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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 2026**

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**”) for the nine months ended 30 September 2026 (“**9M2026**”, or “**Reporting Period**”).

The Group adhered to the development philosophy of fertiliser and chemical integration, during the Reporting Period, continued to refine the product mix, seize the market opportunities, and advance marketing transformation, thereby achieving an increase in both product volume and price. Its overall gross profit increased by 43% year-on-year (“YoY”), driving high-quality growth in operating results. With the Jiangxi Phase II Project and the New Chemical Materials Project commencing production on schedule, urea output increased by 780,000 tonnes YoY. Building on lower costs and higher volumes, the Group continued to optimise its product mix: sales volume of high-efficiency urea rose by 17% YoY and, with a gross profit per tonne RMB34 higher than that of ordinary urea, lifted the overall gross profit of urea by RMB450 million. Meanwhile, the Group continued to expand its overseas market presence and secured export quotas and export windows early, increasing urea export volume by nearly 100,000 tonnes YoY and further supporting overall growth in results.

In addition, the Group seized the opportunity presented by rising chemical product prices. Through flexible production, part of its surplus liquid ammonia was switched to methanol production. Leveraging the cost advantage of its integrated coal-to-methanol operations, the Group moved its chemical products into higher value-added areas and increased the proportion of differentiated products such as pharmaceutical-grade DMF and modified polyformaldehyde, achieving growth in both the volume and prices of chemical products. As a result, gross profit from chemical products for the first three quarters increased by RMB650 million, or 77%, YoY, maximising profitability.

As at the end of the Reporting Period, total assets reached RMB46 billion. The Group has been experiencing a peak in project investments in recent years. Its debt-to-asset ratio has increased compared to the beginning of the period. However, as various projects under construction have gradually commenced operations, the debt-to-asset ratio is expected to improve further. The Group has been optimizing its debt structure during this period. The proportion of short-term debt to total debt decreased by 5 percentage points as compared with the beginning of the period, improving working capital by approximately RMB900 million. The average interest rate was 2.91%, down 0.26 percentage points YoY, which in turn reduced the ratio of selling, administrative and finance expenses to revenue by 0.3 percentage points YoY. The Group’s overall financial position remained sound.

For the third quarter alone, the Group successfully completed scheduled maintenance at all production bases. While the concentrated maintenance exerted certain pressure on the quarter’s performance, process optimisation and automation system upgrades were carried out in tandem. The plant automation control rate has risen to 90%, meeting the reference standard for smart factories and laying a solid foundation for stable full-capacity operation. During the quarter, the Group recorded revenue of approximately RMB7.307 billion, representing a YoY increase of 38%. Net profit attributable to owners of the parent was approximately RMB217 million, up 8% YoY.

A. KEY FINANCIAL DATA AND PERFORMANCE INDICATORS

		Reporting Period (Unaudited) <i>RMB'000</i>	Corresponding Period (Unaudited) <i>RMB'000</i>	YoY change (%)
Core operating results				
Revenue		23,046,811	17,962,803	28
Gross profit		4,150,708	2,899,732	43
Net profit		1,521,936	1,008,393	51
Net profit attributable to owners of the parent company		1,137,937	799,833	42
Basic earnings per share (RMB cent/share)	1	90.7	65.1	39
Diluted earnings per share (RMB cent/share)	1	90.7	64.7	40
			At the beginning of the Reporting Period	Change from the beginning (%/percentage points)
Key Financial Indicators		(Unaudited)	(Audited)	
Total assets (<i>RMB'000</i>)		46,013,002	38,760,428	19
Working capital (<i>RMB'000</i>)		(3,250,644)	(4,155,374)	22
Short-term debt to long-term debt (%)		18	26	Decreased by 8
Current ratio (%)		74	62	Increased by 12
Quick ratio (%)		40	34	Increased by 6
		Reporting Period (Unaudited) <i>RMB'000</i>	Corresponding Period (Unaudited) <i>RMB'000</i>	YoY change (%/times)
Sustainable development capability				
EBITDA	2	3,931,081	2,949,211	33
Interest coverage ratio (times)		5.29	4.44	0.85
Capital expenditure	3	4,885,172	4,122,240	19
Research and development ("R&D") expenses		823,076	681,169	21

CORE INITIATIVES OF OPERATIONS AND DEVELOPMENT

Enhancing efficiency through marketing transformation to strengthen core competitiveness

The Group vigorously advanced its transformation into a new marketing model, continuously strengthening its core competitiveness through integrated “product + service” solutions. During the Reporting Period, the compound fertiliser industry as a whole was under pressure from rising raw material costs and contracting end-user demand, and sales volume through the Group’s traditional channels declined YoY. Under the shared service model, however, sales volume in the demonstration areas increased by 24% YoY, with results becoming increasingly evident.

