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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 reporting period (the "**Reporting Period**" or "**FY2025**") together with the comparative figures for the year ended 31 December 2024 ("**FY2024**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	**2025**	2024
		RMB'000	*RMB'000*
Revenue	*4, 5*	**25,352,471**	23,128,292
Cost of sales		**(21,544,460)**	(19,197,209)
Gross profit	*4*	**3,808,011**	3,931,083
Other income and gains	*5*	**410,639**	1,061,152
Selling and distribution expenses		**(744,066)**	(707,523)
General and administrative expenses		**(1,363,487)**	(1,323,800)
Other expenses		**(51,448)**	(71,348)
Finance costs	*6*	**(479,667)**	(495,041)
Impairment losses on financial assets		**(325)**	(19,711)
Share of profits of associates		**3,729**	1,624
Profit before tax	*7*	**1,583,386**	2,376,436
Income tax expense	*8*	**(280,355)**	(362,816)
Profit for the year		**1,303,031**	2,013,620
Profit for the year after deducting non-recurring gains and losses*		**1,303,031**	1,341,006
Profit attributable to:			
Owners of the parent		**932,020**	1,459,446
Non-controlling interests		**371,011**	554,174
Profit after deducting non-recurring profit or loss*			
Owners of the parent		**932,020**	921,144
Non-controlling interests		**371,011**	420,862
Earnings per share attributable to ordinary equity holders of the parent			
Basic *(RMB cents per share)*	*10*	**76**	120
Diluted *(RMB cents per share)*	*10*	**75**	118

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

* Excluding the gain on disposal of the Group's equity interest in its subsidiary, Tianxin Coal Mine.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		Group	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**29,067,405**	22,981,051
Right-of-use assets		**2,114,157**	1,892,449
Intangible assets		**117,282**	91,254
Goodwill		**74,753**	74,753
Equity investments at fair value through profit or loss		**6,708**	6,708
Prepayments for purchases of property, plant and equipment	*11*	**257,030**	880,221
Other assets		**52,485**	43,846
Deferred tax assets		**170,056**	165,020
Investments in associates		**63,737**	55,608
Pledged time deposits		**24,171**	26,584
Due from a related company		**–**	26
Total non-current assets		**31,947,784**	26,217,520
Current assets			
Due from related companies		**308**	1,540
Derivative financial instruments		**6,083**	7,056
Equity investments at fair value through profit or loss		**8,869**	7,830
Inventories		**1,958,328**	1,710,320
Trade and bills receivables	*12*	**1,077,222**	974,669
Prepayments	*11*	**1,081,100**	773,613
Deposits and other receivables	*16*	**1,095,311**	1,254,654
Pledged time deposits		**340,482**	602,031
Cash and cash equivalents		**1,199,482**	887,226
Contract assets		**45,459**	52,625
Other assets		**–**	29,160
Total current assets		**6,812,644**	6,300,724
TOTAL ASSETS		**38,760,428**	32,518,244

		Group	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
Current liabilities			
Due to related companies		**28,661**	36,591
Trade payables	*13*	**2,264,938**	1,581,482
Bills payable	*14*	**911,144**	806,179
Contract liabilities		**1,413,246**	1,228,535
Accruals and other payables		**2,871,474**	2,405,626
Income tax payable		**23,581**	23,360
Deferred grants		**25,263**	12,770
Shareholder's borrowing		**118,300**	–
Interest-bearing bank and other borrowings	*15*	**3,301,196**	5,267,226
Lease liabilities		**10,216**	6,192
Total current liabilities		**10,968,019**	11,367,961
NET CURRENT LIABILITIES		**(4,155,375)**	(5,067,237)
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,792,409**	21,150,283
Non-current liabilities			
Loan from non-controlling interests		**–**	128,200
Interest-bearing bank and other borrowings	*15*	**13,095,489**	7,588,086
Deferred grants		**273,825**	233,900
Deferred tax liabilities		**204,432**	194,685
Accruals and other payables		**852,241**	404,182
Lease liabilities		**170,123**	79,442
Total non-current liabilities		**14,596,110**	8,628,495
TOTAL LIABILITIES		**25,564,129**	19,996,456
NET ASSETS		**13,196,299**	12,521,788

	Group	
	2025	2024
	RMB'000	*RMB'000*
Equity attributable to owners of the parent		
Share capital	**1,532,781**	1,532,781
Special reserve	**354**	387
Statutory reserve fund	**1,427,942**	1,104,253
Treasury shares	**(76,476)**	(98,433)
Other reserve	**2,265,463**	2,115,646
Retained profits	**4,594,603**	4,306,533
Equity attributable to the parent	**9,744,667**	8,961,167
Non-controlling interests	**3,451,632**	3,560,621
TOTAL EQUITY	**13,196,299**	12,521,788
TOTAL EQUITY AND LIABILITIES	**38,760,428**	32,518,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**"). The registered office of the Company is located at 36 Robinson Road, #20-01 City House, Singapore 068877. 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, liquid ammonia, melamine, dimethyl formamide (DMF) and polyoxymethylene.

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

3.1 Standards issued but not yet effective

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 IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvement to IFRSs Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries and Small Entities without Public Accountability	1 January 2027
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale 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.

3.2 IFRS 1-18 Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, which replaces IAS 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 IAS 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 2025	Fertilizer			Chemicals								
	Urea	Compound fertilizer	Others	Methanol	Liquid ammonia	Methanol	DMF	Polyoxymethylene	Others	Other activities	Elimination	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Sales to external customers	6,827	6,921	618	3,665	1,408	730	1,119	406	2,249	1,409	-	25,352
Intersegment sales	2,884	1,549	223	3,173	1,197	151	2	-	405	774	(10,359)	-
Total revenue	9,711	8,470	841	6,838	2,605	881	1,121	406	2,654	2,184	(10,359)	25,352
Segment profit	1,406	842	108	312	195	277	219	76	146	227	-	3,808
Interest income												21
Unallocated other income and gains												390
Unallocated expenses, net												(2,156)
Finance costs												(480)
Profit before tax												1,583
Income tax expense												(280)
Profit for the year												1,303

	2025
	RMB'000
Other segment information:	
Loss on disposal of items of property, plant and equipment (note 7)	184
Depreciation of property, plant and equipment (note 7)	1,824,186
Amortisation of intangible assets (note 7)	16,378
Depreciation of right-of-use assets (note 7)	46,418
Capital expenditure*	6,020,248

* Guided by its development strategy for the next three years, the Group has steadily and orderly advanced large-scale development and project construction while ensuring financial safety and sound operations. The investment in new projects and new bases increased by approximately 24% year-on-year ("**YoY**").

