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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board of Directors (the "**Board**") of China XLX Fertiliser Ltd. (the "**Company**") is pleased to announce its unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026 ("**1H2026**" or the "**Reporting Period**") together with the disclosed comparative figures for the corresponding period of the previous year as follows:

In 1H2026, the Group achieved an operating revenue of RMB15.7 billion, representing a year-on-year ("**YoY**") growth of 24%. Net profit amounted to RMB1.23 billion, representing a YoY growth of 62%. Net profit attributable to the owners of the parent company amounted to RMB920 million, representing a YoY growth of 54%. The substantial growth of operating results and significant improvement in profitability was attributable to the full realisation of the Group's three core competitive advantages — scaled development, structural upgrading, and refined management.

During the Reporting Period, the Group's newly added production capacity was successfully commissioned, underpinning the sales growth of core products such as urea and liquid ammonia and effectively strengthening market supply capability. Leveraging the benefits of scaled operations, the Group continued to reduce unit production costs for core products including urea, resulting in a 66% YoY increase in urea gross profit and further reinforcing its low-cost competitive advantage. This, in turn, contributed to a 49% YoY increase in overall Group gross profit.

Building on this foundation, the Group advanced the upgrading of its product mix and marketing system. It steadily increased the production-sales proportion of high-efficiency fertilisers. The sales volume proportion of high-efficiency fertilisers increased by 4 percentage points, continuously improving the structure of product profitability. At the same time, it capitalised on domestic–overseas price differentials to optimise its sales layout, expanding overseas sales of melamine and other products and raising average selling prices. Meanwhile, amid geopolitically driven periodic price increases for basic chemicals such as methanol and liquid ammonia, the Group fully utilised its flexible production capabilities to adjust its product portfolio and accurately capture favourable market windows to maximise profitability.

As business scale continued to expand, the Group strengthened the development of its refined management system. Operating expense ratios remained stable YoY, achieving a balance between scale expansion and cost control. In addition, the Group continued to optimise its debt structure: the proportion of short-term borrowings decreased by 0.5 percentage points compared with the beginning of the Reporting Period, effectively increasing working capital by approximately RMB1.0 billion and narrowing the working capital gap by 25%. These improvements further enhanced the Group's financial soundness and laid a solid operational and financial foundation for high-quality development.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**15,739,674**	12,665,749
Cost of sales		**(12,706,180)**	(10,625,565)
Gross profit		**3,033,494**	2,040,184
Other income, net	*4*	**141,566**	190,188
Selling and distribution expenses		**(501,608)**	(391,594)
General and administrative expenses		**(903,254)**	(700,460)
Finance costs	*5*	**(279,984)**	(229,716)
Impairment losses on assets (losses are stated as negative amounts)		**(1,913)**	9,916
PROFIT BEFORE TAX	*6*	**1,488,301**	918,518
Income tax expense	*7*	**(259,036)**	(161,402)
PROFIT FOR THE PERIOD		**1,229,265**	757,116
Profit attributable to:			
Owners of the parent		**920,766**	599,295
Non-controlling interests		**308,499**	157,821
		1,229,265	757,116
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic *(RMB cents per share)*	*9*	**73.90**	49.19
Diluted *(RMB cents per share)*	*9*	**73.90**	48.65

Details of the dividend paid for the period are disclosed in note 8 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2026

	Notes	**30 June 2026 (Unaudited) *RMB'000***	31 December 2025 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*16*	**31,506,410**	29,067,405
Goodwill		**74,753**	74,753
Pledged time deposits	*11*	**24,171**	24,171
Equity investment at fair value through profit or loss	*10*	**6,708**	6,708
Deferred tax assets		**189,724**	170,056
Prepayments for purchases of plant and equipment	*12*	**530,533**	257,030
Intangible assets		**124,220**	117,282
Right-of-use-assets		**2,206,869**	2,114,157
Other assets		**45,403**	52,485
Investments in associates		**67,932**	63,737
Total non-current assets		**34,776,723**	31,947,784
CURRENT ASSETS			
Equity investments at fair value through profit or loss	*10*	**8,539**	8,869
Amounts due from related companies		**283**	308
Inventories	*13*	**2,286,123**	1,958,328
Derivative financial instruments		**7,951**	6,083
Trade and bills receivables	*14*	**1,666,049**	1,077,222
Prepayments	*12*	**1,014,904**	1,081,100
Deposits and other receivables		**1,240,676**	1,095,311
Pledged time deposits		**188,596**	340,482
Contract assets		**81,983**	45,459
Cash and cash equivalents	*11*	**2,790,006**	1,199,482
Total current assets		**9,285,110**	6,812,644
Total assets		**44,061,833**	38,760,428

	Notes	**30 June 2026 (Unaudited)** *RMB'000*	31 December 2025 (Audited) *RMB'000*
CURRENT LIABILITIES			
Amounts due to related companies		**28,548**	28,661
Trade payables	*15*	**2,752,916**	2,264,938
Bills payable		**496,090**	911,144
Contract liabilities		**1,659,859**	1,413,246
Accruals and other payables		**3,465,954**	2,871,474
Deferred grants		**31,989**	25,263
Interest-bearing bank and other borrowings	*17*	**3,905,984**	3,301,196
Lease liabilities		**10,216**	10,216
Income tax payables		**75,838**	23,581
Loans from non-controlling interests		**–**	118,300
Total current liabilities		**12,427,394**	10,968,019
NET CURRENT LIABILITIES		**(3,142,284)**	(4,155,375)
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,634,439**	27,792,409
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*17*	**15,993,164**	13,095,489
Deferred grants		**270,579**	273,825
Deferred tax liabilities		**228,609**	204,432
Accruals and other payables		**770,545**	852,241
Lease liabilities		**181,859**	170,123
Total non-current liabilities		**17,444,756**	14,596,110
Total liabilities		**29,872,150**	25,564,129
NET ASSETS		**14,189,683**	13,196,299
EQUITY			
Share capital		**1,532,781**	1,532,781
Treasury shares		**(64,932)**	(76,476)
Statutory reserve fund		**1,427,942**	1,427,942
Other reserve		**2,252,989**	2,265,463
Special reserve		**354**	354
Retained profits		**5,515,369**	4,594,603
Equity attributable to owners of the parent company		**10,664,503**	9,744,667
Non-controlling interests		**3,525,180**	3,451,632
Total equity		**14,189,683**	13,196,299