The new marketing model is designed to create value for farmers and continuously enhance brand influence. Taking fertigation as an example, through its marketing transformation the Group guided farmers away from traditional flood irrigation. Compared with conventional farming practices, this increased yields by 20% per mu and raised farmers’ profit by more than RMB100 per mu per season. In the process, the Group optimised its product mix and broadened sales of high-efficiency fertilisers, driving a 48% YoY increase in sales volume of high-efficiency fertilisers and further consolidating its own core competitive advantages.

Improving quality through R&D and innovation to promote sustainable development

The Group continued to increase its R&D investment, establishing R&D and innovation as the foundation of its “low cost + differentiation” strategy. The Group has set up platforms such as its Central Research Institute and the Greater Bay Area Polyformaldehyde Modification R&D Centre to drive the commercialisation of technological achievements into high value-added products. Among these, black urea, which is targeted at high-end cash crops, can raise farmers’ income by 40% to 50% and generates annual profit of approximately RMB150 million for the Group. In addition, owing to their water solubility, the Group’s nitro-based fertilisers are well suited to fertigation and improve fertiliser utilisation by more than 20%. Its Zhenweiduo (珍維多) series of specialty fertilisers for fruits and vegetables can raise crop fruit-setting rates by approximately 12%.

Backed by its well-established system for R&D and the commercialisation of results, 17 subsidiaries of the Group continued to hold High and New Technology Enterprise qualifications. The Group also successfully issued RMB500 million of three-year sci-tech innovation bonds at a coupon rate as low as 2.2%, further optimising its debt structure and supporting its sustainable development.

B. NOTES TO FINANCIAL DATA

1. Number of shares and treasury shares

	Group and Company			
	Number of ordinary shares		Amount	
	Reporting	Corresponding	Reporting	Corresponding
	Period	Period	Period	Period
			RMB	RMB
Issued and fully paid	<u>1,283,241,000</u>	<u>1,283,241,000</u>	<u>1,532,781,493</u>	<u>1,532,781,493</u>

During the Reporting Period, the Group repurchased an aggregate of 6,526,000 issued shares on the cash market of the Stock Exchange at a total consideration of HK\$63,963,000 (excluding transaction costs), with the repurchase price ranging from HK\$8.81 to HK\$10.28 per share, representing approximately 0.51% of the issued shares. As at the end of the Reporting Period, 10,695,000 shares had been repurchased in aggregate, all of which were held as treasury shares and had not been cancelled.

Number of shares used in earnings per share calculation	Reporting Period	Corresponding Period
Weighted average number of ordinary shares in issue	1,255,204,000	1,227,868,000
Effect of dilution on weighted average number of ordinary shares – the restricted share incentive scheme	<u>—</u>	<u>8,321,000</u>
Total	<u>1,255,204,000</u>	<u>1,236,189,000</u>

2. Depreciation and amortisation

	Group	
	Reporting	Corresponding
	Period	Period
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Depreciation of property, plant and equipment	1,600,067	1,327,086
Amortisation of intangible assets	9,533	37,336
Amortisation of right-of-use assets	34,383	9,662
Amortisation of long-term deferred expenses	16,514	15,987
	<u>1,660,497</u>	<u>1,390,071</u>

3. Capital expenditure

	Reporting	Corresponding
	Period	Period
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Capital expenditure	4,885,172	4,122,240
Including: New projects	316,940	3,005,361
Projects under construction	3,815,238	484,747
Completed projects	<u>752,994</u>	<u>632,132</u>

C. PROFITABILITY OF MAJOR SEGMENTS AND PRODUCTS

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

	Sales revenue RMB'000	Gross profit RMB'000	Gross profit margin (%)
Fertiliser segment			
Urea	6,356,826	1,467,182	23
Compound fertilisers	5,445,702	804,211	15
Urea solution for vehicle	234,871	35,637	15
Humic acid	247,501	53,460	22
Sub-total	12,284,900	2,360,490	19
Fine chemical segment			
Melamine	631,543	232,715	37
DMF	1,040,277	252,497	24
Polyformaldehyde	411,954	73,531	18
Other products	2,306,043	409,347	18
Sub-total	4,389,817	968,090	22
Basic chemical segment			
Liquid ammonia	2,247,262	301,602	13
Included: Self-produced liquid ammonia	1,511,223	274,745	18
Trading business	736,039	26,857	4
Methanol	2,554,333	221,626	9
Included: Self-produced methanol	882,648	208,049	24
Trading business	1,671,685	13,577	1
Sub-total	4,801,595	523,228	11
Other businesses	1,570,499	298,900	19
Total	23,046,811	4,150,708	18