During this period, the Group will continue to optimize its debt structure by securing medium- to long-term, including ten-year, low-cost financing to strengthen funding stability and ensure the orderly progress of existing construction projects. It is expected that by 2027, the Group will have completed construction and comissioning of all existing developments and improvement works, leading to a significant increase in industry influence.

4. OPERATING SEGMENT INFORMATION *(Continued)*

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

For the year ended 31 December 2024	Fertilizer			Chemicals								
	Urea	Compound fertilizer	Others	Methanol	Liquid ammonia	Melamine	DMF	Polyoxymethylene	Others	Other activities	Elimination	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Sales to external customers	7,306	5,994	721	2,678	1,206	740	1,192	31	2,066	1,195	–	23,128
Intersegment sales	1,754	873	252	2,950	912	208	7	–	573	536	(8,066)	–
Total revenue	9,060	6,867	973	5,628	2,118	948	1,199	31	2,639	1,731	(8,066)	23,128
Segment profit	1,804	896	159	230	213	201	125	10	37	256	–	3,931
Interest income												43
Unallocated other income and gains												1,018
Unallocated expenses, net												(2,121)
Finance costs												(495)
Profit before tax												2,376
Income tax expense												(363)
Profit for the year												2,014

	2024
	RMB'000
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.

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:

	2025	2024
	RMB'000	*RMB'000*
REVENUE	**25,352,471**	23,128,292
OTHER INCOME AND GAINS		
Interest income	**20,615**	42,945
Sales of by-products, water, electricity and steam	**116,148**	88,801
Government grants	**224,400**	153,786
Compensation income	**10,245**	8,129
Rental income	**1,376**	251
Gain on other investments	**1**	238
Gain on derivative financial instruments	**992**	1,202
Exchange gains	**877**	–
Gain on disposal of a subsidiary	**–**	739,532
Gain on right-of-use assets	**689**	–
Dividend income from equity investments at fair value through profit or loss	**170**	–
Income from financial assets at fair value through profit or loss	**2,226**	–
Others	**32,900**	26,268
Total other income and gains	**410,639**	1,061,152

6. FINANCE COSTS

The Group's finance costs are analysed as follows:

	2025	2024
	RMB'000	*RMB'000*
Interest on bank loans, other loans and bonds	**475,618**	490,255
Interest on lease liabilities	**4,049**	4,786
	479,667	495,041

7. PROFIT BEFORE TAX

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

	Group	
	2025	2024
	RMB'000	*RMB'000*
Cost of inventories sold	**21,544,460**	19,197,209
Depreciation of property, plant and equipment	**1,824,186**	1,605,043
Amortisation of intangible assets	**16,378**	15,635
Depreciation of right-of-use assets	**46,418**	45,481
Amortisation of other long-term assets	**18,343**	4,957
Expenses relating to short-term leases:		
Factories	**14,370**	10,125
Buildings	**799**	371
	15,169	10,496
Auditor's remuneration	**4,670**	6,136
Employee benefit expenses (including directors' remuneration):		
Salaries and bonuses	**1,624,497**	1,620,450
Pension scheme contributions (defined contribution scheme)	**228,634**	208,735
Benefits in kind	**147,135**	110,558
Share-based payment expense	**70,995**	67,519
	2,071,261	2,007,262
Impairment losses on financial assets	**325**	19,711
Impairment of goodwill	**–**	3,408
Impairment of inventories	**5,538**	19,913
(Gain)/loss on fair value changes of financial instruments through profit or loss, net	**(2,226)**	1,819
Loss on disposal of property, plant and equipment	**184**	14,926
Donations	**7,544**	6,106

8. INCOME TAX

The Company is incorporated in Singapore and is subject to an income tax rate of 17% (2024: 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% (2024: 25%). In 2025, seventeen (2024: seventeen) 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 2025 and 2024 are:

	Group	
	2025	2024
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**249,143**	364,547
(Over)/under provision in respect of prior years	**26,501**	(8,109)
Deferred income tax	**4,711**	6,378
Total tax charge for the year	**280,355**	362,816

9. PROPOSED FINAL DIVIDENDS

The Board recommended the payment of a final dividend of RMB32 cents per share for the year ended 31 December 2025 (the "**Proposed Final Dividend**") (2024: RMB26 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 2026. 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.

	2025	2024
	RMB'000	*RMB'000*
Proposed Final Dividend – RMB32 cents (2024: RMB26 cents) per ordinary share	**409,303**	333,643

In the 2025 financial year, with the trust from and strong support of all shareholders, the entire Group worked together with one heart. Not only did we achieve steady operating performance, but our share price also climbed to a record high and maintained stable trading, laying a solid foundation for the Group's subsequent capital market operations.

To effectively implement the Group's dividend policy for 2025 to 2027, repay the long-term support and trust of all shareholders, and send a positive signal to the capital market, the Group has decided, based on its actual operating results and future strategic planning, increase in 2025 dividend payout ratio, with dividend per share growing 23% YoY. This dividend distribution fully demonstrates the Group's sincerity and gratitude towards its shareholders, while also reflecting its strong confidence in its own long-term development.

Looking ahead, the Group will continue to uphold the principles of prudent operation and innovative development, continuously enhance its core competitiveness, strive to deliver superior performance, and reward the trust of our shareholders with returns, to the extent possible.

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 1,232,164,000 (2024: 1,215,658,000), as adjusted to reflect shares repurchased in 2025.