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

Group

	Share capital *RMB'000*	Treasury shares *RMB'000*	Statutory reserve fund *RMB'000*	Other reserve *RMB'000*	Special reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
(Unaudited)									
As at 1 January 2026	**1,532,781**	**(76,476)**	**1,427,942**	**2,265,463**	**354**	**4,594,603**	**9,744,667**	**3,451,632**	**13,196,299**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**920,766**	**920,766**	**308,499**	**1,229,265**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(129,804)**	**(129,804)**
Acquisition of equity interests from non-controlling shareholders	**–**	**–**	**–**	**(30,880)**	**–**	**–**	**(30,880)**	**(105,147)**	**(136,027)**
Repurchase of Shares	**–**	**(37,423)**	**–**	**–**	**–**	**–**	**(37,423)**	**–**	**(37,423)**
Equity-settled share-based payments	**–**	**48,967**	**–**	**–**	**–**	**–**	**48,967**	**–**	**48,967**
Capital contribution from non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**18,406**	**–**	**–**	**18,406**	**–**	**18,406**
As at 30 June 2026	**1,532,781**	**(64,932)**	**1,427,942**	**2,252,989**	**354**	**5,515,369**	**10,664,503**	**3,525,180**	**14,189,683**

For the six months ended 30 June 2025

	Share capital *RMB'000*	Treasury shares *RMB'000*	Statutory reserve fund *RMB'000*	Other reserve *RMB'000*	Special reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
(Unaudited)									
As at 1 January 2025	1,532,781	(98,433)	1,104,253	2,115,646	387	4,306,533	8,961,167	3,560,621	12,521,788
Profit for the period	–	–	–	–	–	599,295	599,295	157,821	757,116
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(122,078)	(122,078)
Acquisition of equity interests from non-controlling shareholders	–		–	(1,452)	–	–	(1,452)	(8,406)	(9,858)
Repurchase of Shares	–	(4,842)	–	–	–	–	(4,842)	–	(4,842)
Equity-settled share-based payments	–	49,009	–	–	–	–	49,009	–	49,009
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	(49,009)	–	–	(49,009)	–	(49,009)
As at 30 June 2025	1,532,781	(54,266)	1,104,253	2,065,185	387	4,905,828	9,554,168	3,587,958	13,142,126

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2026

1. CORPORATE 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 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, 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 Zhuang Autonomous Region 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 fertiliser, methanol, liquid ammonia, melamine, DMF and polyoxymethylene.

2.1 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 for equity investments at fair value through profit or loss, which have been measured at fair value. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in this interim report are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Description	**Effective for annual periods beginning on or after**
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: *Disclosure*	1 January 2027
Amendments to IFRS 1 to 21 Effects of Changes in Foreign Exchange Rates: *Presentation of Financial Statements in High-Inflation Currencies*	1 January 2027
Amendments to IFRS 10 and IAS 1 to 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors of the Company expect that the adoption of the other standards and interpretation above will have no material impact on the financial statements in the period of initial application.

3. PRODUCT PERFORMANCE CONTRIBUTION

For management purposes, the Group classifies its products into fertiliser segment, chemical segment, and other segment based on product types, among which:

(I) The fertiliser segment has major reportable product lines as follows:
1. Manufacturing and sale of urea
2. Manufacturing and sale of compound fertiliser

(II) The chemical segment has major reportable product lines as follows:
1. Manufacturing and sale of methanol
2. Manufacturing and sale of liquid ammonia
3. Manufacturing and sale of melamine
4. Manufacturing and sale of DMF
5. Manufacturing and sale of polyoxymethylene

(III) Other categories have major reportable product lines as follows:
1. Gas segment
2. Intelligent equipment segment
3. Medical intermediate segment

3. PRODUCT PERFORMANCE CONTRIBUTION *(Continued)*

For the six months ended 30 June 2026

	Sales revenue (unaudited) *RMB'000*	Gross profit (unaudited) *RMB'000*	Gross profit margin (unaudited) *(%)*
Fertiliser segment			
Urea	**3,981,007**	**1,069,088**	**27**
Compound fertilisers	**4,103,091**	**637,699**	**16**
Urea solution for vehicle	**154,769**	**23,167**	**15**
Humic acid	**201,003**	**45,227**	**23**
Sub-total	**8,439,870**	**1,775,181**	**21**
Chemicals segment			
Liquid ammonia	**1,585,548**	**258,200**	**16**
Included: Self-produced liquid ammonia	**1,248,816**	**253,502**	**20**
Trading business	**336,732**	**4,698**	**1**
Methanol	**1,930,259**	**143,626**	**7**
Included: Self-produced methanol	**629,918**	**104,039**	**17**
Trading business	**1,300,341**	**39,587**	**3**
Melamine	**454,436**	**171,257**	**38**
DMF	**661,005**	**178,635**	**27**
Polyformaldehyde	**291,890**	**57,510**	**20**
Other Products	**1,417,629**	**276,729**	**20**
Sub-total	**6,340,767**	**1,085,957**	**17**
Other segments	**959,037**	**172,356**	**18**
Total	**15,739,674**	**3,033,494**	**19**

3. PRODUCT PERFORMANCE CONTRIBUTION *(Continued)*

For the six months ended 30 June 2025

	Sales revenue (unaudited) *RMB'000*	Gross profit (unaudited) *RMB'000*	Gross profit margin (unaudited) *(%)*
Fertiliser segment			
Urea	3,225,357	662,636	21
Compound fertilisers	3,566,305	563,356	16
Urea solution for vehicle	170,282	22,746	13
Humic acid	216,776	52,206	24
Sub-total	7,178,720	1,300,944	18
Chemicals segment			
Liquid ammonia	533,249	69,437	13
Included: Self-produced liquid ammonia	496,151	68,716	14
Trading business	37,098	721	2
Methanol	1,641,974	138,724	8
Included: Self-produced methanol	1,533,367	137,462	9
Trading business	108,607	1,262	1
Melamine	377,812	116,775	31
DMF	587,071	108,294	18
Polyformaldehyde	230,411	27,773	12
Other Products	1,070,406	121,616	11
Sub-total	4,440,923	582,619	13
Other segments	1,046,106	156,621	15
Total	12,665,749	2,040,184	16

