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 THREE MONTHS ENDED 31 MARCH 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 three months ended 31 March 2026 ("**3M2026**", or "**Reporting Period**").

In the first quarter of 2026, the fertiliser industry's overall operating environment improved steadily, owing to the unleashing of agricultural demand and support from raw material costs. The Group capitalised on these industry development opportunities. First, we continued to ramp up R&D of differentiated high-efficiency fertilisers and optimised our product mix, significantly increasing the proportion of high-value-added products in both production and sales. This directly drove a steady rise in average product prices. Second, we accelerated the transformation and innovation of our marketing model, continuosuly expanded both domestic and international sales channels, and seized export opportunities in global markets. As a result, we further scaled up chemical product exports and achieved growth in both volume and price for our core products. In addition, the Jiujiang Phase II project was successfully commissioned, allowing new production capacity to come online in an orderly manner. This gradually enhanced our economies of scale and further reduced unit production costs. Together, these factors drove a substantial increase in overall gross profit, providing strong support for the Group's performance growth.

At the same time, the Group continued to optimise its shareholding structure and steadily advanced the acquisition of minority shareholders' equity. In the first quarter, we acquired approximately 10.66 million shares from minority shareholders, raising the parent company's ownership percentage by 0.55 percentage points to 83.32%. This further strengthened the proportion of profits attributable to the parent and improved governance efficiency to protect the interests of all shareholders.

A. KEY FINANCIAL DATA AND PERFORMANCE INDICATORS

Core operating results	*Note(s)*	**Reporting Period (Unaudited)** ***RMB'000***	Corresponding Period (Unaudited) *RMB'000*	Year-on-Year ("**YoY**") change *%*
Revenue		**6,822,410**	5,845,825	17
Gross profit		**1,278,749**	834,460	53
Net profit		**420,668**	249,372	69
Net profit attributable to owners of the parent company		**299,640**	197,524	52
Basic earnings per share (RMB cent/share)	*1*	**24.1**	16.3	48
Diluted earnings per share (RMB cent/share)	*1*	**23.6**	15.8	49

Key Financial Indicators	**End of the Reporting Period (Unaudited)**	At the beginning of the Reporting Period (Unaudited)	Change from the beginning of the Reporting Period (%/percentage points)
Total assets *(RMB'000)*	**42,114,628**	38,760,428	9
Working capital *(RMB'000)*	**(2,802,843)**	(4,155,374)	(33)
Ratio of long-term to short-term debt (%)	**26**	26	Remained stable
Current ratio (%)	**77**	62	Increased by 15
Quick ratio (%)	**46**	34	Increased by 12
Debt-to-asset ratio	**67.9**	66.0	Increased by 1.9

Sustainable development capability		**Reporting Period (Unaudited)** ***RMB'000***	Corresponding Period (Unaudited) *RMB'000*	YoY change *%*
EBITDA	*2*	**4,251,461**	3,662,117	16
Capital expenditure	*3*	**(1,352,575)**	(618,666)	119
Research and development ("**R&D**") expenses		**126,665**	124,784	2

ANALYSIS OF CORE DATA AND INDICATORS

(I) Growth in Core Products Volume and Prices, Driving Robust Increment in Operating Results

During the Reporting Period, the Group's core products delivered outstanding performance, with overall gross profit surging by 53%. This became the primary engine behind the Group's earnings growth. Leveraging a new marketing model and the orderly release of new production capacity, the Group continued to optimise its domestic and international market presence and customer structure, resulting in comprehensive sales volume growth across all core products. At the same time, the Group further refined its product mix by increasing the proportion of differentiated, higher-value products, significantly strengthening the market competitiveness of its core offerings and providing strong support for performance growth. In particular, gross profit from urea rose sharply by 97% YoY: primarily driven by three factors: an increase in the proportion of high-efficiency urea, led by an increase in average selling prices; a decrease in raw material costs, which lowered production costs; and an increase in sales volume driven by new production capacity. On this foundation, all period expenses were tightly controlled through refined management, leading to notable improvements in operating quality, constantly enhanced overall profitability to jointly propel a strong performance growth.