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

	2025	2024
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**932,020**	1,459,446

	2025	2024
	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	**1,232,164,000**	1,215,658,000
Effect of dilution – weighted average number of ordinary shares:		
– the Restricted Share Incentive Scheme	**15,308,080**	25,077,000
Total	**1,247,472,080**	1,240,735,000

11. PREPAYMENTS

	2025	2024
	RMB'000	*RMB'000*
NON-CURRENT		
Prepayments for purchases of property, plant and equipment	**257,030**	880,221
CURRENT		
Advance deposits to suppliers	**1,081,100**	773,613

12. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**718,634**	531,011
Bills receivable	**358,588**	443,658
Trade and bills receivables	**1,077,222**	974,669

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:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**421,276**	304,676
1 to 3 months	**146,253**	121,367
3 to 6 months	**50,412**	52,588
6 to 12 months	**100,693**	52,380
	718,634	531,011

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	
	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**1,831,392**	1,224,101
1 to 3 months	**215,117**	164,892
3 to 6 months	**93,028**	72,259
6 to 12 months	**70,890**	66,048
Over 12 months	**54,511**	54,182
	2,264,938	1,581,482

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 were secured by a fixed deposit of RMB195,788,000 (2024: RMB332,975,000).

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group	
	2025	2024
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**3,301,196**	5,127,278
In the second year	**7,695,531**	4,041,291
In the third to fifth years, inclusive	**4,482,907**	3,176,034
Beyond five years	**917,051**	350,695
	16,396,685	12,695,298
Loans from leasing company/finance lease payables:		
Within one year or on demand	**–**	139,948
In the second year	**–**	18,258
In the third to fifth years, inclusive	**–**	1,808
	–	160,014
	16,396,685	12,855,312

In 2025, the Group continued to optimise its borrowing structure with medium to long-term financing, with the ratio of long-term to short-term borrowings optimised from 6:4 in FY2024 of the period to 8:2, and enhancing further improvements in liquidity and capital structure, and a significant increase in working capital, up approximately 18% YoY. During the reporting period, the Group obtained new loans of approximately RMB3.5 billion, all of which were medium to long-term loans, with tenors of five to ten years representing 26%, effectively strengthening the Group's funding security. As at the end of the reporting period, the Group's interest-bearing borrowings maturing within one year amounted to approximately RMB3.3 billion, accounting for only 20% of the total loan amount, of which the rolling portion of medium to long-term borrowings accounted for 78%.

16. DEPOSITS AND OTHER RECEIVABLES

Deposits and other receivables decreased by approximately RMB160 million from approximately RMB1,255 million for FY2024 to approximately RMB1,095 million for FY2025. The decrease in deposits and other receivables was mainly due to the proceeds from the disposal of a coal mine collected in accordance with the agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

The Group has consistently adhered to the development strategy of "taking fertilizer as the foundation and pursuing high-quality development", centering on "low cost + differentiation", and deepening its focus on the core fertilizer business. While advancing capacity optimization and technological upgrades, the Group has accelerated marketing transformation and market expansion, ensuring stable operations under complex market conditions and providing growth potential for long-term sustainable development.

1. Advancing large-scale development to enhance production capacity and market advantages

The Group has continued to expand both production capacity and market scale by focusing on two core drivers: "project construction" and "marketing transformation". With the smooth commissioning of the Jiujiang Phase II project, low-cost, high-quality production capacity, effectively reduced the cost per ton of urea at the Jiangxi base by approximately 80 yuan. This has set a benchmark for the Group's large-scale project construction and overall capacity optimization layout. At the same time, the Xinxiang base chemical new materials project and the Zhundong new base are progressing according to plan. Once the production capacities of all five major production bases are fully completed, the Group's fertilizer market share is expected to increase by 6 percentage points.

On the marketing strategy, the Group has continued to implement its marketing transformation strategy, upholding the business philosophy of "customer-centric" operations. Leveraging a big data platform and collaborating with distributors, the Group provides systematic and differentiated farming solutions to end farmers, continuously strengthening brand influence and market recognition. In addition, with large synthetic ammonia bases as the core, the Group has established multiple compound fertilizer small-to-micro bases across the country. By capitalizing on the geographical advantages of being close to end markets, the Group has further built a nationwide marketing network.

(I) **BUSINESS REVIEW** *(Continued)*

2. Strengthening technological R&D to drive product structure upgrading

The Group has continued to increase R&D investment in response to market demand, with R&D expenditure in 2025 growing by 19% YoY. By establishing a Central Research Institute, the Group has concentrated superior resources to tackle core technological challenges, achieving breakthrough progress in key areas such as AI applications in the chemical industry, coal efficiency improvement, and energy recovery. At the same time, R&D platforms have been set up in Shanghai and Shenzhen to build a multi-layered R&D system, providing strong technical support for the high-end and differentiated iteration of products.

During the reporting period, the Group launched the "Product Competitiveness Enhancement Year" initiative. Leveraging its technological innovation advantages, the Group has not only consolidated the competitiveness of its core fertilizer business but also extended into the fine chemicals sector and steadily laid the groundwork for the new materials business. It has focused on developing high value-added products such as polyoxymethylene (POM), continuously cultivating new sources of performance growth and providing strong momentum for the Group's sustainable development.

3. Accelerating Digital Application and Enhancing Production Automation Levels

With "high-quality development" as the core focus, the Group is accelerating its digital and intelligent transformation. Through intelligent manufacturing upgrades, it continues to improve the automation, intelligence, and refined operation levels of its production lines.

Currently, the Xinxiang and Xinjiang bases have achieved "dark screen operation" (unmanned/black-screen operations). The compound fertilizer production line has introduced an industrial AI system to optimize nutrient regulation, resulting in an annual cost saving of approximately 1.5 million RMB per line. At the same time, the Group has made in depth application of big data a core strategy for its digital transformation. By integrating internal and external resources and focusing on customers' differentiated needs, it has standardized the entire process covering R&D and production, marketing services, and logistics delivery. This has enabled the establishment of an integrated collaboration mechanism, using data to drive business decision-making and management improvement, while continuously deepening the construction of intelligent factories.

