Period (Unaudited) RMB'000	Same period last year (Unaudited) RMB'000
Revenue		17,962,803	17,419,724
Net profit		1,008,393	2,031,307
Net profit after deducting non-recurring gains and losses	1	1,060,674	1,307,834
Net profit attributable to owners of the parent		799,833	1,534,087
Net profit attributable to owners of the parent after deducting non-recurring items	1	841,763	965,743
Basic earnings per share (RMB cent/share)	2	65.1	126.1
Diluted earning per share (RMB cent/share)	2	64.7	124.7

In the first three quarters of 2025, the domestic fertiliser market continued its oversupply pattern, with urea prices remaining at a low level. This situation affected the gross profit of products in the first quarter of 2025, which decreased by 23% YoY, thereby dragging down the overall performance of the Group during the reporting period. Entering the third quarter of 2025, the release of the Group's core product capacity was constrained due to the concentrated maintenance of production bases. Coupled with the fact that such maintenance pushed up production costs, these two factors together led to an 11% YoY decline in the Group's overall gross profit for the first three quarters 2025.

To address industry challenges, the Group strengthened internal expense control. Excluding expenses related to equity incentives, the selling, general, and administrative (SG&A) expense-to-revenue ratio in the first three quarters of 2025 decreased by 1 percentage point YoY. While selling expenses rose due to positive growth in product sales volume, financial expenses, despite an expansion in loan scale, decreased by 10% YoY through replacing high-interest debt and securing low-cost financing, which effectively narrowed the interest spread during the period.

	End of the Reporting Period (Unaudited) RMB'000	At the beginning of the Reporting Period (Unaudited) RMB'000
Total assets	37,060,187	32,518,244
Net assets	13,045,605	12,521,787
Net assets attributable to the parent	9,753,067	8,961,166
Gearing ratio (%)	64.8	61.5

As of the end of the reporting period, the Group's total assets reached approximately RMB37.1 billion, a 20% increase as compared with the beginning of the period. This growth stemmed primarily from the expansion of production capacity and project guarantee fund disbursements, driving a 16% increase in fixed assets and a 41% increase in cash on hand respectively, as compared with the beginning of the period. However, the scheduled receipt of payments from the Tianxin Coal Mine equity disposal reduced other receivables by 14% as compared with the beginning of the period, partially offsetting the total asset growth.

Meanwhile, to support ongoing project construction and achieve the Group's long-term strategic goals, the Group secured low-cost medium- and long-term loans to meet project capital needs. Consequently, the increased loan scale raised the debt-to-asset ratio by 3.3 percentage points, though it remained within a safe range. As of the end of the Reporting Period, total loans grew by approximately RMB3.1 billion as compared with the beginning of the period, all being medium- and long-term loans.

On this basis, the Group optimized its financing costs and borrowing structure. The average loan interest rate fell by 0.6 percentage points to 3.2%, and the long-to-short-term borrowing ratio optimized from 6:4 to 7:3. Approximately 47% of the short-term loans were medium- and long-term project loans, which, in accordance with the repayment agreements, were rolled over into loans maturing within one year, reflecting a normal debt maturity transition. Short-term loans tied to the Group's three core business segments were relatively small and totaled only accounted for 9% of the total loan amount.

B. NOTES TO FINANCIAL DATA

1. *Items and amounts of non-recurring gains and losses*

	Reporting Period (Unaudited) RMB'000	Same period last year (Unaudited) RMB'000
Restricted share incentive scheme*	52,281	—
Investment income generated from the disposal of coal mine equity interests**	<u>—</u>	<u>796,869</u>

* To fully motivate the effectiveness of the Group's core key personnel, the Group implemented its first restricted equity incentive plan in June 2024. This plan is classified as an occasional transaction, and the management expenses recognized therefrom are treated as an item of non-recurring profit or loss.

** In the third quarter of 2024, the Group completed the transaction of disposing of the equity interest in Tianxin Coal Industry of Xinjiang Base, which generated an investment income of approximately RMB797 million, recognized as an item of non-recurring profit or loss. No such non-recurring transactions occurred during this Reporting Period.

