DONGYUE FEDERATION

DONGYUE GROUP LIMITED

東 岳 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 189)

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND (2) CLOSURE OF REGISTER OF MEMBERS

FINANCIAL SUMMARY

(Unless otherwise specified, presented in millions of RMB)

	2024	2023
Revenue	**14,181**	14,493
Gross profit	**3,067**	2,436
Gross Profit Margin	**21.62%**	16.81%
Profit before taxation	**1,423**	653
Profit for the year	**987**	611
Profit for the year attribute to owners of the Company	**811**	708
Basic earnings per share (RMB yuan)	**0.46**	0.32
Final dividends per share (HK$)	**0.10**	0.10

	For the year ended 31 December 2024	For the year ended 31 December 2023
Total equity	**17,472**	16,938
Net assets per share (RMB yuan)	**10.00**	7.71

(1) Announcement of Annual Results for the year ended 31 December 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	**14,181,087**	14,493,323
Cost of sales		**(11,114,506)**	(12,057,192)
Gross profit		**3,066,581**	2,436,131
Other income and other net gains or losses	4	**226,237**	269,157
Distribution and selling expenses		**(437,188)**	(503,038)
Administrative and other expenses		**(734,857)**	(647,286)
Research and development costs		**(707,132)**	(935,099)
Gain on disposal of partial interests of an associate		**139,049**	–
Loss on disposal of subsidiaries		**(100,216)**	–
Finance costs	5	**(1,357)**	(1,659)
Share of results of associates		**(28,071)**	34,965
Profit before taxation		**1,423,046**	653,171
Income tax expense	6	**(435,549)**	(42,086)
Profit for the year	7	**987,497**	611,085
Other comprehensive income/(expense) for the year			
Items that will not be reclassified to profit or loss:			
Fair value changes on equity instruments at fair value through other comprehensive income ("FVTOCI")		**21,266**	(15,449)
Total comprehensive income for the year		**1,008,763**	595,636
Profit/(loss) for the year attributable to:			
— Owners of the Company		**810,804**	707,793
— Non-controlling interests		**176,693**	(96,708)
		987,497	611,085
Total comprehensive income/(expense) for the year attributable to:			
— Owners of the Company		**832,070**	692,344
— Non-controlling interests		**176,693**	(96,708)
		1,008,763	595,636
Earnings per share			
— Basic and diluted (RMB)	8	**0.46**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**12,279,823**	12,193,145
Right-of-use assets		**889,852**	866,630
Deposits paid for purchase of property, plant and equipment		**217,378**	222,722
Interest in associates		**97,809**	469,130
Intangible assets		**18,769**	17,345
Equity instruments at fair value through other comprehensive income ("FVTOCI")	*10*	**129,629**	103,174
Deferred tax assets		**85,667**	129,339
Goodwill		**440,767**	299,024
		14,159,694	14,300,509
Current assets			
Inventories		**1,429,752**	1,546,407
Properties for sale		**10,820**	917,316
Trade and other receivables	*11*	**2,777,363**	2,493,357
Pledged bank deposits		**88,745**	143,859
Bank balances and cash		**2,470,496**	2,547,297
		6,777,176	7,648,236
Current liabilities			
Trade and other payables	*12*	**2,822,668**	4,500,284
Tax liabilities		**71,934**	11,449
Lease liabilities		**5,138**	5,198
Deferred income		**39,938**	42,858
		2,939,678	4,559,789
Net current assets		**3,837,498**	3,088,447
Total assets less current liabilities		**17,997,192**	17,388,956

	Notes	**2024** *RMB'000*	2023 *RMB'000*
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**163,506**	212,196
Reserves		**11,943,554**	14,582,025
Equity attributable to the owners of the Company		**12,107,060**	14,794,221
Non-controlling interests		**5,364,777**	2,144,188
Total equity		**17,471,837**	16,938,409
Non-current liabilities			
Deferred tax liabilities		**198,809**	129,481
Lease liabilities		**21,304**	26,851
Deferred income		**305,242**	294,215
		525,355	450,547
		17,997,192	17,388,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Dongyue Group Limited (the "Company") was incorporated in the Cayman Islands on 24 July 2006 as an exempted company with limited liability. The address of its registered office is P.O.Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 10 December 2007.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture, distribution and sale of polymers, organic silicon, refrigerants and dichloromethane and liquid alkali and others.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

The Group has not applied the new IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRS Accounting Standards but is not yet in a position to state whether these new IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of goods and properties.