(I) BUSINESS REVIEW *(Continued)*

4. Strengthening global positioning to enhance overseas market competitiveness

The Group has accelerated the implementation of its globalization strategy, with a deep focus on the Southeast Asian market. In 2025, the proportion of overseas revenue increased by 4 percentage points YoY, and the growth momentum of overseas business continued. Currently, the Thailand demonstration base has achieved mature operations and established a replicable market expansion model. Looking ahead, the Group will progressively expand coverage to neighboring countries such as Vietnam and Laos. By leveraging its mature operational experience to deepen strategic cooperation with overseas clients, the Group will continue to enhance its brand awareness and market influence, further increase its overseas market share, and build a sustainable model for global business growth.

BUSINESS PERFORMANCE

In 2025, the domestic coal chemical industry faced severe overcapacity, with product prices under continuous downward pressure, which restrained overall industry performance growth. Against this challenging backdrop, the Group has steadfastly adhered to its core profitability model of "low cost + differentiation", continuously deepening cost reduction and efficiency improvement efforts as well as differentiated competitive advantages, thereby ensuring stable and sound overall operating quality.

During the reporting period, the Group intensified its marketing transformation efforts, focusing on customer needs to deliver differentiated services while implementing an integrated industrial-trade operation model. These initiatives effectively drove steady growth in product sales volumes, with particularly notable increases in compound fertilizers and methanol. At the same time, the Group capitalized on favorable export windows, actively expanded overseas markets, and significantly boosted overseas orders. The proportion of urea exports increased by 6 percentage points YoY. Overall sales volumes of core products rose substantially, driving revenue growth of 10% YoY.

(I) BUSINESS REVIEW *(Continued)*

BUSINESS PERFORMANCE *(Continued)*

In addition, the Group strengthened its low-cost syngas competitive edge through improvements in process efficiency, raw material supply optimization, and technological upgrades, further reducing costs in the fertilizer and chemical segments. During the reporting period, the Group fully implemented dual-coal co-firing technology and concurrently advanced targeted cost-reduction technical upgrades, effectively lowering production costs by 13% and achieving comprehensive energy consumption 10% below the industry average, thereby expanding product profit margins. Furthermore, the Group optimized its capital allocation, fully leveraging favorable macroeconomic conditions and policy incentives. By refinancing high-interest loans, securing tax benefits, and other measures, the Group reduced financial expenses by 3% while increasing other income by 32%, effectively mitigating market volatility and ensuring overall profitability met expectations.

During the reporting period, the Group acquired minority shareholders' equity, increasing the parent company's shareholding ratio by 2.59 percentage points to 82.77%. This further strengthened control over core businesses and drove a 1% YoY increase in net profit attributable to shareholders after deducting non-recurring items, achieving steady performance improvement.

(I) BUSINESS REVIEW *(Continued)*

(1) Profitability of Major Segments and Products

	Sales Revenue *RMB'000*	Gross Profit *RMB'000*	Gross Profit Margin *(%)*
Fertilizer products*			
Urea	6,827,418	1,405,856	21
Compound fertilizers	6,921,003	841,600	12
Urea solution for vehicle	359,742	50,680	14
Humic acid	258,430	57,610	22
Sub-total	**14,366,593**	**2,355,746**	**16**
Chemical products**			
Melamine	730,218	276,703	38
DMF	1,119,106	218,606	20
Liquid ammonia	1,408,349	194,537	14
Polyformaldehyde	405,758	76,070	19
Methanol	3,665,158	311,790	9
Other products	2,248,047	147,306	7
Sub-total	**9,576,636**	**1,225,012**	**13**
Other products***	**1,409,242**	**227,253**	**16**
Total	**25,352,471**	**3,808,011**	**15**

(1) ***Profitability of Major Segments and Products*** *(Continued)*

**** Fertilizer products***

The Group has consistently focused on its core fertilizer business, continuously strengthening the core competitiveness of its urea products. By leveraging low-cost competitiveness and differentiated R&D, the Group has ensured the steady operation of its core fertilizer business, achieving a 2% YoY increase in revenue. The Group has fully capitalized on its low-cost syngas advantage and adopted international advanced urea production technology, resulting in a 12% reduction in energy consumption and raw material usage per ton compared to the previous period, which is 10% lower than the industry average; Furthermore, with the construction and commissioning of new urea production capacity, economies of scale have become increasingly evident, resulting in a 15% YoY reduction in unit fully loaded costs and further solidifying our low-cost advantage. It is projected that once full production capacity is realized, further cementing our leading position in terms of scale within the industry and laying the foundation for our global strategic expansion.

The Group continues to step up R&D efforts in high-efficiency fertilizers. Focusing on soil types, crop requirements, and product performance, we are prioritizing the development of high-efficiency fertilizers such as humic acid-based and controlled-release formulations, which has effectively driven a 10% YoY increase in sales of high-efficiency fertilizers; At the same time, by leveraging a "one-head-multi-tail" flexible production model—using our own high-efficiency urea as the core nitrogen source—we have developed a series of high-efficiency compound fertilizers. This approach not only improves the resource utilization efficiency of our urea facilities but also drives the overall value growth of the chemical fertilizer segment.

***** Chemical Products***

In the financial year 2025, the Group fully leveraged the resource advantages of its industrial park to continuously extend its product chain. Building on established fine chemical products such as melamine and DMF, the Group continuously diversified its product portfolio. By establishing a polyformaldehyde product line and expanding into new materials markets, the Group drove the diversification and upgrading of its product structure. At the same time, leveraging the advantages of its integrated industry-and-trade model, the Group effectively drove a significant increase in sales of basic chemical products such as methanol and liquid ammonia, resulting in a 21% YoY increase in segment revenue.

(I) BUSINESS REVIEW *(Continued)*

(1) Profitability of Major Segments and Products (Continued)

****** Other products***

Products of other types include the gas segment, the medical intermediates segment, and the smart equipment segment.