4. REVENUE AND OTHER INCOME/(EXPENSES), NET

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 other expenses is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**15,739,674**	12,665,749

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income		
Bank interest income	**4,092**	6,913
Net profit from sales of by-products	**78,410**	82,334
Service fee income	**17,536**	4,910
Penalty income	**3,390**	5,147
Subsidy income	**50,595**	93,841
Investment income	**3,895**	1,328
Amortisation of deferred grants	**9,058**	8,335
Others	**3,645**	4,130
	170,621	206,938
Other expenses		
Loss on disposal of items of property, plant and equipment	**(20,505)**	(3,397)
Gain on fair value change of equity investment	**330**	1,824
Donation	**(740)**	(5,024)
Gain on fair value change of derivative financial instruments	**1,153**	1,449
Others	**(9,293)**	(11,602)
	(29,055)	(16,750)
Other income, net	**141,566**	190,188

5. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on wholly repayable bank loans and other loans	**279,984**	229,716

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**12,706,180**	10,625,565
Depreciation of property, plant and equipment	**1,059,007**	882,851
Depreciation of right-of-use assets	**10,484**	24,275
Amortisation of intangible assets	**29,111**	6,650
Amortisation of other long-term assets	**9,895**	10,930
Employee benefit expenses (including directors' remuneration)		
Salaries and bonuses	**1,358,764**	1,054,145
Contributions to defined contribution plans	**179,958**	151,724
Benefits in kind	**63,205**	61,022
Share-based payment expense	**18,405**	34,854
	1,620,332	1,301,745

7. INCOME TAX EXPENSE

The Company is incorporated in Singapore and is subject to an income tax rate of 17% for the six months ended 30 June 2026 (six months ended 30 June 2025: 17%).

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 an income tax rate of 25% (2025: 25%). For the six months ended 30 June 2026, seventeen subsidiaries were awarded the New/High Technology Enterprise Award and this award condensed a tax concession of a lower income tax rate of 15% on these subsidiaries.

The major components of income tax expense for the six months ended 30 June 2026 and 2025 are:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current – PRC		
Charge for the period	**259,036**	161,402
Total tax charge for the period	**259,036**	161,402

8. DIVIDEND

Final dividend of RMB409,303,000 for the year ended 31 December 2025 (year ended 31 December 2024: RMB333,643,000) was proposed and declared during the six months ended 30 June 2026.

The Company did not recommend or declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share is calculated by dividing the Group's profit for the Reporting Period attributable to ordinary equity holders of the Company by the weighted average number of 1,245,986,167 (six months ended 30 June 2025: 1,218,233,000) ordinary shares outstanding during the Reporting Period.

	Six months ended 30 June	
	2026	2025
	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	**1,245,986,167**	1,218,233,000
Effect of dilution – weighted average number of ordinary shares:		
– the Restricted Share Incentive Scheme	**–**	13,589,000
Total	**1,245,986,167**	1,231,822,000

	Number of ordinary shares		Amount	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Issued and fully paid-up	**1,283,241,000**	1,283,241,000	**1,532,781,000**	1,532,781,000

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026 (Unaudited) ***RMB'000***	31 December 2025 (Audited) *RMB'000*
NON-CURRENT		
Unquoted equity investment, at fair value:		
PRC	**6,708**	6,708
	6,708	6,708
CURRENT		
Listed equity investments, at fair value:		
Singapore	**4,657**	4,307
Hong Kong	**3,882**	4,562
	8,539	8,869

The above investment in equity securities have no fixed maturity or coupon rate.

11. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	30 June 2026 (Unaudited) ***RMB'000***	31 December 2025 (Audited) *RMB'000*
Fixed deposits	**212,767**	364,653
Less: Pledged time deposits	**(212,767)**	(364,653)
Cash and bank balances	**2,790,006**	1,199,482
Cash and cash equivalents	**2,790,006**	1,199,482

As at 30 June 2026, the cash and bank balances of the Group denominated in RMB amounted to RMB2,790,006,000 (31 December 2025: RMB1,199,482,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with credit-worthy banks with no recent history of default.

12. PREPAYMENTS

	30 June 2026 (Unaudited) ***RMB'000***	31 December 2025 (Audited) *RMB'000*
NON-CURRENT		
Prepayments:		
Prepayments for purchases of property, plant and equipment	**530,533**	257,030
CURRENT		
Prepayments:		
Advanced deposits to suppliers	**1,014,904**	1,081,100

13. INVENTORIES

	30 June 2026 (Unaudited) ***RMB'000***	31 December 2025 (Audited) *RMB'000*
Raw materials	**1,017,827**	947,826
Parts and spares	**155,606**	157,812
Work-in-progress	**131,339**	71,339
Finished goods	**996,021**	795,794
Allowance of inventory obsolescence	**(14,670)**	(14,443)
	2,286,123	1,958,328

14. TRADE AND BILLS RECEIVABLES

	30 June 2026 (Unaudited) *RMB'000*	31 December 2025 (Audited) *RMB'000*
Trade receivables	**1,043,372**	718,634
Bills receivable	**622,677**	358,588
	1,666,049	1,077,222

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.

As the Group expands its production capacity and marketing network, sales volumes of various products rose significantly YoY, leading to a corresponding increase in receivables. In terms of collection schedule, the growth in trade receivables is mainly attributable to the inherent collection cycle of the fertiliser industry and the logistics cycle for export trading, which represents normal operational characteristics of the sector. As at the end of the Reporting Period, most trade receivables were aged within three months; export-related receivables are generally collected in the following month, resulting in low overall collection risks.