(II) Steady Expansion of Operating Scale with Healthy and Stable Financial Position

As project construction progressed and existing facilities underwent technological upgrades, the Group's production capacity and asset scale continued to expand, further perfecting its industrial layout. Benefiting from the advantages of scaled development, the comprehensive unit cost of products declined steadily, and scale advantages gradually materialized. During the Reporting Period, increased borrowing caused a slight rise in the gearing ratio. However, overall leverage remained controllable, with a well-structured debt profile. The ratio of long-term to short-term debt maintained at 8:2. Short-term loans decreased by 9% YoY, freeing up approximately RMB1.4 billion in working capital. All key financial indicators remained strong and improving. Meanwhile, the Group strictly controlled financing costs, keeping the average interest rate on new loans within 2.86%, a YoY decrease of 0.18 percentage points. This helped keep financial expenses pressure at a low level.

(III) Strengthened R&D and Scale Expansion to Support Green and Sustainable Development

The Group remains committed to innovation-driven R&D and scale expansion as the pathway to green, low-carbon transformation and long-term sustainable growth. During the Reporting Period, earnings quality continued to improve, with dynamic EBITDA growing 16% YoY, fully demonstrating the resilience and core profitability of its main businesses. By advancing technological iteration and product structure upgrading, the Group extended its industrial chain into differentiated, refined, and new materials sectors. It successfully completed a key national R&D project under the "14th Five-Year Plan", and developed five new high-efficiency humic acid fertilisers, including Super Control Loss and Black Force Prosper 3.0; In addition, the Group achieved a breakthrough in the methanol industrial chain by entering the polyformaldehyde new materials field. These industrial chain extensions and product upgrades have effectively enhanced the Group's ability to withstand cyclical risks, making its development model more stable and providing a robust protection for the Group's high-quality, sustainable development.

B. NOTES TO FINANCIAL DATA

1. Number of shares and treasury shares

	Group and Company			
	Number of ordinary shares		Amount	
	Reporting Period	Corresponding Period	**Reporting Period**	Corresponding Period
Issued and fully paid	**1,283,241,000**	1,283,241,000	**1,532,781,493**	1,532,781,493

During the Reporting Period, the Group repurchased an aggregate of 4,392,000 issued shares on the cash market of the Stock Exchange at a total consideration of HK$42,525,892 (excluding transaction costs), with the repurchase price ranging from HK$8.81 to HK$10.28 per share, representing approximately 0.34% of the issued shares. As at the end of the Reporting Period, 8,561,000 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	**1,240,899,000**	1,212,451,000
Effect of dilution on weighted average number of ordinary shares		
– the restricted share incentive scheme	**27,804,499**	35,927,810
Total	**1,268,703,499**	1,248,378,810

2. *Depreciation and amortisation*

	Group	
	Reporting Period (Unaudited) *RMB'000*	Corresponding Period (Unaudited) *RMB'000*
Depreciation of property, plant and equipment	**502,355**	429,044
Amortisation of intangible assets	**3,196**	3,295
Amortisation of right-of-use assets	**10,477**	9,021
Amortisation of long-term deferred expenses	**4,902**	4,967
	520,930	446,327

3. *Capital expenditure*

	Reporting Period (unaudited) *RMB'000*	Corresponding Period (unaudited) *RMB'000*
Capital expenditure	**1,352,575**	618,666
Including: New projects	21,220	472,555
Projects under construction	938,895	59,445
Completed projects	392,460	86,666
Xinxiang base	**393,350**	142,948
Including: New Chemical Materials Project	320,050	91,429
Other projects	73,300	51,519
Jiangxi base	**214,719**	165,584
Including: Phase II project	115,560	141,347
Other projects	99,159	24,237
Xinjiang base	**413,186**	204,105
Including: Zhundong Phase I Project	364,130	185,000
60,000-tonne polyformaldehyde project	44,099	14,100
Other projects	4,957	5,005
Guangxi base	**205,070**	51,412
Other projects	**126,250**	54,617