The gas segment has consistently adhered to the core strategy of "scaling up bulk gas operations and strengthening R&D in specialty gases." By utilizing waste gases generated during the Group's fertilizer production process, it achieves resource recycling and actively aligns with the national policy of green and low-carbon development. At the same time, the segment continues to intensify its efforts in new product R&D, with a particular focus on developing electronic-grade ultra-high-purity gas products. Currently, the performance of the various new products developed by the division has met semiconductor industry standards, and the value-added of specialty gases continues to rise, effectively driving the segment's gross margin to 23%.

The medical intermediates segment has made significant progress in the field of biofermentation. Through talent recruitment and technological innovation, the Xinjiang Ruino Biofermentation Project at the Xinjiang base has successfully overcome the challenges of low output and high consumption encountered during the pilot production phase. Currently, the project's output has increased significantly, energy consumption metrics have improved, and costs have been reduced by 10%, driving an 8-percentage-point increase in the segment's gross margin. This breakthrough has further strengthened the Group's competitiveness in the traditional medical intermediates sector.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products

1. Changes in the Selling Prices of Major Products

	The Group		YoY
	2025	2024	change
	(RMB)	*(RMB)*	*%*
Fertilizer segment			
Urea	**1,745**	1,928	-10

At the beginning of the reporting period, the domestic urea market faced significant supply pressure, with declining raw material prices weakening support for urea prices. This led to subdued urea prices in the first quarter, which in turn dragged down the full-year average selling price. However, driven by more relaxed export policies and the release of winter storage demand, urea prices showed a quarterly recovery trend, with a particularly notable rebound in the fourth quarter, registering a 3% sequential increase.

Compound fertilizer	**2,539**	2,608	-3

During the reporting period, although raw material prices rose to some extent, the transmission of increased raw material costs to product prices was delayed due to national policies aimed at maintaining price stability and ensuring supply. This created periodic operating pressure characterized by "rising costs but falling selling prices." In addition, the postponement of end-farmers' fertilizer stockpiling cycles further limited the upside potential for compound fertilizer prices, resulting in a 3% YoY decline in the average selling price.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

1. Changes in the Selling Prices of Major Products (Continued)

	The Group		YoY
	2025	2024	change
	(RMB)	*(RMB)*	*%*
Chemical segment			
Methanol	**2,081**	2,177	-4

During the reporting period, the domestic economy continued its steady recovery, driving the average capacity utiligation rate of methanol plants up to 87%, with production capacity gradually recovering. At the same time, influenced by geopolitical factors, methanol imports from the Middle East reached a record high, resulting in an overall increase in market supply. In addition, the recovery of traditional downstream demand fell short of expectations, further highlighting the supply-demand mismatch and exerting downward pressure on methanol prices.

Liquid ammonia	**2,146**	2,583	-17

In 2025, a significant amount of new liquid ammonia production capacity construction was completed, with previously idled units gradually resuming operations. This was compounded by some urea producers switching to liquid ammonia production due to losses, leading to a marked increase in supply pressure. Furthermore, factors such as sluggish demand growth and weakened cost support collectively contributed to downward pressure on liquid ammonia prices.

Melamine	**5,299**	5,699	-7

During the reporting period, although the domestic economy experienced moderate recovery, the real estate market continued its downward trend, dragging down performance in core downstream industries such as wood-based panels and coatings. The industry average operating rate remained below 50%, and market demand stayed persistently weak. Combined with reduced support from raw material costs, these factors placed ongoing downward pressure on melamine prices.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

1. Changes in the Selling Prices of Major Products (Continued)

	The Group		YoY
	2025	2024	change
	RMB	*RMB*	*%*
Chemical segment			
DMF	**3,530**	3,787	-7

In recent years, domestic DMF production facilities have been successively commissioned, with new capacity increasing year by year and overall industry supply continuing to rise. However, demand from the downstream slurry industry has not kept pace, with average capacity utiligation rates remaining at only around 40%. This has resulted in an overall overcapacity situation in the DMF industry, which has continued to exert downward pressure on DMF prices.

Polyformaldehyde	**6,790**	9,139	-26

In 2025, the domestic polyoxymethylene market experienced structural overcapacity. As the Group entered the new materials sector for the first time, it adopted a low-price strategy to gain market share. At the same time, due to the commissioning and debugging of new facilities, product performance was temporarily unstable, leading to fluctuations in selling prices. Through maintenance and technical upgrades, the proportion of premium-grade products has now increased by 18 percentage points. Product quality and competitiveness are expected to improve steadily going forward.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

2. Changes in Sales Volume of Major Products

	The Group		YoY
	2025	2024	change
	('000 tons)	*('000 tons)*	*%*
Fertilizer segment			
Urea	**3,913**	3,789	3

To mitigate the adverse impact of falling prices, the Group fully capitalized on favorable export windows, expanded overseas orders, and focused on increasing the proportion of exports to Southeast Asia, resulting in substantial growth in export volumes. At the same time, with the smooth commissioning of the Jiujiang Phase II project, the construction of production capacity was completed. These factors together drove a 3% YoY increase in urea sales volume.

Compound fertilizer	**2,726**	2,299	19

In a market environment characterized by delayed cost-to-price transmission, the Group leveraged the advantages of its nationwide layout of small-to-micro bases, accelerated marketing transformation, and strengthened agrochemical services. This drove a 19% YoY increase in compound fertilizer sales volume. Notably, the proportion of sales from the Northeast base increased by 3 percentage points YoY, contributing significant incremental volume. In addition, the successful commissioning of the Guangxi base increased new production capacity, further supporting overall sales growth for the Group.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

2. Changes in Sales Volume of Major Products (Continued)

	The Group		YoY
	2025	2024	change
	('000 tons)	*('000 tons)*	*%*
Chemical segment			
Methanol	**1,762**	1,230	43

Under the integrated industrial-trade model, the synergistic development of in-house production and trading operations drove a substantial increase in sales volume. During the reporting period, the domestic economy continued its steady recovery, leading to improved operating rates in the chemical industry and gradual enhancement of downstream methanol demand. The industry demand growth exceeded supply growth. Against the backdrop of sustained market demand recovery, the Group flexibly adjusted methanol production volumes, resulting in a 24% YoY increase in self-produced sales volume. At the same time, the Group strengthened its regional layout and deepened strategic cooperation with leading downstream enterprises in East China and Central China, achieving a 36% YoY growth in trading volume and steadily boosting overall sales.