3.1 Revenue

Disaggregation of revenue from contracts with customers:

	2024 *RMB'000*	2023 *RMB'000*
Types of goods or service		
Sales of chemical product		
Polymers	**3,824,967**	4,552,407
Refrigerants	**3,247,702**	2,871,580
Organic silicon	**5,212,703**	4,862,426
Dichloromethane and liquid alkali	**1,104,337**	1,176,824
	13,389,709	13,463,237
Other operations	**791,378**	1,030,086
Total	**14,181,087**	14,493,323

Sale of chemical products

Revenue (net of value added tax or other sales taxes) from the sale of goods are recognised at a particular point in time when customers have control of the promised goods, which is generally the time when goods are delivered to customers and customers have accepted the goods.

3.2 Operating Segments

The Group's operations are organised based on the different types of products. Information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of products. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

— Polymers;

— Organic silicone;

— Refrigerants;

— Dichloromethane and liquid alkali; and

— Other operations — manufacturing and sales of side-products of refrigerants segment, polymers segment, organic silicone segment and dichloromethane and liquid alkali segment, property development and rental income.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2024

	Polymers *RMB'000*	Refrigerants *RMB'000*	Organic Silicon *RMB'000*	Dichloro-methane and liquid alkali *RMB'000*	Other operations *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
External sales	**3,824,967**	**3,247,702**	**5,212,703**	**1,104,337**	**791,378**	**–**	**14,181,087**
Inter-segment sales	**–**	**2,271,302**	**–**	**25,400**	**1,222,472**	**(3,519,174)**	**–**
Total revenue — segment revenue	**3,824,967**	**5,519,004**	**5,212,703**	**1,129,737**	**2,013,850**	**(3,519,174)**	**14,181,087**
SEGMENT RESULTS	**508,088**	**806,356**	**101,668**	**372,161**	**(368,749)**	**–**	**1,419,524**
Unallocated corporate expenses							**(5,883)**
Gain on disposal of partial interests of an associate							**139,049**
Loss on disposal of subsidiaries							**(100,216)**
Share of results of associates							**(28,071)**
Finance costs							**(1,357)**
Profit before taxation							**1,423,046**

For the year ended 31 December 2023

	Polymers *RMB'000*	Refrigerants *RMB'000*	Organic Silicon *RMB'000*	Dichloro-methane and liquid alkali *RMB'000*	Other operations *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
External sales	4,552,407	2,871,580	4,862,426	1,176,824	1,030,086	–	14,493,323
Inter-segment sales	–	2,608,866	–	29,559	1,182,577	(3,821,002)	–
Total revenue — segment revenue	4,552,407	5,480,446	4,862,426	1,206,383	2,212,663	(3,821,002)	14,493,323
SEGMENT RESULTS	336,766	310,574	(330,512)	248,359	85,458	–	650,645
Unallocated corporate expenses							(20,109)
Losses arising from the disposal of financial asset investments							(10,671)
Share of results of associates							34,965
Finance costs							(1,659)
Profit before taxation							653,171

Segment results represent the results of each segment without allocation of unallocated expenses, gain/(loss) on disposal of associates & financial asset investment and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. No segment information on assets and liabilities is presented as such information is not reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

3.3 Entity-wide disclosures

Information about major customers

There was no revenue from a single customer that contributed over 10% of the total sales of the Group for the years ended 31 December 2024 and 2023.