2. *Share capital and treasury shares*

	The Group and the Company			
	Number of ordinary shares		Amount	
	Throughout the Reporting Period	Same period last year	Throughout the Reporting Period	Same period last year
Issued and fully paid	<u>1,283,241,000</u>	<u>1,285,217,000</u>	<u>1,532,781,493</u>	<u>1,434,347,998</u>

As of the Reporting Date, the changes in the number of the Group's ordinary shares (including treasury shares) as compared to the same period last year were attributable to the Group's implementation and completion of the repurchase and cancellation of 1,976,000 shares. Such actions were taken based on the Group's confidence in its own long-term development and growth potential, and for the purpose of further optimizing its equity structure.

Number of shares used in earnings per share calculation	Throughout the Reporting Period	Same period last year
Weighted average number of ordinary shares in issue	1,227,868,000	1,216,727,000
Effect of dilution on weighted average number of ordinary shares – the restricted share incentive scheme	<u>8,321,000</u>	<u>13,639,000</u>
Total	<u>1,236,189,000</u>	<u>1,230,366,000</u>

3. *Depreciation and amortisation*

	Group	
	Throughout the Reporting Period	Same period last year
	(Unaudited) <i>RMB'000</i>	(Unaudited) <i>RMB'000</i>
Depreciation of property, plant and equipment	1,327,086	1,169,212
Amortisation of intangible assets	37,336	31,160
Amortisation of right-of-use assets	9,662	1,476
Amortisation of long-term prepaid expenses	<u>15,987</u>	<u>4,306</u>
	<u>1,390,071</u>	<u>1,206,154</u>

C. Profitability of major segments and products

The Group's product structure is clearly defined. In the first three quarters of 2025, the revenue breakdown by segment was 57% from the fertilizer category, 38% from the chemical category, and 5% from other categories. The fertilizer segment continued to demonstrate its core strengths. On one hand, resource sharing across the Group's production bases enabled synergistic development of urea and compound fertilizers, further reinforcing cost advantages. On the other hand, increased promotion of high-end fertilizers, particularly humic acid-based products, boosted the share of high-margin products, ensuring that the fertilizer segment's gross margin grew quarter-on-quarter, even during a period of low prices.

Building on the fertilizer segment's strengths, the Group leveraged park resources, using low-cost synthetic ammonia and methanol as raw materials to drive chain-style development in the chemical business. Additionally, through flexible production strategies, the Group effectively mitigated the adverse impacts of industry cyclical fluctuations, resulting in a nearly 45% YoY increase in the chemical segment's gross margin.

(1) Revenue, gross profit and Gross profit margin by segment

	Sales revenue	Gross profit	Gross profit
	<i>RMB'000</i>	<i>RMB'000</i>	<i>margin</i>
			<i>(%)</i>
Fertiliser products			
Urea	4,543,775	1,013,253	22
Compound fertilisers	5,023,678	773,410	15
Vehicle urea solution	273,154	37,114	14
Humic acid	284,188	67,848	24
Sub-total	10,124,795	1,891,625	19
Chemical products			
Included: Melamine	548,791	174,735	32
DMF	796,884	136,061	17
Liquid ammonia	805,406	95,788	12
Polyformaldehyde	332,013	32,103	10
Methanol	2,533,760	184,405	7
Organic amine	367,488	24,622	7
Others	1,520,938	195,631	13
Sub-total	6,905,280	843,345	12
Other products	932,728	164,762	18
Total	17,962,803	2,899,732	16

(2) Analysis of changes in key products

1. Changes in selling prices of key products

	Throughout the Reporting Period (tax exclusive)	YoY Change (%)	Third Quarter (tax exclusive)	YoY Change (%)
Fertiliser segment				
Urea	1,703	-16	1,777	-8

As new industry capacity came online, market supply continued to increase. Meanwhile, downstream demand remained weak due to constraints from weather conditions and insufficient industrial demand utilization rates, maintaining a loose supply-demand balance that drove urea prices downward. As we have entered the off-season for fertilizer use in the fourth quarter of 2025, the Group will enhance gross profit margins and increase market competitiveness by intensifying the promotion of high-margin products such as compound fertilizers. Meanwhile, the Group effectively capitalized on export opportunities, driving a 1% quarter-on-quarter (“QoQ”) increase in urea prices through the boost from export activities.