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 products			
Urea	1,961,127	529,517	27
Compound fertilisers	1,692,995	200,431	12
Urea solution for vehicle	72,180	12,100	17
Humic acid	92,572	23,432	25
Sub-total	**3,818,874**	**765,480**	**20**
Chemicals products			
Melamine	197,305	96,981	49
DMF	300,776	73,575	24
Polyformaldehyde	155,350	35,798	23
Other Products	622,674	84,937	14
Sub-total	**1,276,105**	**291,291**	**23**
Raw materials segment			
Liquid ammonia	603,416	95,228	16
Included: Self-produced liquid ammonia	368,146	87,403	24
Trading business	235,270	7,825	3
Methanol	829,785	59,208	7
Included: Self-produced methanol	303,862	50,025	16
Trading business	525,923	9,183	1.7
Sub-total	**1,433,201**	**154,436**	**11**
Other businesses	**294,230**	**67,542**	**23**
Total	**6,822,410**	**1,278,749**	**19**

(2) Analysis of changes in key products

1. Changes in selling prices of key products

	Reporting Period (tax exclusive)	Corresponding Period (tax exclusive)	YoY change (%)
Fertiliser Products			
Urea	1,674	1,592	5

During the Reporting Period, downstream customers stocked up in advance, driving a 19% YoY reduction in inventory and supporting upward momentum in urea prices. Meanwhile, the Group continued to optimise its product mix by further increasing the sales volume of high-efficiency urea, which grew 30% YoY. Leveraging a price premium of RMB180 per tonne over ordinary urea, this helped lift the overall average selling price.

Compound Fertiliser	2,609	2,599	0.4

Affected by seasonal factors, the first quarter is traditionally the peak stocking season for compound fertilisers, with demand mainly driven by field crops such as wheat and corn. The Group's Xinxiang and Gansu bases served as core supply regions. As a result, the proportion of ordinary fertiliser sales was seasonally higher, market supply remained largely balanced, and average prices stayed stable.

Chemical Products			
Melamine	5,276	5,106	3

Leveraging its advantage of enjoying anti-dumping preferential tax rates, the Group adjusted its domestic and international sales mix, raising the export proportion to 70%. Entering March, international developments such as geopolitical conflicts has led to higher energy and core raw material prices worldwide. Coupled with supply constraints in the Middle East, international market demand surged sharply. This pushed international melamine prices to be higher than domestic prices by approximately RMB3,000 per tonne. The Group capitalised on these elevated international prices to drive an overall increase in its average selling price.

DMF	3,587	3,668	-2

At the beginning of the Reporting Period, industry operating rates rose slightly while downstream demand recovered slowly and export orders remained weak, putting continuous downward pressure on prices. Entering March, rising energy and methanol feedstock prices drove a clear rebound in DMF prices, with a quarter-on-quarter increase of 18%. This is expected to support gradual improvement in prices.

Polyformaldehyde	7,718	9,083	-15

Since the second quarter of 2025, high domestic operating rates have continued to exert downward pressure on product prices. As the industry accelerates its shift toward high-end products, mid-to-low-end capacity is being forced out, leading to a noticeable improvement in the supply-demand balance. Although prices have begun to recover and stabilise since 2026, the significant price decline in the previous year still exerted certain pressure on average selling prices during the Reporting Period.

2. *Changes in sales volume of key products*

	Reporting Period (tonnes)	Corresponding Period (tonnes)	YoY change (%)
Fertiliser Products			
Urea	1,171,343	965,212	21

The successful commissioning of the Jiujiang Phase II project enabled urea production to increase by approximately 280,000 tonnes YoY during the Reporting Period, supporting higher sales volumes.

Compound Fertiliser	648,867	599,431	8

The increase in sales volume was driven by the successful implementation of the Group's marketing transformation strategy. By the end of the Reporting Period, the compound fertiliser marketing network had expanded to cover all 31 provincial-level administrative regions across China. The Group added approximately 7,000 new exclusive distributors, achieving a sales network coverage rate of 91%. In addition, existing distributors delivered steady business growth of 9%, with prominent increments in the Shaanxi-Gansu-Ningxia and Heilongjiang-Jilin-Liaoning regions, providing effective support for sales volume growth.