Geographical information

The Group's revenue from external customers by geographical location of customers is detailed below:

	2024	2023
	RMB'000	*RMB'000*
PRC (Country of domicile)	**11,872,043**	12,295,769
Asia (except PRC)	**1,518,776**	1,354,130
America	**317,499**	361,932
Europe	**381,452**	391,448
Africa	**85,765**	79,738
Oceania	**5,552**	10,306
	14,181,087	14,493,323

Over 95% of the Group's non-current assets other than financial instruments and deferred tax assets (2023: 95%) are located in the PRC as at 31 December 2024. Accordingly, no information about its non-current assets by geographical location is presented.

3.4 Other segment information

	Polymers	**Refrigerants**	**Organic Silicon**	**Dichloromethane and Liquid alkali**	**Other Operations**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
2024						
Amounts included in the measures of segment profit or loss:						
Depreciation of property, plant and equipment	**309,126**	**220,656**	**380,523**	**100,471**	**150,532**	**1,161,308**
Depreciation of right-of-use-assets	**3,756**	**5,671**	**5,511**	**1,189**	**14,882**	**31,009**
Amortisation of intangible assets	**1,809**	**760**	**361**	**31**	**–**	**2,961**
Impairment on property, plant and equipment	**–**	**–**	**15,655**	**–**	**119,425**	**135,080**
Impairment of properties for sales	**–**	**–**	**–**	**–**	**90,976**	**90,976**
Impairment on trade receivables	**70**	**4,591**	**3,300**	**6**	**611**	**8,578**
Research and development cost	**197,723**	**217,611**	**172,773**	**44,302**	**74,723**	**707,132**
Write-down/(reversal) of inventories	**22,600**	**(2,148)**	**20,767**	**362**	**25,225**	**66,806**
Loss on disposals of property, plant and equipment	**3,110**	**64,330**	**24,663**	**8,024**	**10,253**	**110,380**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Gain on disposal of partial interests of an associate	**–**	**–**	**–**	**–**	**139,049**	**139,049**
Loss on disposal of subsidiaries	**–**	**–**	**–**	**–**	**(100,216)**	**(100,216)**
Share of results of associates	**–**	**–**	**–**	**–**	**(28,071)**	**(28,071)**

	Polymers	Refrigerants	Organic Silicon	Dichloromethane and Liquid alkali	Other Operations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2023						
Amounts included in the measures of segment profit or loss:						
Depreciation of property, plant and equipment	305,020	315,320	332,709	111,052	121,778	1,185,879
Depreciation of right-of-use-assets	3,653	5,297	5,648	1,206	4,890	20,694
Amortisation of intangible assets	2,828	1,550	60	335	2,953	7,726
Impairment on property, plant and equipment	–	49,100	–	–	–	49,100
Impairment of properties for sales	–	–	–	–	47,084	47,084
(Reversal of impairment)/impairment on trade receivables	455	(1,736)	(1,823)	33	481	(2,590)
Research and development cost	399,532	206,845	230,823	45,170	52,729	935,099
Write-down of inventories	36,207	90,314	41,323	1,955	4,869	174,668
Loss on disposals of property, plant and equipment	11,671	39,744	3,970	716	2,900	59,001
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of an associate	–	–	–	–	(34,965)	(34,965)

4. OTHER INCOME AND OTHER GAINS OR LOSSES

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants *(note (i))*	**89,697**	124,522
Bank deposits interest income	**25,908**	89,509
Sundry income	**73,285**	55,477
	188,890	269,508
Other gains or losses		
Exchange difference, net	**37,347**	(351)
	37,347	(351)
	226,237	269,157

Notes:

(i) During the year ended 31 December 2024, the Group recognised government grants of RMB49,759,000 (2023: RMB44,644,000) in the consolidated statement of profit or loss. Government grants mainly represent the expenditure on research activities which are recognised as expense in the period in which they are incurred by the Group. The Group recognised these government grants as other income when there were no unfulfilled conditions or contingencies.