Compound fertiliser	2,584	-4	2,540	-5
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To meet diverse market demands, the Group introduced differentiated products such as ammonium nitrate phosphate and calcium ammonium nitrate following the commissioning of its nitro-based fertilizer project. Due to the relatively lower market prices of these products, the overall selling price of compound fertilizers was reduced. Additionally, as urea prices declined, support for the prices of nitrogen-containing compound fertilizers weakened. Meanwhile, weather-related delays in agricultural demand further pressured compound fertilizer prices downward.

	Throughout the Reporting Period (tax exclusive)	YoY Change (%)	Third Quarter (tax exclusive)	YoY Change (%)
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Chemicals segment

Methanol	2,147	-2	2,064	-5
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On one hand, the operating rates of key downstream methanol facilities in the domestic market remained low, leading to weak market demand. On the other hand, influenced by factors such as geopolitics and overseas production capacity expansion, domestic methanol imports continued to grow, with a particularly notable 25% YoY increase in the third quarter of 2025. This intensified the supply-demand imbalance in the domestic methanol market, exerting downward pressure on methanol prices.

Melamine	5,367	-8	5,299	-5
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Influenced by factors such a sluggish demand from the downstream construction industry and limited support from raw material costs, domestic melamine prices continued to decline. As a result, some domestic supply shifted to overseas markets. However, international melamine prices also faced downward pressure due to the impact of additional supply.

DMF	3,565	-6	3,468	-1
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The DMF market saw a continued increase in supply, with industry capacity rising by approximately 5% YoY. However, the operating rates of the key downstream slurry industry remained low, and weak terminal market demand led to an overall oversupply in the DMF market. Meanwhile, declining upstream coal prices weakened cost support, collectively dragging down DMF selling prices.

2. *Changes in sales volume of key products*

	Throughout the Reporting Period (tonnes)	YoY Change (%)	Third Quarter (tonnes)	YoY Change (%)
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Fertiliser segment

Urea	2,668,000	-4	742,000	-19
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In the third quarter of 2025, maintenance at the Xinxiang and Jiujiang bases restricted urea production capacity, resulting in a combined output reduction of approximately 152,000 tonnes. This led to a 14% year-on-year decline in urea production, which was the primary reason for the sales volume decrease in the quarter.

Compound fertiliser	1,944,000	12	574,000	24
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The Group actively developed differentiated products to meet overseas market demands, successfully expanding into new overseas markets, such as South Korea and Mozambique, effectively boosting export growth. Additionally, the Group innovated marketing model to further leverage regional production capacity advantages, driving an 8% sales increase at the Guangxi and Jiujiang bases.

	Throughout the Reporting Period (tonnes)	YoY Change (%)	Third Quarter (tonnes)	YoY Change (%)
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Chemicals segment

Methanol	1,180,000	37	432,000	56
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Despite the Group's methanol output decreased by 6% YoY due to equipment maintenance, the Group leveraged integrating resources, prioritized the maintenance of strategic customer relationships, strengthened long-term contract cooperation with core customers such as PetroChina and Sinopec, and continuously enhanced customer stickiness, thereby ensuring a steady growth in sales volume.

Melamine	102,000	5	32,000	5
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Leveraging the benefits from preferential tariff policies, combined with the 16% competitive advantage in foreign trade selling prices, the Group adjusted its domestic and foreign trade business strategies, intensified efforts in overseas market development, and focused on expanding its market share in the EU. It successfully acquired new overseas customers from countries such as Germany and the Netherlands, driving a significant YoY increase of 86% in export volume.

DMF	224,000	-3	61,000	-25
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In the third quarter of 2025, the Jiujiang Base carried out a full-system maintenance. Affected by this, the DMF output decreased by 16,000 tons, down 8% YoY; among which, the single-quarter DMF output in the third quarter of 2025 dropped by 28% YoY. In response to the production capacity fluctuation during the maintenance period, the Group stocked up in advance according to the maintenance plan and actively digested the previous inventory by developing strategic partners. At the same time, it expanded overseas channels, smoothed out the export chain and added the Japanese market, effectively narrowing the decline in sales volume caused by production reduction due to maintenance.