Chemical Products			
Melamine	37,394	31,876	17

The Group adjusted its domestic and international marketing layout, concentrating superior resources to deeply cultivate overseas markets. This drove a substantial 109% increase in melamine export volume. Specifically, as the Russia-Ukraine conflict eased, the Group leveraged its quality advantage from the high-pressure process to resume orders from Russia. At the same time, it successfully entered the new Austrian market. Furthermore, through strengthened relationship management with existing clients, orders from strategic customers in Turkey increased 50% YoY, further boosting sales volume.

DMF	83,842	78,154	7

On one hand, according to the Group's maintenance plan, a 14-day plant maintenance has been carried out in the first quarter of 2025. This year, there was no maintenance plan during the same period, allowing the plant to operate at overload capacity. This resulted in a 7% YoY increase in production volume, which directly drove higher sales. On the other hand, the Group deepened customer relationship management and strengthened ties with core clients. Orders from the top ten core customers grew by 39% YoY, further enhancing the Group's market influence.

Polyformaldehyde	20,129	8,414	139

Following the implementation of China's anti-dumping policy on imported polyformaldehyde, the supply of high-end imported products contracted by 23%, leading to a significant increase in demand for domestic high-end polyformaldehyde. Against this backdrop, the Group intensified process upgrades, raising the output of premium-grade products by 22%. It also focused on R&D for multiple grades tailored to high-end downstream applications, further broadening market coverage. Additionally, the Group enhanced production stability, achieving a 38% YoY increase in output. This provided strong support for building a nationwide marketing network and drove steady growth in sales volume.

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

	Reporting Period (%)	YoY change (percentage point)
Fertiliser Products		
Urea	27	Increased by 10

On one hand, the Group optimised its product structure and increased the proportion of differentiated urea by 6 percentage points. The gross margin of differentiated urea is 7 percentage points higher than that of ordinary urea, which helped drive up the overall gross margin. In addition, the commissioning of the Jiujiang Phase II project reduced fixed cost per tonne by approximately 9%. Combined with an increased blending ratio of the two coals during the period of declining coal prices, raw material costs decreased by about 9%. Together, these factors drove a 7% YoY reduction in production costs.

Compound Fertiliser	12	Decreased by 1.9

Affected by tight supply of potash and phosphate fertilisers, raw material prices rose 18% and 21% YoY respectively, pushing production costs up by 3%. Since the increase in selling prices of compound fertilisers lagged behind the rise in costs, the overall gross margin declined slightly.

Chemical Products		
Melamine	49	Increased by 27

The improvement was mainly driven by a 33% decrease in average costs. At the beginning of the Reporting Period, the Group applied two-coal blending technology, raising the blending proportion of low-price coal by 10% and reducing raw material costs by approximately 19%. At the same time, stable plant operation led to lower core consumption indicators, further contributing to a 7% reduction in production costs.

DMF	24	Increased by 9

Under the combined effect of cost control and economies of scale, production costs decreased 13% YoY, driving higher gross margin. Specifically, equipment technological upgrades reduced production costs by 12%; raw material coal procurement costs fell 6% YoY; with increased output, per-tonne fixed costs (including labour and depreciation) declined by 9%. These factors collectively boosted the gross margin.

Polyformaldehyde	23	Increased by 8

The increase in gross margin was primarily attributable to a 23% YoY decrease in average costs. The Group continued to advance process upgrades, particularly during centralized plant maintenance periods. Targeted technological improvements were made in areas such as formaldehyde delivery processes and heat recovery, effectively reducing energy costs for steam, aldehyde, and electricity by 16%. In addition, the Group further increased the two-coal blending ratio, driving an additional 6% reduction in raw material costs.

D. PROJECT CONSTRUCTION PROGRESS

Name of project under development	Location	Key products and production volume	Project progress	Advantages and prospects
Chemical New Materials Project	Xinxiang base	570,000 tonnes of synthetic ammonia	The project have entered the trial production stage with all indicators running well. The comprehensive energy consumption per tonne of ammonia has dropped to 1,081 kg of standard coal YoY reduction of 5%.	By fully leveraging the resource endowment advantages of the Xinxiang base industrial park and achieving balanced adjustment between ammonia-methanol and urea production, the project maximises resource utilisation within the park.
		700,000 tonnes of urea	The project is progressing as scheduled, with construction progress meeting expectations and it is expected to be put into production in the second quarter of 2026.	Meanwhile, it adopts the first Casale self-stripping urea process in China, ensuring that the unit's energy consumption remains at an industry-leading level.
Zhundong Project (Phase I)	Zhundong, Xinjiang	320,000 tonnes of melamine 500,000 tonnes of high-efficiency compound fertilisers	Constructions are progressing in an orderly manner. It is expected to be put into production by the end 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.