The Group has established a tiered customer credit management system. Prior to customer onboarding, the Group conducts comprehensive credit assessments and sets differentiated credit limits and maximum credit periods based on customer ratings. During the credit term, a monitoring mechanism featuring monthly follow-ups and quarterly reconciliations is implemented to continuously evaluate customers' creditworthiness. For long-standing and overdue receivables, the Group initiates a tiered collection process. Where necessary, the legal department will step in to carry out special collection actions to effectively safeguard collection security.

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 trade receivables as at the end of the Reporting Period, based on the invoice due date and net of provisions, is as follows:

	30 June 2026 (Unaudited) *RMB'000*	31 December 2025 (Audited) *RMB'000*
Within 1 month	**507,097**	421,276
1 to 3 months	**344,158**	146,253
3 to 6 months	**91,048**	50,412
6 to 12 months	**101,069**	100,693
	1,043,372	718,634

15. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	RMB'000	*RMB'000*
Within 1 month	**576,068**	1,831,392
1 to 3 months	**1,595,208**	215,117
3 to 6 months	**472,877**	93,028
6 to 12 months	**64,646**	70,890
Over 12 months	**44,117**	54,511
	2,752,916	2,264,938

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. Trade payables are denominated in RMB.

16. PROPERTY, PLANT, EQUIPMENT AND LAND USE RIGHTS

During the Reporting Period, payments for purchases of items of property, plant, equipment and land use rights and proceeds from disposal of items of property, plant and equipment of the Group amounted to approximately RMB2,855,631,000 and RMB12,665,000 (six months ended 30 June 2025: RMB2,556,108,000 and RMB5,686,000), respectively.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2026			31 December 2025		
	Contractual Interest rate	**Maturity**	***RMB'000*** **(Unaudited)**	Contractual Interest rate	Maturity	*RMB'000* (Audited)
Group						
Current						
Bank loans						
– secured*	**3.05%-3.60%**	2027	**369,930**	2.70%-6.00%	2026	610,112
– unsecured	**2.29%-3.50%**	2027	**3,536,054**	2.11%-6.00%	2026	2,691,084
			3,905,984			3,301,196
Non-current						
Bank loans						
– secured*	**2.90%-3.60%**	2027 to 2035	**2,926,716**	2.90%-5.80%	2027 to 2035	1,340,758
– unsecured	**2.29%-3.50%**	2027 to 2035	**13,066,448**	2.50%-5.25%	2027 to 2035	11,754,731
			15,993,164			13,095,489
			19,899,148			16,396,685

17. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	30 June 2026 (Unaudited) ***RMB'000***	31 December 2025 (Audited) *RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand**	**3,905,984**	3,301,196
In the second year	**7,673,071**	7,695,531
In the third to fifth years, inclusive	**6,788,712**	4,482,907
Beyond five years	**1,531,381**	917,051
	19,899,148	16,396,685

Note:

* The secured bank loans amounting to RMB3,296,646,000 are secured by certain of the Group's items of property, plant and equipment.

** The Group actively adjusted its debt structure, continuously optimised the ratio of long-term and short-term bank borrowings, which were maintained at a steady level of 8:2, with the proportion of short-term borrowings further decreased by 0.5 percentage points as compared with the beginning of the Reporting Period. Specifically, bank and other borrowings due within one year amounted to approximately RMB3,906 million, including:

1. the medium and long-term loans amounted to approximately RMB2,446 million and are rolled over to a one-year period in accordance with the repayment schedule. The term of the loan matched the construction period of the project;

2. one-year working capital loans amounted to approximately RMB1,460 million, which were utilized to meet the daily operational needs and seasonal raw material procurement requirements. Such working capital loans offered advantageous interest rates , as low as 2.29%. It effectively reduced the overall financing costs while aligning with the rhythm of business funding needs. 92% of the working capital loans can be refinanced, which helps to reduce the financing costs as well as effectively relieves the pressure on short-term funding by applying for an extension of the fund transfer cycle.

The fair values of the Group's interest-bearing bank and other borrowings approximate to their carrying values.

18. GEARING RATIO

During the Reporting Period, the Group used the gearing ratio (total liabilities divided by total assets) to reflect its capacity of repaying debts. For the first half of 2026, the gearing ratio of the Group was 67.8%, representing an increase of 1.8 percentage points compared to the beginning of the Reporting Period. The reason for such increase was due to the increase in total loans by approximately RMB3.5 billion compared to the beginning of the Reporting Period.

From the perspective of debt structure, although total liabilities have risen alongside project construction, the debt profile has continued to optimise. All newly incurred loans are medium-to long-term loans, among which the ten-year project loans, five-to eight-year project loans and two-to three-year long-term working capital loans accounted for 10%, 38% and 52%, respectively. The loan tenors and amounts were aligned with project construction cycles, effectively mitigating the pressure of repaying short-term concentrated debts. At the same time, the scale of borrowings due within a year continued to decline, driving an increase in working capital of approximately RMB1.0 billion compared to the beginning of the Reporting Period, thereby further enhancing liquidity. As of the end of the Reporting Period, the Group maintained unused banking facilities of approximately RMB18.5 billion, indicating ample financial reserves and stronger risk resilience.

During the period, the gearing ratio increased slightly, primarily attributable to the concentrated construction phase of base projects, resulting in a temporary rise. As base projects have been progressively completed and commissioned, newly added production capacity was gradually released and contributed to operating cash flows, the indicator is expected to improve. The urea facilities of the chemical new materials project at the Xinxiang Base and the Zhundong Base will be commissioned in the third and fourth quarters of this year respectively; the Guangxi Base is expected to be commissioned in the third quarter of 2027. Upon full commissioning of the above projects, the Group's operating cash flow will become more stable, the gearing ratio will improve significantly, and overall financial safety will be further enhanced.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Data Summary

Core Operating Results	Reporting Period (unaudited) *RMB'000*	Same period last year (unaudited) *RMB'000*	YoY change *%*
Revenue	**15,739,674**	12,665,749	24
Gross profit	**3,033,494**	2,040,184	49
Net profit	**1,229,265**	757,116	62
Net profit attributable to the parent	**920,766**	599,295	54