Liquid ammonia	**656**	467	41

With the smooth commissioning of the Jiangxi Base Phase II project, new production capacity was effectively operational. Leveraging its geographical advantage of proximity to southern markets, the Group successfully expanded into Southeast and East China regional markets while meeting the needs of its own industrial chain, driving a 5% YoY increase in self-produced liquid ammonia sales volume. In addition, the Group continued to expand its trading business footprint nationwide, opening up new markets and achieving a significant increase in trading volume, which effectively contributed to the overall growth in sales volume.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

2. Changes in Sales Volume of Major Products (Continued)

	The Group		YoY
	2025	2024	change
	('000 tons)	*('000 tons)*	*%*
Melamine	**138**	130	6

In the face of downward pressure in the melamine market, the Group leveraged the favorable advantage of enjoying low anti-dumping duty rates and continued to intensify efforts to expand overseas markets, with a particular focus on deepening penetration into the EU market. resulting in a substantial increase in annual export volume. This drove overall sales volume growth of 6% YoY, which effectively offset the adverse impact of price declines and also built a solid customer reserve in preparation for the commissioning of new production capacity at the Zhundong base.

DMF	**317**	315	1

Under a market environment characterized by supply-demand mismatch, the Group seized the opportunity presented by demand gaps in overseas markets and vigorously developed its DMF export business, successfully achieving its first breakthrough overseas DMF export order. At the same time, the Group continued to increase R&D efforts on DMF product performance, raising the premium-grade product rate to 99.9%, with product quality now fully capable of meeting the needs of various downstream industries. Leveraging its quality advantage, the Group actively expanded into the pharmaceutical sector. These efforts collectively drove a 1% YoY increase in sales volume, partially mitigating the performance pressure caused by falling prices.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

2. Changes in Sales Volume of Major Products (Continued)

	The Group		YoY
	2025	2024	change
	('000 tons)	*('000 tons)*	*%*
Chemical segment			
Polyformaldehyde	**60**	3	1,900

Polyoxymethylene, with its high hardness, excellent lubricity, and other superior properties, has become the preferred engineering plastic to replace steel in precision transmission components. It is widely used in industries such as automobiles, electronics and electrical appliances, and precision machinery. With continuous advancements in modification technology, the demand potential for POM has become even broader. The Group has continued its R&D efforts and technological breakthroughs. Following equipment maintenance and upgrades, product performance meets the premium grade standard, and product quality has been certified and recognized by leading high-end downstream enterprises. At the same time, the Group is developing a range of differentiated product models, supported by organizational coordination, to further strengthen the core competitiveness of its polyoxymethylene product line.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

3. Changes in Gross Profit Margin for Major Products

	The Group		YoY
	2025	2024	change
	%	*%*	*%*
Fertilizer segment			
Urea	**21**	25	Lowered 4

In a market environment characterized by declining coal prices, the Group strengthened energy-saving and consumption-reduction controls, achieving a 6% YoY reduction in production costs. However, the decline in the average selling price of urea exceeded the magnitude of the cost reduction, resulting in a YoY decrease in gross margin.

Compound fertilizer	12	15	Lowered 3

Influenced by international developments and geopolitical factors, prices of core raw materials—potash fertilizer and phosphate fertilizer—rose sharply by approximately 25%, and nearly 30%, respectively. This directly drove up compound fertilizer production costs by about 1%. Combined with the decline in average selling prices, these factors collectively placed pressure on the gross margin, leading to a YoY decrease.

(2) Analysis of Changes in Major Products (Continued)

3. Changes in Gross Profit Margin for Major Products (Continued)

	The Group		YoY
	2025	2024	change
	%	*%*	*%*
Chemical segment			
Methanol	**9**	9	Stable
Liquid ammonia	**14**	18	Lowered 4

The decline was primarily due to a 17% YoY drop in the average selling price. To hedge against downward price pressure, the Group continued to strengthen cost control measures. By implementing dual-coal co-firing technology in combination with declining procurement prices for raw coal, raw material costs were effectively reduced by 12%. At the same time, during the comprehensive overhaul process, process technologies were optimized, and projects such as system heat recovery and key equipment upgrades were implemented, further reducing steam and electricity consumption and achieving an approximate 2% YoY reduction in production costs.

Melamine	**38**	27	Increased 11

The increase was attributable to a substantial 21% YoY decline in average costs. On one hand, the Group continued to advance energy-saving and consumption-reduction technologies, reducing coal consumption per unit while leveraging strong bargaining power to secure strategic pricing agreements with suppliers, resulting in an approximate 19% reduction in production costs. On the other hand, the Group fully utilized park resources to increase self-generated electricity through waste heat recovery, effectively lowering electricity consumption and achieving an additional 2% cost reduction.

(I) BUSINESS REVIEW *(Continued)*

(2) Analysis of Changes in Major Products (Continued)

3. Changes in Gross Profit Margin for Major Products (Continued)

	The Group		YoY
	2025	2024	change
	%	*%*	*%*
Chemical segment			
DMF	**20**	11	Increased 9

Driven by a 16% YoY reduction in average costs, the gross margin increased significantly. On one hand, the procurement price of raw coal decreased YoY, directly reducing production costs by approximately 11%. On the other hand, the Group continued to promote technological upgrades, effectively lowering consumption of coal, electricity, and steam during the production process through technical modifications and efficiency improvements, further reducing production costs by approximately 5% YoY.

Polyformaldehyde	**19**	30	Lowered 11

Since it was put into operation at the end of 2024, the Group has taken cost optimization and quality improvement with efficiency enhancement as its objectives. It has continuously promoted technological iteration and management upgrading by carrying out maintenance and key technological upgrades on the production lines. As a result, product quality has improved significantly, and production consumption has decreased substantially. Among these, steam consumption and electricity consumption have been reduced by 20% and 18% respectively, while overall costs have decreased by 19% compared with the period before the maintenance. Despite the increasingly prominent cost advantages, the gross profit margin of polyoxymethylene (POM) has come under downward pressure due to the impact of a 26% YoY decline in the average selling price.