Name of project under development	Location	Key products and production volume	Project progress	Advantages and prospects
Guangxi Project (Phase I)	Guigang, Guangxi	1.2 million tonnes of synthetic ammonia 950,000 tonnes of high-efficiency nitrogen fertilisers 650,000 tonnes of urea 1 million tonnes of high-efficiency compound fertilisers and water soluble fertilisers	Order of long-term equipment has been completed. Engineering and construction advancing concurrently, 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, leveraging its solid brand foundation and the advantage of Pinglu Canal to enhance transport efficiency and reduce costs, which effectively expanding Southeast Asia market layout.

Starting from 2026, China will fully implement dual control of carbon emissions, strictly tightening approvals for high-energy-consuming projects. This will accelerate the phase-out of inefficient production capacity while encouraging digital-intelligence and green technology upgrades to drive the green transformation of traditional industries. The Group has proactively aligned itself with these policy directions by making forward-looking arrangements. It has already established five major synthetic ammonia production bases and 17 compound fertiliser bases nationwide in advance while locking on energy consumption targets to provide foundation for sustainable development. Currently, all base projects are under construction in an orderly manner. By adopting industry-leading processes and digital-intelligence technologies, the Group will significantly reduce energy consumption per unit of product. The economies of scale are gradually being realised, and core competitiveness continues to grow.

During the peak period of project investment, the Group will precisely control the investment pace, balancing capital expenditures with financial risks to ensure stable cash flow. As of the end of the Reporting Period, the Group still holds RMB17.5 billion in low-interest project credit facilities, which can be flexibly utilized according to funding needs. This effectively mitigates financial risks and provides a solid guarantee for the smooth advancement of project construction.

E. OUTLOOK AND PROSPECTS

In the second quarter, domestic urea prices are expected to remain firm and stable overall, supported by the peak season of agricultural fertiliser demand. However, due to ample supply and other factors, there is limited room for further price increases. As international fertiliser prices continue to rise, it's expected that after spring planting ends, the country will adjust and relax its urea export policy at an appropriate time. This should help stabilize urea prices for a period. In addition, grain prices have remained steady, effectively boosting farmers' enthusiasm for using fertiliser. Coupled with increased planting density and reduced land abandonment, overall demand for urea will keep growing. On top of that, rising international energy prices have kept chemical product prices firm across the board.

With the continued advancement of the national high-standard farmland construction program, the addition of new cultivated land and the improvement of saline-alkali land will stimulate fertiliser demand. Coupled with the widespread adoption of soil testing and formula fertilisation, this will drive strong growth in demand for high-efficiency and specialty fertilisers and benefit companies with advantages in high-efficiency fertiliser R&D. The Group is precisely aligned with these industry trends. Taking humic acid as its core strategic large product, it is developing product lines such as humic acid water-soluble fertilisers and slow-release compound fertilisers. These offerings closely match the direction of green, high-quality agricultural development. At the same time, it is conducting customised R&D based on the growth characteristics of different crops, continuously optimising the product mix, increasing the proportion of high-efficiency fertilisers, and supporting the Group's steady development amid industry transformation and upgrading.

In addition, the Group's scaled development provides strong support for its sustainable operations. The successful commissioning of Phase II of the Jiujiang base, together with the steady progress of the chemical new materials project at the Xinxiang base, will drive a significant increase in the Group's overall production volume, contributing substantial output growth to the 2026 operating performance. At the same time, construction of the Zhundong base is proceeding in an orderly manner. Leveraging its advantageous location adjacent to pit-mouth coal mines and its resource advantages, the base will, once operational, continuously release low-cost capacity. As production scale continues to expand, scale effects will become increasingly evident, providing strong momentum for the Group's high-quality development.

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

15 May 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 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*