(2) Analysis of changes in key products

1. Changes in average selling prices of key products

	Reporting Period	YoY change for the first three quarters	Third quarter	YoY change for the third quarter
	<i>RMB/tonnes</i>	<i>(%)</i>	<i>RMB/tonnes</i>	<i>(%)</i>
	(tax exclusive)		(tax exclusive)	
Fertiliser segment				
Urea	1,756	3	1,851	4
Firstly, rising international energy prices led to the average price of raw coal fed into furnaces to increase by approximately 10% YoY, providing cost support for urea prices. Secondly, benefiting from the urea export price protection policy, the export selling price of ordinary urea was RMB600/tonne higher than the domestic price and the growth in export volume drove up the average selling price. Thirdly, sales volume of black urea, a high value-added product, increased by 39% YoY, further supporting the steady rise in the Group's urea prices.				
Compound Fertiliser	2,690	4	2,755	8

During the Reporting Period, channel coverage in regions where the new marketing model is mature exceeded 60%. Supported by its pricing power at the end-user level, the new model achieved a unit price RMB32/tonne higher than traditional channels. Together with cost support from raw materials such as potash and phosphate fertilisers, this drove a YoY increase in compound fertiliser prices.

		YoY change for the		YoY change for the
	Reporting Period	first three quarters	Third quarter	third quarter
	<i>RMB/tonnes</i>	(%)	<i>RMB/tonnes</i>	(%)
	(tax exclusive)		(tax exclusive)	

**Fine chemical
segment**

Melamine	5,841	9	5,684	7
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During the Reporting Period, rising raw material costs, tighter international supply and a recovery in domestic demand pushed global melamine prices higher YoY. The Group focused on high-premium overseas markets and, with its relatively favourable anti-dumping duty rate and consistent product quality, further strengthened its bargaining power in the EU market. Export prices were RMB1,500/tonne higher than the domestic average, lifting the average selling price of melamine.

DMF	4,009	12	4,143	19
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Since the second quarter, affected by geopolitical factors, the price of the key raw material methanol remained strong, rising by an average of 17% YoY and providing cost support for higher DMF prices. In the third quarter, a number of domestic DMF plants underwent concentrated maintenance and the industry operating rate fell to 45%. Combined with rising demand from the pharmaceutical sector, the supply-demand balance tightened, pushing market DMF prices further up.

Polyformaldehyde	7,463	1	6,831	1
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During the Reporting Period, supply and demand in the polyformaldehyde industry remained loose overall. Although plant maintenance in the third quarter partly eased supply pressure, the industry average price remained below that of the same period last year. Leveraging the raw material cost advantage of its integrated coal-to-methanol operations and stable demand from strategic customers, the Group achieved a steady, modest increase in its polyformaldehyde selling price through the market cycle.

2. *Changes in sales volume of key products*

	Reporting Period (tonnes)	YoY change for the first three quarters (%)	Third quarter (tonnes)	YoY change for the third quarter (%)
Fertiliser segment				
Urea	3,620,000	36	1,283,000	73

With the Jiangxi Phase II Project and the New Chemical Materials Project progressively coming on stream, urea output increased by 780,000 tonnes YoY, providing additional capacity for overall sales growth. Meanwhile, after China released urea export quotas at the end of June, the Group seized the export window and continued to expand exports. Export volume for the Reporting Period reached 285,000 tonnes, up 52% YoY, driving a sharp increase in third-quarter sales volume.

Compound Fertiliser	2,024,000	4	487,000	-15
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During the Reporting Period, rising raw material costs led distributors to adopt a low-inventory strategy, which pushed back autumn stocking in the third quarter and delayed the release of underlying demand, resulting in lower sales for the quarter. Overall, however, the new marketing model is increasingly delivering results: sales in the mature markets of Tianmen and Miluo rose by 30% YoY, keeping sales volume for the first three quarters above the same period last year.