Other Income and Gains

In 2025, other income and gains amounted to approximately RMB411 million, representing a YoY decrease of approximately RMB650 million. This decrease was primarily due to the following: In 2024, the Group recognized an investment gain of approximately RMB740 million from the disposal of equity in its subsidiary Tianxin Coal Mine, whereas no such transactions occurred during the reporting period. This decrease was partially offset by growth in the following items: (1) With the expansion of production and operating scale, net profit from the sale of by-products such as water, electricity, and steam increased by approximately RMB27 million YoY; (2) Relevant government subsidies and grants increased by approximately RMB71 million and RMB2 million, respectively.

Selling and Distribution Expenses

In the 2025 financial year, selling and distribution expenses amounted to approximately RMB744 million, representing a YoY increase of approximately RMB36 million, or about 5%. The main reasons for the change are as follows:

(1) As the Group's business scale expanded, sales volumes of various products successfully achieved incremental targets. In particular, the fertilizer segment, driven by export business expansion and marketing model transformation, recorded an overall sales volume increase of 9% YoY. This led to corresponding increases in loading and unloading fees as well as port freight forwarding and inspection fees, which rose by approximately RMB30 million and RMB23 million YoY, respectively;

(2) As a core customer of railway transportation, the Group successfully secured and benefited from preferential railway transport policies, resulting in an average freight rate reduction of 36%. Leveraging this, the Group optimized its transportation structure by shifting a portion of road transport to rail transport, effectively reducing transportation costs and leading to a YoY decrease in related transportation expenses of approximately RMB13 million; and

(3) Adhering to the development philosophy of quality improvement and efficiency enhancement, the Group used comprehensive budgeting as a key tool to continuously improve capital utilization efficiency. Through measures such as optimizing meeting management and refining travel expense standards, expense control achieved significant results, with travel and conference expenses decreasing by approximately RMB4 million YoY.

General and administrative expenses

For FY2025, general and administrative expenses amounted to approximately RMB1,363 million, representing an increase of approximately RMB40 million or an increase of approximately 3% YoY. The changes were mainly attributable to the following factors:

(1) The Group focused on its high-quality development and digital transformation strategies, and continued to strengthen management empowerment and information technology development. Through engaging external professional teams to conduct training, optimising and upgrading system equipment, and accelerating digital transformation, the Group further enhanced the capabilities of its management team and improved management effectiveness and operational efficiency, resulting in a YoY increase in related service fee expenditures of approximately RMB19 million;

(2) The Group actively responded to the national policies on green development and fertilizer reduction with efficiency improvement, continuously increasing R&D investment in new, highly efficient, environmentally friendly differentiated products. Meanwhile, the Group carried out technological research in areas such as energy saving, consumption reduction, and comprehensive utilisation of resources. R&D expenses for the period increased by approximately RMB12 million YoY, further enhancing core competitiveness;

(3) With the substantial increase in the Group's business order volume, and in order to further increase the parent company's shareholding percentage, the acquisition of non-controlling interests during the reporting period resulted in a corresponding YoY increase in stamp duty of approximately RMB5 million; and

(4) In accordance with the vesting requirements of the Group's share incentive plan, the operating performance for the period met expectations and satisfied the vesting conditions of the equity plan. Based on the relevant principles for allocating and recognizing share-based payment expenses under the IFRSs, the share-based incentive expenses recognized for the period increased by approximately RMB4 million YoY.

As the Group's operational scale expanded and business volume grew, selling and administrative expenses increased accordingly. However, through a comprehensive budget management system, the Group implemented end-to-end, detailed optimization and control over these three expense categories, thereby enhancing the effectiveness of expense management while expanding its business scale. During the reporting period, the combined ratio of these three expense categories to operating revenue decreased by 1 percentage point YoY. The significant results of this cost control have provided strong support for the Group's stable operations and high-quality development.

Finance costs

For FY2025, finance costs amounted to approximately RMB480 million. Against the backdrop of supporting the implementation of the Group's strategy and increasing cash reserves, a 3% reduction was nevertheless achieved.

The Group fully capitalized on the favorable policy of the loan prime rate ("**LPR**") reduction by 0.1 percentage point. Through a strategy of "high-interest rate replacement combined with low-cost financing", the Group successfully reduced its overall average loan interest rate from 4.17% to 3.34%, achieving a cumulative reduction of approximately 0.83 percentage points.

During FY2025, the Group completed high-interest loan replacements totaling approximately RMB9.24 billion, whereby all prior high-interest financial lease loans were fully replaced, contributing to a 0.5 percentage point reduction in interest rates. Meanwhile, the Group actively secured medium to long-term low-cost funding, successfully introducing new national policy loans with a ten-year term at an interest rate as low as 3.0%, with certain newly added medium to long-term loans even priced at rates as low as 2.5%. These measures collectively drove a further 0.33 percentage point reduction in the overall interest rate, thereby further lowering the Group's comprehensive financing costs.

Income tax expense

Income tax expense in FY2025 was approximately RMB280 million, representing a decrease of approximately RMB83 million or 23% compared to approximately RMB363 million in FY2024.

Profit for the year

The profit for the year in FY2025 was approximately RMB1,303 million representing a decrease of approximately RMB711 million or approximately 35% compared to approximately RMB2,014 million for FY2024. After deducting the investment gain of approximately RMB673 million arising from the disposal of equity interests in Tianxin Coal Mine, the profit for the the year slightly decreased by 3% YoY.

(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.