Key Financial Indicators	At the end of Reporting Period (unaudited)	At the beginning of Reporting Period (unaudited)	Change from the beginning of the period *(%/percentage point)*
Total assets *(RMB thousand)*	**44,061,833**	38,760,428	14
Working capital *(RMB thousand)*	**(3,142,284)**	(4,155,375)	(24)
Long-term/short-term debt ratio *(%)*	**24**	25	Decreased by 1
Debt-to-asset ratio *(%)*	**67.8**	66.0	Increased by 1.8

Sustainability Capability	Reporting Period (unaudited) *RMB'000*	Same period last year (unaudited) *RMB'000*	YoY change *(%/times)*
Capital expenditure	**3,067,720**	2,517,346	22
R&D expenditure	**440,921**	272,730	62
Interest coverage ratio *(times)*	**6.32**	5.00	1.32

(I) BUSINESS REVIEW *(Continued)*

Product Performance

1. Changes in selling prices of key products

	Reporting Period *(tax exclusive)*	YoY change *(%)*	Second quarter *(tax exclusive)*	QoQ change *(%)*
Fertiliser Products				
Urea	1,704	2	1,734	4

Influenced by the international geopolitics and tightening domestic coal supply, coal prices increased by approximately 20% YoY, and raw material costs drove up urea prices. Simultaneously, the Group continued to optimise its product structure and expand the sales of high-efficiency humic acid black urea. As a core product, it commanded a premium of RMB700 per tonne over conventional urea. This lifted the overall average selling price of urea.

Compound Fertiliser	2,670	3	2,714	4

Firstly, the prices of raw materials such as potash and phosphate fertilisers increased by 11% and 16% YoY, respectively, thereby supporting the rise in compound fertiliser prices. Secondly, the Group continued to intensify the promotion of high-efficiency fertilisers. Sales volume of high-efficiency fertilisers increased by 24% YoY. High-efficiency fertilisers commanded a price premium of RMB400 per tonne over conventional compound fertilisers, which led to an increase in the overall average selling price of compound fertilisers.

Chemical Products				
Liquid Ammonia	2,216	-3	2359	17

During the first half of the year, domestic liquid ammonia market prices declined YoY, primarily due to increased industry supply together with weak downstream industrial demand. Entering the second quarter, the Group intensified its export layout for chemical products and achieved its first liquid ammonia export orders, with products mainly sold to overseas markets such as Australia and South Korea. Supported by a price differential of RMB600/tonne between international and domestic markets, the Group's liquid ammonia prices recorded a sequential increase in the second quarter.

Methanol	2299	5	2601	31
Melamine	5,904	9	6,497	23

During the Reporting Period, the Group leveraged anti-dumping duty rates that are lower than the market average and superior product quality to increase its share in high-end overseas markets by approximately 6 percentage points. In particular, within the EU market where price protection mechanisms are in place, export prices were RMB1,500 per tonne higher than domestic prices, driving up the average price of melamine. Furthermore, influenced by geopolitical conflicts international energy prices rose and overseas demand increased, leading to higher global melamine prices YoY, further supporting the Group's melamine pricing.

(I) BUSINESS REVIEW *(Continued)*

Product Performance *(Continued)*

1. Changes in selling prices of key products

DMF	3,936	9	4,283	19

DMF prices have risen quarter on quarter (QoQ), with a significant increase in the second quarter. As trade barriers were gradually removed, export channels reopened and overseas demand was released in a concentrated manner. At the same time, major domestic producers underwent maintenance, and the industry's overall operating rate remained low, resulting in a temporary supply-demand mismatch that drove prices sharply higher. Furthermore, due to geopolitical disruptions, the price of methanol – DMF's core raw material – rose by approximately 10% YoY, providing additional cost support for DMF prices.

Polyformaldehyde	7,758	1	7,803	1

During the first half of the year, polyformaldehyde prices increased YoY, supported by raw material costs. However, the price increase was limited as supply-demand conditions experienced periodic mismatches.

2. Changes in sales volume of key products

	Reporting Period *(tonnes)*	YoY change *(%)*	Second quarter *(tonnes)*	QoQ change *(%)*
Fertiliser Products				
Urea	2,336,000	21	1,165,000	Relatively stable

With the successful commissioning of the Jiujiang Phase II project, production increased by 560,000 tonnes YoY, effectively driving overall sales growth. In addition, the Group focused on deepening sales channels for its core flagship product, black urea. By aligning with differentiated market needs and continuously developing and optimising product performance, the Group further expanded its market reach, achieving a 29% year-on-year increase in black urea sales. The strategic advancement of high-efficiency fertiliser products delivered notable results.

Compound Fertiliser	1,537,000	12	888,000	37

During the Reporting Period, the Group accelerated the transformation of its marketing model. By densifying distribution channels and offering differentiated value-added services, channel market share in core regions exceeded 60%. At present, the Southwest and South China regions have completed full transformation, with regional sales increasing 7% YoY, effectively driving growth in compound fertiliser sales.

(I) BUSINESS REVIEW *(Continued)*

Product Performance *(Continued)*

2. Changes in sales volume of key products *(Continued)*

Chemical Products				
Liquid Ammonia	716,000	208	416,000	39

With the smooth commissioning of the synthetic ammonia facilities under the chemical new materials project at the Xinxiang Base in March this year, all newly self-produced synthetic ammonia was sold externally. Together with surplus liquid ammonia generated from the commissioning of the Jiangxi Base Phase II project, these factors collectively drove a YoY increase in liquid ammonia production volume of 150,000 tonnes/month, laying the foundation for sales volume growth of the Group.

Methanol	840,000	12	423,000	2

During the Reporting Period, leveraging its integrated industrial-trade industrial chain advantages, the Group successfully entered into a methanol trading order of 200,000 tonnes with a core downstream customer, driving growth in methanol sales volume.

Melamine	77,000	10	40,000	6

The Group continued to advance the global expansion of melamine, constantly optimising resource allocation and focusing on high-value-added overseas markets, accounting for 80 per cent of sales attributable to export business. The European Union and Russia were the key growth markets, accounting for approximately 74% of total exports. Leveraging the superior and consistent performance of its products, the Group has successfully signed strategic agreements with leading overseas clients from Germany and Spain, further consolidating its competitive position in the high-end European market.