3. *Changes in gross profit margin of key products*

	Throughout the Reporting Period (%)	YoY Change (percentage points)	Third Quarter (%)	YoY Change (percentage points)
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Fertiliser segment

Urea	22	Decreased by 7	27	Remain stable
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Despite a 7% YoY decrease in production costs driven by declining raw material coal prices, the overall gross margin declined as the decline in the average selling price exceeded that of the cost due to supply-demand dynamics. The increased proportion of foreign trade business helped lift the average urea selling price, promoting a significant recovery in the gross margin in the third quarter of 2025.

Compound fertiliser	15	Decreased by 2	14	Remain stable
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Affected by the potash fertilisers supply shortage early this year, the average price of raw material potash fertilisers in the first three quarters of 2025 increased by nearly 20% YoY, leading to a 1% rise in production costs. Under the pressure of the costs, the Group progressively ramped up sales of high-efficiency fertilisers, achieving a 17% YoY growth in sales volume. Supported by the profitability advantage of high-efficiency fertilizers, whose gross margin is 4 percentage points higher than that of ordinary fertilizers, the Group effectively drove a gradual improvement and maintained the stability in the gross margin of compound fertilizers.

	Throughout the Reporting Period (%)	YoY Change (percentage points)	Third Quarter (%)	YoY Change (percentage points)
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Chemicals segment

Methanol	7	Remain stable	5	Decreased by 2
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Through technical optimizations, the Group achieved a reduction in steam consumption per unit of approximately 37%, enabling a 2% decrease in production costs. Amid declining methanol prices, the reduction in production costs effectively mitigated the impact of its price weakness, supporting a stable gross margin for the methanol product. However, due to the maintenance at its bases in the third quarter of 2025, a periodic increase in expenses of labor, depreciation and other items gave rise to a slight QoQ decline in the gross margin.

Melamine	32	Increased by 2	34	Increased by 3
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Against the background of falling raw material coal prices, the Group achieved a production cost reduction of approximately 3% through the application of the dual-coal blending and co-firing technology. Meanwhile, benefiting from preferential tariff policies and price advantages in the foreign trade market, the gross margin of the melamine export business was 20 percentage points higher than that of the domestic business. By increasing the proportion of export orders, the Group effectively supported an overall improvement in the gross profit margin of melamine.

DMF	17	Increased by 7	13	Increased by 9
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The increase in the DMF gross margin stemmed from a 14% YoY decline in overall costs. The Group continued to advance technological upgrades and improved energy efficiency through equipment maintenance. Notably, the optimization of key energy consumption indicators such as steam, electricity, and alcohol usage directly contributed to a reduction of approximately 4% in production costs. Meanwhile, the continued weakness in raw material coal prices effectively led to an approximately 10% decrease in raw material costs.

D. PROGRESS OF PROJECTS UNDER DEVELOPMENT

Name of project under development	Location	Key products and production volume	Project progress	Advantages and prospects
Advanced chemical materials Project (Phase I)	Xinxiang Base	570,000 tonnes of synthetic ammonia	The project is progressing on schedule and in line with the plan. It is expected that the synthetic ammonia production line will be completed and reach trial operation conditions by the end of 2025	Capitalizing on the resource endowments within the Xinxiang base park, we will further expand production capacity scale, release economies of scale effects, and help effectively reduce the production costs of the urea production line at Xinxiang base park by approximately 12% through the introduction of other product categories for supplementation and adjustment
Zhundong Project (Phase I)	Zhundong, Xinjiang	160,000 tonnes of melamine 500,000 tonnes of high-efficiency compound fertilisers	The project is progressing as scheduled. It is expected to be put into production by the end of 2026	With abundant coal and electricity resource, raw material costs were 50% lower than in the Mainland. By deploying low-cost production capacity, the Group achieves industry-leading cost efficiency

Name of project under development	Location	Key products and production volume	Project progress	Advantages and prospects
Guangxi Project (Phase I)	Guigang, Guangxi	1.2 million tonnes of synthetic ammonia 950,000 tonnes of high-efficiency nitrogen fertilisers 650,000 tonnes of urea 1 million tonnes of high-efficiency compound fertilisers and water soluble fertilisers	Order of long-term equipment has been completed. With engineering and construction advancing concurrently, it is expected to be put into production in the first half of 2027	The project fills new nitrogen fertiliser capacity gaps in both regions, leveraging its solid brand foundation and the advantage of Pinglu Canal to enhance transport efficiency and reduce costs, which effectively expanding Southeast Asia market layout

The year 2025 is the pivotal year for the Group's project development in the next three years, as well as the peak period for capital expenditures. Our initial results have been evident in the Group's project development and in the release of production capacity. The Phase II project at the Jiujiang Base was successfully put in use in the third quarter of this year. Since its start-up, the project has maintained stable and orderly operations with strong performance in all process indicators, showcasing the Group's high-quality project management capabilities and the well-established operational expertise accumulated over 56 years in the fertilizer industry.