		YoY change for the		YoY change for the
	Reporting	first three	Third	third
	Period	quarters	quarter	quarter
	(tonnes)	(%)	(tonnes)	(%)

**Fine chemical
segment**

Melamine	108,000	6	31,000	-3
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The Group continued to expand its overseas presence for melamine. Having obtained the relevant EU certifications, it signed strategic agreements with leading companies in countries such as Italy and Germany, driving a 23,000 tonnes YoY increase in EU sales volume. In addition, geopolitical factors and typhoons delayed sailings from the Tianjin coast, causing timing mismatches in the shipment of certain third-quarter orders and a slight decline in sales volume for the quarter.

DMF	259,000	16	92,000	51
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The Group's DMF plants operated at full capacity; compared with the planned maintenance in the third quarter of last year, output increased by approximately 30,000 tonnes and capacity utilisation rose by 15 percentage points, supporting the strong growth in third-quarter sales. The Group continued to upgrade its product and customer mix and gradually expanded into the pharmaceutical sector. It secured new orders from eight peptide pharmaceutical companies in Hubei, East China and other regions, increasing sales volume of pharmaceutical-grade DMF by 25,000 tonnes YoY and driving overall sales growth.

Polyformaldehyde	55,000	23	18,000	17
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The Group continued to carry out technical upgrades of its polyformaldehyde plant, increasing output of premium-grade products by nearly 9,000 tonnes YoY and providing strong support for sales growth. At the same time, it applied its new marketing approach to the polyformaldehyde business, focusing on the key consumer markets of East and South China. Its market share in the sheet and rod segment has reached 50%, and technical guidance to customers has strengthened customer loyalty and driven steady sales growth.

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

	Reporting Period (%)	YoY Change for the first three quarters (percentage point)	Third quarter (%)	YoY Change for the third quarter (percentage point)
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Fertiliser segment

Urea	23	Increased by 1	17	Decreased by 10
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During the Reporting Period, the YoY increase in the gross profit margin of urea was limited, mainly due to the decline in the third-quarter margin. In the third quarter, concentrated maintenance at the bases raised unit consumption of steam, electricity and other inputs, increasing the average production cost by 8% YoY. At the same time, international energy prices continued to rise and feed coal prices increased quarter by quarter, by approximately 10% YoY. Together, these factors raised the cost of sales by 18% YoY, leading to a YoY decline in the third-quarter gross profit margin.

Compound Fertiliser	15	Decreased by 1	12	Decreased by 2
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The gross profit margin of compound fertilisers declined slightly YoY, mainly due to higher prices of raw materials such as potash and phosphate fertilisers. The average cost increased by approximately 5% YoY, outpacing the increase in selling prices and putting pressure on the gross profit margin.

	Reporting Period (%)	YoY Change for the first three quarters (percentage point)	Third quarter (%)	YoY Change for the third quarter (percentage point)
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Fine chemical segment

Melamine	37	Increased by 5	35	Increased by 1
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During the Reporting Period, the gross profit margin of melamine increased YoY, benefiting from a 9% YoY increase in selling price. However, a 19-day maintenance of the production line in the third quarter increased overhaul and repair costs; together with higher prices of the raw material urea, this raised the average production cost by approximately 6% YoY, partly offsetting the price increase and squeezing the margin for the quarter.

DMF	24	Increased by 7	19	Increased by 6
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The improvement in the gross profit margin of DMF was mainly driven by a 12% YoY increase in selling price. Against the backdrop of recovering industry prices, the Group stepped up optimisation of its product mix and continued to increase the proportion of high value-added products. Supported by a price premium of approximately RMB80/tonne for sales to peptide pharmaceutical companies over industrial-grade sales to the slurry industry, these factors together lifted the DMF gross profit margin YoY.

Polyformaldehyde	18	Increased by 8	13	Increased by 9
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Benefiting from the stable operation of the polyformaldehyde plant, energy consumption indicators continued to decline. Together with a higher ratio of dual-coal blending and co-firing, this reduced the cost of raw materials such as formaldehyde by 15% YoY.