(I) BUSINESS REVIEW *(Continued)*

Product Performance *(Continued)*

2. Changes in sales volume of key products *(Continued)*

DMF	168,000	3	84,000	Relatively stable

During the Reporting Period, the Group's DMF plant operated stably at full capacity. Compared with the scheduled maintenance carried out during the same period last year, output increased by approximately 7,200 tonnes. The Group continued to advance product R&D alongside structural optimisation, with product quality meeting pharmaceutical-grade standards. Capitalising on the expanding demand from peptide-based pharmaceutical companies, the Group signed strategic agreements with several leading pharmaceutical companies. Pharmaceutical-grade sales volume accounted for a YoY increase of 6 percentage points, thereby driving the expansion of the product portfolio into high-value-added sectors.

Polyformaldehyde	38,000	26	17,000	-13

At the beginning of this year, with the implementation of a new round of anti-dumping duty rates, domestically produced high-end polyformaldehyde gradually replaced imports. Coupled with market stockpiling driven by geopolitical tensions, industry demand was released in a concentrated manner. Leveraging its competitive advantage in differentiated product R&D, the Group capitalised on the anti-dumping duty period to actively capture market share, driving a significant increase in sales volume. Entering the second quarter, geopolitical tensions eased and the market returned to supply-and-demand fundamentals. Downstream enterprises entered a period of inventory drawdown, whilst the industry's traditional off-season weighed on end-user demand, resulting in a QoQ decline in sales volume.

(I) BUSINESS REVIEW *(Continued)*

Product Performance *(Continued)*

3. Changes in gross profit margin of key products

	Reporting Period *(%)*	YoY change *(percentage point)*
Fertiliser Products		
Urea	27	Increased by 6

The YoY increase in the gross profit margin of urea was driven by a 6% YoY decrease in average costs. With the successful commissioning of the synthetic ammonia production line at the Xinxiang base, the advanced production processes effectively reduced electricity consumption by approximately 19 kWh per metric tonne, resulting in a cost savings of about 12% per metric tonne. In addition, the increase in total ammonia production capacity led to an approximately 6% dilution of fixed labor costs and depreciation, which collectively contributed to a decrease in the unit cost of urea.

Compound Fertiliser	16	Relatively stable

During the Reporting Period, despite the impact of rising prices of raw materials such as potash and phosphate fertilisers, which led to a 3% YoY increase in average production costs, this factor was offset by a 3% YoY increase in selling prices.

(I) BUSINESS REVIEW *(Continued)*

Product Performance *(Continued)*

3. Changes in gross profit margin of key products *(Continued)*

	Reporting Period *(%)*	**YoY change** *(percentage point)*
Chemical Products		
Liquid Ammonia	16	3

During the first half of the year, the gross profit margin of liquid ammonia increased by 3 percentage points YoY, benefiting from a 7% YoY reduction in average cost. As new production capacity was released, economies of scale effectively diluted fixed labour, depreciation and other costs, which decreased by RMB151/tonne YoY, representing a decrease of approximately 32%.

Methanol	7	-1

During the Reporting Period, the Group carried out flexible production in response to market conditions. Downstream polyoxymethylene, DMF and other facilities increased consumption of self-produced methanol, resulting in a decrease in external sales volume of self-produced methanol. To maintain existing customers and strengthen market analysis capabilities, the Group continued to develop its methanol trading business, with trading volume accounting for 60% of total sales volume in the first half of the year. As the gross profit margin of methanol trading was 14 percentage points lower than that of self-produced methanol, the overall gross profit margin of methanol was lowered.

(I) BUSINESS REVIEW *(Continued)*

Product Performance *(Continued)*

3. Changes in gross profit margin of key products *(Continued)*

Melamine	38	Increased by 7

During the Reporting Period, the gross profit margin improved significantly YoY due to the optimisation of the export mix, increasing its share of the high-end market. Notably, all Russian customers adopted a self-collection model for goods, which effectively reduced transport costs; combined with a premium of RMB400 per tonne, this drove an increase in the overall gross profit margin. With the commissioning of the Zhundong Base, the Group's domestic melamine business will be further expanded and its market competitiveness will continue to strengthen.

DMF	27	Increased by 9

During the Reporting Period, the gross profit margin of DMF rose mainly due to two factors. First, amid geopolitical conflicts and product mix upgrading, the average selling price of DMF climbed 9% YoY, contributing approximately 7 percentage points to the uplift in gross profit margin. Second, supported by the Group's integrated coal-to-methanol industrial chain advantages, cost volatility of DMF stemming from international energy price hikes was largely mitigated. Coupled with process upgrades and higher production output, the unit steam consumption was effectively reduced while fixed costs were diluted, bringing down average costs by around 2 percentage points YoY.

Polyformaldehyde	20	Increased by 8

The Group possesses integrated coal-to-methanol supply capacity. Against a backdrop of surging market methanol prices driven by geopolitical tensions, the Group's raw material costs remained insulated from external price shocks, with the production cost of formaldehyde – our core feedstock – falling by approximately 17% YoY. Meanwhile, compared with the trial run and ramp-up phase shortly after the commissioning of production facilities last year, equipment operated stably throughout the Reporting Period, delivering marked reductions across all energy consumption metrics. Collectively, these factors pulled down average costs by roughly 8% YoY.

Other income, net

Other income, net, for 1H2026 amounted to approximately RMB142 million, representing a YoY decrease of approximately RMB49 million, or a decrease of approximately 26%. This was primarily attributable to the factors below:

First, during the project construction period, input VAT increased year-on-year, resulting in a larger VAT credit balance. This led to a YoY decrease in the additional deduction amount, which in turn reduced the subsidy income by approximately RMB43 million.

Second, to ensure long-cycle safe and stable operation of the facilities and to meet energy-saving and consumption-reduction targets, the Group proactively dismantled certain old equipment with high maintenance costs. As a result, loss on disposal of assets increased YoY by approximately RMB17 million. The above decreases in other income were partially offset by a YoY increase in service fee income of approximately RMB13 million.