During the construction phase, the Group has further invested heavily in introduction and development of new technologies and processes. Building upon the existing advanced technologies, Jiujiang Phase II Project has undergone comprehensive technological upgrades. The adoption of more efficient, environmentally friendly, and energy-saving process technologies has both enhanced production efficiency and product quality and further driven cost savings. When urea is produced at full capacity, these technological upgrades have effectively reduced the comprehensive production costs of the Jiujiang base by approximately 10%, creating a solid foundation to navigate market fluctuations and steadily improve profitability.

In addition, the successful commissioning of the Jiujiang Phase II Project marks a solid step forward in our project development and sets a stage for the subsequent release of high-quality capacity. As this low-cost capacity is gradually released, the resulting economies of scale will help the Group further expand its market share and enhance the competitiveness and profitability of its products. Furthermore, our high-quality, differentiated product portfolio will meet the market's growing demand for high-efficiency fertilizers, thereby strengthening the Group's leading position in the industry.

Currently, the Group's core projects are still under construction. Under the "weekly tracking, monthly budgeting", the Group will maintain robust cash flow management to ensure the optimal allocation of resources. Meanwhile, we are striving to minimize financing costs and providing robust funding support for the efficient advancement of these projects.

E. OUTLOOK AND PROSPECTS

In the fourth quarter of 2025, the market has entered the traditional off-season for fertiliser use, with overall weak agricultural demand. However, the accelerated phase-out of outdated production capacity and the implementation of environmental protection policies are expected to ease the supply-demand imbalance, and the fertiliser market may remain in a low-level operation. From the perspective of industry development trends, driven by the policy orientation of ensuring food security and increasing per-mu yield, the rigid demand for fertilizers in agriculture will become more solid. In addition, with the acceleration of modern agriculture, the quality requirements for fertilizers are constantly raising. This created development opportunities for leading enterprises deeply engaged in high-end fertilizers.

Facing industry transformation and upgrading, the Group has always adhered to the strategic direction of "fertilizer as the base, high-quality development", consolidating core competitiveness. Leveraging the advantages of integrated synergy to upgrade to high-end urea, and establishing the "Xin Lian Xin" high-end brand to take humic acid as the core focus, relying on advantages in humic acid raw materials, technology, and performance, the Group strengthened targeted R&D to elevate product competitiveness, and further control end users, continuously strengthen service efforts, and enhance the market influence of high-end fertilizers through marketing transformation, leveraging brand effects to seize the high-end fertilizer market. At the same time, the Group uses existing products as raw materials to promote linked development in the chemical sector, integrating coal chemical, fine chemical, and green chemical R&D to develop new materials, forming chain-style industrial development, and precisely matching the needs of high-quality development in modern agriculture.

To ensure the implementation of strategic goals and support the construction of the Xin Lian Xin brand, the Group adopts “low cost + differentiation” as its core competitive strategy. On one hand, through technological innovation, efficient operations, and resource integration, we will improve allocation efficiency. In particular, relying on the operation of the Jiujiang Phase II project and the Xinxiang base chemical new materials project, we will further release economies of scale effects, thereby further consolidating our low-cost advantages; on the other hand, upholding the “customer-centered” marketing concept, we leverage product optimization combinations, performance upgrades, and customized R&D, innovate products and marketing models to meet the personalized needs of segmented customer groups, ultimately achieving dual enhancement of brand value and industrial scale, and steadily consolidating the Group’s leading position in the high-end fertilizer field.

By Order of the Board
China XLX Fertiliser Ltd.
Liu Xingxu
Chairman of the Board

24 October 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; the independent non-executive directors of the Company are Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Ong Wei Jin and Mr. Li Hongxing.

** for identification purpose only*