D. PROJECT CONSTRUCTION PROGRESS

Name of project under development	Location	Key products and production capacity	Project progress	Advantages and prospects
Zhundong Project (Phase I)	Zhundong, Xinjiang	320,000 tonnes of melamine 500,000 tonnes of high-efficiency compound fertilisers	The project has entered the joint commissioning stage. It is expected to be put into production in the fourth quarter of 2026.	Leveraging its advantages in coal and power resources, raw material costs are more than 50% lower than those in inland regions. Direct railway transportation to the Hexi Corridor and the central and eastern regions also supports expansion into the Central Asian and European markets, giving the Group strong cost and market competitiveness.
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	The project is progressing as scheduled, with construction progress meeting expectations and it is expected to be put into production in the third quarter of 2027.	The project fills new nitrogen fertiliser production capacity gaps in Guangdong and Guangxi regions. Meanwhile, it has leveraged its solid brand foundation and the advantage of Pinglu Canal to enhance transport efficiency and reduce costs, thereby effectively advancing the Group's expansion into the Southeast Asian market.

During the Reporting Period, the Group was at the peak of its project construction programme, with total capital expenditure of approximately RMB4.89 billion, representing 75% of the planned investment for the full year. Funds were mainly directed to the New Chemical Materials Project, the Zhundong base project, the Guangxi base project and related supporting facilities. To meet funding needs during the construction phase, the Group drew down new medium and long-term borrowings of approximately RMB4.4 billion during the Reporting Period. As key projects under construction progressively commence production, debt levels are expected to decline gradually from 2027, and the capital currently invested in these projects will progressively generate operating returns, continuously improving cash flow and the gearing ratio. As at the end of the Reporting Period, the Group had unutilised banking facilities totalling approximately RMB17.0 billion, providing ample liquidity and keeping debt repayment risk under control.

In addition, all of the Group's key projects are progressing steadily as planned. The urea unit of the New Chemical Materials Project at the Xinxiang Base commenced production in September 2026. The unit uses Casale's internationally advanced patented ammonia-stripping urea technology, which has significantly reduced energy consumption and lowered the unit production costs of liquid ammonia and urea at the Xinxiang Base by RMB45/tonne and RMB26/tonne respectively. Once the Zhundong base project commences production in the fourth quarter, its cost advantages and operating benefits are expected to contribute incremental results in 2027.

E. OUTLOOK AND PROSPECTS

Entering the fourth quarter, China has continued its fertiliser export quota mechanism, releasing quotas in batches. This has eased supply pressure in the domestic urea market. Winter fertiliser stocking and commercial reserve purchases have also begun, giving seasonal support to fertiliser demand. The market share of leading producers is expected to rise further. In the medium to long term, national programmes such as high-standard farmland construction and black soil protection will continue to be rolled out. Supported by these, the national food security strategy will continue to underpin rigid demand for fertilisers.

In the face of these opportunities, the Group remains committed to its philosophy of “creating the greatest social value with the least social resources”. It continues to increase R&D investment in differentiated products, centred on high-efficiency fertilisers, and aims to turn technological innovation into visible yield gains in the field. Through smart irrigation systems and fertigation technology, the Group helps farmers use fertiliser more efficiently and in controlled quantities, raising both yields and incomes. The Group also continues

to enhance product performance. A key focus is building Heiliwang (黑力旺) humic acid urea into a flagship product. It improves soil, enhances fertiliser efficiency and improves crop quality, in line with China's development direction on green agriculture. Using quality products as a platform, the Group is extending its value chain through agronomic services such as field guidance and planting solutions. In this way, it is building an integrated "product + technology + service" competitive barrier that is difficult to replicate.

Rooted in its core fertiliser business, the Group draws on its integrated industrial chain and industrial park resources. Using methanol as a basic chemical feedstock, it is expanding into higher value-added areas such as fine chemicals and new chemical materials. This continues to optimise its product mix and strengthen the competitiveness of its differentiated products. Industrial chain synergies and flexible production are also steadily improving the Group's ability to operate through business cycles.

Looking ahead to the fourth quarter, all bases of the Group have completed the concentrated maintenance carried out in the third quarter. Production operations in the fourth quarter will no longer be affected by systematic maintenance arrangements, and the facilities can maintain stable operation at high load. Meanwhile, a number of key ongoing projects of the Group are progressively commencing production as planned. The advantages of advanced process technologies and large-scale operation will gradually materialise, which is expected to continuously generate incremental profits and provide solid support for future earnings growth. Going forward, the Group will continue to adhere to its strategic positioning of "fertiliser as the foundation, high-quality development". It will also pursue its core competitive strategy of "low cost + differentiation" to drive sustainable development.

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

26 October 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; the non-executive director of the Company is Mr. Tan Wei Shyan; and the independent non-executive directors of the Company are Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Li Hongxing.

** for identification purpose only*