Operating expenses

During the Reporting Period, the Group's three major expenses totalled approximately RMB1,685 million, representing a YoY increase of 27%. The primary reasons were the expansion of business scale, increased R&D investments and intensified efforts to transform and promote marketing, which have led to a corresponding increase in related expenses. Although the aggregate expenses rose, the expense ratio remained stable at 10.7% YoY, reflecting strengthened cost oversight as management balanced expansion with disciplined control. Looking ahead, as staffing at new bases is completed and the innovative marketing system matures, fixed costs will be further absorbed, enabling economies of scale to be progressively realised. This provides additional room for optimisation of the expense ratio.

1. Selling and Distribution Expenses

In 1H2026, the Group's selling and distribution expenses amounted to approximately RMB502 million, an increase of RMB110 million or 28% YoY. This was mainly due to the implementation and promotion of new marketing models, which drove product sales to exceed expectations. Against the backdrop of rapid business expansion, the selling expense ratio remained stable YoY at 3%.

The increase in expenses was primarily due to two factors: firstly, with the Xinxiang and Zhundong bases nearing production, the Group has proactively assembled a sales team to build a customer base and develop the market; as a result, expenses related to staff remuneration and channel expansion have increased by approximately RMB60 million YoY; secondly, by seizing opportunities in overseas markets to continuously expand the scale of exports, the export business drove a YoY increase of approximately RMB41 million in service fees for port warehousing and export certification inspection.

(I) BUSINESS REVIEW *(Continued)*

Operating Expenses *(Continued)*

2. General and administrative expenses

In 1H2026, the Group's general and administrative expenses amounted to approximately RMB903 million, representing a YoY increase of approximately RMB200 million or 29%. Such expenses accounted for 5.7% of revenue, representing a slight increase of 0.2 percentage points YoY.

Administrative expenses increased due to the following factors: Firstly, the Group places high importance on technological R&D. By acquiring design institutes, establishing a central research institute and recruiting highly skilled personnel, staff remuneration increased by approximately RMB110 million YoY. Secondly, driven by the increased investments in technological innovation, the commissioning of new production bases and business expansion, R&D expenses, taxes and surcharges increased by approximately RMB45 million YoY. Thirdly, with the expansion of business scale and operating volume, related expenses including depreciation, inspection, and safety and environmental protection increased by approximately RMB45 million YoY.

It should be noted that the Group accounts for its R&D expenses, taxes and surcharges under administrative expenses in accordance with International Financial Reporting Standards ("**IFRS**"), which differs from the presentation basis under PRC Accounting Standards, where such items are presented separately.

3. Finance costs

In 1H2026, finance costs amounted to approximately RMB280 million, representing a YoY increase of approximately RMB50 million or 22%. This was primarily attributable to a YoY increase of RMB4,367 million in total borrowings to meet project construction requirements. Despite the expansion in borrowing scale, the Group effectively hedged incremental interest expenses through continuous optimisation of its debt structure and interest rate reduction initiatives, resulting in a 0.1 percentage points decrease YoY in the proportion of finance costs.

On one hand, the newly incurred medium-to long-term borrowings originated from state-owned financial institutions, in which the average financing rate of project loans were as low as 2.85%, representing a discount of 0.7 percentage points compared to the market benchmark rate (LPR). On the other hand, the orderly replacement of existing loans with high interests drove a YoY decrease of approximately 0.3 percentage points in the overall average loan rate. The low-cost financing was precisely allocated to new capacity building, fully unlocking production efficiency and driving overall profitability.

(I) BUSINESS REVIEW *(Continued)*

Income tax expenses

In 1H2026, the income tax expense amounted to approximately RMB260 million, representing a YoY increase of approximately RMB100 million or 60%. This was primarily driven by an increase in profitability, with total profit growing significantly YoY.

Profit before tax

During the Reporting Period, profit before tax amounted to approximately RMB1,490 million, representing a YoY increase of approximately RMB570 million or 62%. This was primarily attributable to the increase in sales volume and selling prices of core products, which led to a significant YoY increase of approximately RMBN/A million in the three major expenses.

(II) PROSPECTS

Looking ahead to the second half of the year, the fertiliser industry will see generally looser supply conditions, and urea selling prices are set to decline compared with the first half of the year. Coupled with increasingly stringent national environmental protection policies, the phase-out of outdated production capacity in the industry is accelerating, and the market supply-and-demand dynamics continue to improve, which will further highlight the competitive advantages of leading companies. In response to changes in the industry cycle, the Group will continue to strengthen its overall competitiveness, leverage economies of scale to solidify its low-cost advantage, and simultaneously increase R&D investment to raise the proportion of high-efficiency fertilisers and consolidate its position in the industry.

For chemical products, as geopolitical tensions gradually ease, cost-driven price support will recede, and chemical product prices are expected to return to reasonable ranges. Leveraging its integrated coal-to-chemical industrial chain advantages, the Group can effectively mitigate industry cyclical volatility and sustain stable production and operations.

Domestic grain cultivation areas are expanding steadily, high-standard farmland development is being rolled out continuously, and soil testing-based formula fertilisation is widely promoted. These trends have fuelled rising demand for high value-added fertilisers. Against this backdrop, Black Urea, the Group's core product, aligns closely with national industrial policies advocating efficient fertilisation, unlocking long-term growth potential.

With new production capacities at Xinxiang, Zhundong and other sites coming online sequentially, the Group will substantially lift the proportion of differentiated fertiliser capacity. It will allocate resources intensively to high-margin offerings including Black Urea, liquid fertilisers and water-soluble fertilisers to further bolster product competitiveness. Meanwhile, automated production systems at the new bases will drive a substantial upgrade to the Group's smart manufacturing capabilities, fully underpinning refined operational management. The Group still has substantial scope to optimise its operating costs, and as economies of scale continue to take effect, the Group's overall profitability is expected to improve steadily.