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**2,264,938**	1,581,482
Bills payable	**911,144**	806,179
Contract liabilities	**1,413,246**	1,228,535
Accruals and other payables	**3,723,715**	2,809,808
Due to related companies	**28,661**	36,591
Loans from non-controlling interests	**118,300**	128,200
Interest-bearing bank and other borrowings	**16,396,685**	12,855,312
Lease liabilities	**180,339**	85,634
Less: Cash and cash equivalents	**(1,199,482)**	(887,226)
Pledged time deposits	**(364,653)**	(602,031)
Net debt	**23,472,893**	18,042,484
Equity attributable to owners of the parent	**9,744,667**	8,961,167
Less: Statutory reserve fund	**(1,427,942)**	(1,104,253)
Adjusted capital	**8,316,725**	7,856,914
Capital and net debt	**31,789,618**	25,899,398
Gearing ratio	**73.84%**	69.66%

The Group's liability-asset ratio (total liabilities divided by total assets) was 73.84% as at 31 December 2025, an increase of 4.2 percentage points from 69.66% YoY.

(III) PROSPECTS

Entering 2026, the domestic urea market as a whole exhibits a development trend characterized by "ample supply, stable demand, and export regulation." Although industry supply pressure persists, under the national policy guidance to ensure food production, the effective cultivated land area continues to expand, providing potential growth space for agricultural demand. At the same time, China is expected to continue relaxing export policies and may even increase export volumes to further optimize the market supply-demand structure and achieve phased improvements in urea supply-demand balance. In addition, with the domestic economy in a phase of mild inflationary recovery, rising energy prices will provide strong support for fertilizer prices, and the transmission effect on compound fertilizer prices will gradually become evident. Overall, fertilizer prices are expected to remain stable throughout the year, with potential for a steady upward trend in the first half, influenced by factors such as the peak agricultural demand season.

In recent years, China's domestic agricultural policies have vigorously promoted the construction of high-standard farmland, creating favorable opportunities for the Group to expand its business in precision fertilization and efficient fertilizer application. The Group will leverage its nationwide sales network and economies of scale to meet the fertilizer needs of farmers in different regions according to the farming seasons. At the same time, by relying on the high-efficiency fertilizer products developed and launched through its R&D efforts, the Group will align with the requirements of modern agricultural development. In particular, it will improve water-fertilizer integration fertilization models, accelerate innovation and upgrading of its marketing models, and fully align with the development trends of agriculture and the orientation of national industrial policies. These efforts will lay a solid foundation for the Group to achieve high-quality development.

In terms of project construction, the Phase I Chemical New Materials Project (570,000 tons of synthetic ammonia) at the Group's Xinxiang base has successfully entered the trial operation stage, with all indicators currently performing well. Through energy-saving modifications to key equipment and optimization upgrades to production processes, the project's production costs are expected to be approximately 8% lower than those of the Group's existing production lines. At the same time, the Phase I project at the Zhundong base is progressing steadily according to plan and is expected to be successfully commissioned by the end of this year. Leveraging the abundant low-cost local raw material resources, the project possesses significant cost advantages in feedstock. Upon commissioning, the Group's low-cost capacity scale and unit energy consumption levels will reach industry-leading standards, laying a solid foundation for subsequent large-scale development and enhanced market competitiveness.

(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.

(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 for the year ended 31 December 2025 remained unchanged from the overall price level in the previous year. Such inflation in the PRC did not have a significant effect on the Group's operating results.

(IV) SUPPLEMENTARY INFORMATION *(Continued)*

1. Operational and Financial Risks *(Continued)*

(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 2025, approximately RMB3,301 million (31 December 2024: approximately RMB5,267 million), or approximately 20.13% (31 December 2024: 40.97%) 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 2025 and 2024. The gearing ratio of the Group (calculated as net debt divided by the aggregate of total capital and net debt) increased from approximately 69.66% as at 31 December 2024 to approximately 73.84% as at 31 December 2025.

(IV) SUPPLEMENTARY INFORMATION *(Continued)*

2. Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities (2024: Nil).

3. Material Litigation and Arbitration

As at 31 December 2025, the Group was not involved in any material litigation or arbitration (2024: 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 2025 have been agreed by the Group's auditor, Ernst & Young LLP, to the amount set out in the Group's consolidated financial statements for FY2025. The work performed by Ernst & Young LLP in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 2025 have been reviewed by the Audit Committee.

6. Compliance with the Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance and has complied with all the code provisions set out in the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") throughout the year ended 31 December 2025.

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 2025.

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

For the year ended 31 December 2025, the Company repurchased 4,169,000 issued shares of the Company in total through the spot market of the SEHK at a total consideration of HK$28,375,458 (excluding transaction costs), with consideration per share ranging from HK$5.19 to HK$7.48. The shares repurchased during such period represented approximately 0.32% of the issued shares as at 31 December 2025. 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 2025

Month of repurchase	Number of shares repurchased	Purchase consideration per share: Highest price paid	Purchase consideration per share: Lowest price paid	Total consideration paid
		HK$	*HK$*	*HK$*
June	1,006,000	5.44	5.19	5,318,363
October	2,050,000	7.48	7.24	15,036,231
November	1,113,000	7.34	7.09	8,020,864
Total:	4,169,000			28,375,458

As at 31 December 2025, the Company held 4,169,000 treasury shares. These treasury shares are intended for future potential share award schemes or equity incentive schemes at an appropriate time, subject to market conditions and the Company's capital management strategy. During the year ended 31 December 2025, the Company did not sell or transfer any treasury shares.

9. Employees and Remuneration Policy

As at 31 December 2025, there were 12,964 (2024: 11,787) employees in the Group. During the reporting period, the Group's number of staff increased by 1,177 employees YoY. This growth was primarily driven by the completion of the equity acquisition of Henan Shenzhou Precision Manufacturing Co., Ltd. and the inclusion of its personnel structure within the scope of consolidation, resulting in 486 new employees. Excluding the impact of this newly acquired subsidiary, 691 employees through external recruitment, primarily to build talent reserves for major bases and projects, as well as to expand the R&D team. In particular, approximately 70% were highly educated professionals (including PhDs and master's degree holders), providing talent support for the Group's high-quality development.

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 2025 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, 27 March 2026

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. Ong Wei Jin and Mr. Li Hongxing.

* *for identification purpose only*