(II) PROSPECTS *(Continued)*

In line with the progress of the Group's ongoing construction projects, the new chemical materials urea plant at the Xinxiang Base and the major integrated complex at the Zhundong Base are scheduled for commissioning in the third and fourth quarters of this year respectively. The flagship project at the Guangxi Base is advancing as planned and targeted for completion and commissioning in the third quarter of 2027. The phased commissioning of new capacities will further lower unit production costs through economies of scale and reinforce the Group's cost advantages.

In addition, to ensure stable operations of equipment and further improve production efficiency, the Group will carry out equipment maintenance at Xinxiang Base, Jiangxi Base Phase II project and Xinjiang Manas Base in accordance with the annual maintenance schedule. The maintenance will cause temporary fluctuations in production and sales volume. However, since the maintenance schedule is aligned with the timeline for commissioning new production capacity, the overall impact will be manageable.

(III) SUPPLEMENTARY INFORMATION

1. Operational and Financial Risks

- ***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.

- ***Commodity Price Risk***

  The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and costs of raw materials.

- ***Interest Rate Risk***

  The Group's major interest rate risk arises from its long-term debt obligations subject to floating interest rates.

(III) SUPPLEMENTARY INFORMATION *(Continued)*

1. Operational and Financial Risks *(Continued)*

- ***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. As the Group does not currently have significant foreign currency-denominated assets or liabilities, the foreign exchange risk exposure is limited. The Group does not currently engage in any hedging activities against exchange rate fluctuations, but it will continue to monitor currency movements closely and consider hedging instruments as appropriate should its foreign currency exposure increase.

- ***Inflation and Currency Risk***

  According to the data released by the National Bureau of Statistics of China, the consumer price index of the PRC increased by 1.0% YoY for the six months ended 30 June 2026. Such inflation in the PRC did not have a significant impact on the Group's operating results.

- ***Liquidity Risk***

  Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by banking facilities.

  The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at 30 June 2026, approximately RMB3,905,984,000 (31 December 2025: RMB3,301,196,000), or 19.6% (31 December 2025: 20.1%) 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. Currently, the Group is adjusting the loan structures and obtained sufficient long term bank credit.

- ***Gearing Risk***

  The Group monitors its total liabilities to asset ratios in order to support its business and maximise shareholders' value. The Group manages its total liabilities to asset structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the total liabilities to asset structure, the Group may raise new debt or issue new shares. The gearing ratio of the Group as at 30 June 2026 (calculated as total liabilities divided by total assets) was 67.8%, representing an increase of 1.8 percentage points as compared to 31 December 2025.

(III) SUPPLEMENTARY INFORMATION *(Continued)*

2. Contingent Liabilities

As at 30 June 2026, the Group had no material contingent liabilities (2025: Nil).

3. Material Litigation and Arbitration

As at 30 June 2026, the Group was not involved in any material litigation or arbitration (2025: Nil).

4. 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 the internal control and reporting matters. The interim results for the six months ended 30 June 2026 have been reviewed by the Audit Committee, but have not been reviewed or audited by the external auditors of the Company.

5. Compliance with the Corporate Governance Code

The Company devotes to maintaining good practice of corporate governance, and has complied with all the code provisions set out in the Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") for the six months ended 30 June 2026.

6. 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 transaction by the directors of the Company. The Board confirms that, having made specific enquiries with all directors of the Company, during the six months ended 30 June 2026, all directors have complied with the required standards of the Model Code.

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

For the six months ended 30 June 2026, the Company repurchased 4,392,000 issued shares of the Company in total through the spot market of the SEHK at a total consideration of approximately HK$42,525,892 (excluding transaction costs), with the consideration per share ranging from HK$8.81 to HK$10.28. The shares repurchased during such period represented approximately 0.34% of the issued shares as at 30 June 2026. 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 optimising the capital structure through share repurchase will improve the earnings per share, net assets per share and overall shareholder returns. Details of the share repurchase as follows:

	For the six months ended 30 June 2026 Purchase consideration per share			
Month of repurchase	**Number of shares repurchased**	**Highest price paid**	**Lowest price paid**	**Total Consideration paid approximately**
		HK$	*HK$*	*HK$*
January	4,392,000	10.28	8.81	42,525,892
Total	**4,392,000**			**42,525,892**

Save as disclosed above, for the six months ended 30 June 2026, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any other listed securities of the Company (including sale of treasury shares (as defined in the Listing Rules)).

As at 30 June 2026, the Company held 8,561,000 treasury shares on a cumulative basis. These treasury shares are intended to be used for the Company's employee share incentive schemes and other corporate purposes as permitted under the relevant laws and regulations.

(III) SUPPLEMENTARY INFORMATION *(Continued)*

8. Employees and Remuneration Policy

As at 30 June 2026, there were 13,115 (31 December 2025: 12,964) employees in the Group. During the Reporting Period, the Group continued to strengthen its R&D and talent development systems, establishing R&D platforms such as the Central Research Institute and the Zhengzhou Xinhang Design Institute. New hires were primarily R&D and technical sales professionals, with approximately 80% holding advanced degrees (including PhDs and master's degrees). The talent structure is gradually upgrading towards higher-end and more specialised roles, resulting in an average YoY increase of approximately 13% in labour productivity. With the continuous improvement of intelligent and automated levels, the Group will gradually optimise the allocation of production and management personnel, fully implement the "efficiency through optimal staffing" management philosophy, and further solidify the talent foundation for high-quality development.

Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and according to sales performance, commissions and bonuses are issued to marketing personnel, so as to facilitate the Group's long-term sustainable development. The Group provides training to all employees, including directors and senior management, and offers ongoing training from time to time during their employment. The nature of the training is determined based on the specific functions and job responsibilities of the employees, with the aim of enhancing their professional skills and job performance. In addition, the Group has implemented an employee incentive scheme in phases to reward outstanding performance.

9. Significant Events after the Period

There were no significant events affecting the Group which have occurred since the end of the period.

(III) SUPPLEMENTARY INFORMATION *(Continued)*

10. 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).

By Order of the Board
China XLX Fertiliser Ltd.
Yan Yunhua
Executive Director

Hong Kong, 28 August 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*