During the year ended 31 December 2024, in addition, the Group recognised government grant of RMB39,938,000 (2023: RMB79,878,000), which was released from deferred income to the consolidated statement of profit or loss. The Group received subsidies from government in respect of the acquisition of property, plant and equipment for manufacturing of chemical products. Such subsidies are classified as deferred income in the consolidated statement of financial position and will be recognised in the consolidated statement of profit or loss over the estimated useful lives of the related assets.

5. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interests on:		
Lease liabilities	**1,357**	1,659
Total	**1,357**	1,659

6. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax		
PRC enterprise income tax ("EIT")		
— Current year	**222,156**	170,939
— Under/(over) provision in prior years	**35,908**	(3,596)
Land Appreciation Tax ("LAT")	**115,218**	40,645
	373,282	207,988
Deferred tax		
— Withholding tax for distributable profits of PRC subsidiaries	**21,000**	(148,000)
— Others	**41,267**	(17,902)
	62,267	(165,902)
Income tax expense	**435,549**	42,086

Tax charge mainly consists of income tax in the PRC attributable to the assessable profits of the Company's subsidiaries established in the PRC. Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2023: 25%), except for certain PRC subsidiaries being awarded the Advanced-Technology Enterprise Certificate and entitled for a tax reduction from 25% to 15%.

The Company's subsidiaries incorporated in Hong Kong is under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Pursuant to the local rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2024	2023
	RMB'000	*RMB'000*
(a) Staff costs (including directors' emoluments)		
Wages and salaries	**784,680**	990,149
Pension scheme contributions	**200,921**	231,311
Equity-settled share-based payment of a subsidiary	**2,869**	–
Other staff welfare	**66,403**	124,218
Total staff costs	**1,054,873**	1,345,678
(b) Other items		
Amortisation of intangible assets (included in cost of sales)	**2,961**	7,726
Auditor's remuneration	**2,564**	2,590
Depreciation of property, plant and equipment	**1,161,308**	1,185,879
Depreciation of right-of-use assets	**31,009**	20,694
Loss on disposal of property, plant and equipment	**110,380**	59,001
Government grants	**(89,697)**	(124,522)
Reversal on other receivables	**(25,441)**	(1,754)
Impairment/(reversal) on trade and receivables	**8,578**	(2,590)
Impairment on property, plant and equipment	**135,080**	49,100
Write-down of inventories (included in cost of sales)	**66,806**	174,668
Impairment of properties for sales (included in cost of sales)	**90,976**	47,084

8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following:

	2024	2023
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company, used in the basic and diluted earnings per share calculations (RMB)	**810,804**	707,793

	Number of shares	
	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,746,485**	2,197,479
Earning per share (RMB per share)	**0.46**	0.32

During the year ended 31 December 2024, the Company completed the repurchase of shares and cancelled 520,978,000 shares as disclosed, other than the aforesaid repurchase, no ordinary shares were repurchased (for the year ended 31 December 2023: 33,923,000 of shares repurchased under the employee option scheme).

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the years ended 31 December 2024 and 2023 has been arrived at after deducting the shares held in trust for the Company.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2024 and 2023. Diluted earnings per share for the year ended 31 December 2024 and 2023 are the same as the basic earnings per share.

9. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Dividends paid during the year 2024:		
2023 final dividend of HK$0.10 (2023: 2022 final dividend of HK$0.60 per share)	**155,609**	1,196,613

A final dividend HK$0.10 per share (2023: HK$0.10 per share), amounting to HK$173,271,164 (2023: HK$173,271,164) in respect of the year ended 31 December 2024 (equivalent to RMB160,456,029 (2023: RMB155,608,768)) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

10. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		2024	2023
	Notes	***RMB'000***	*RMB'000*
Unlisted equity securities, at fair value			
Taihe Asset Management Co. Ltd. ("Taihe")	*(a)*	**73,443**	44,447
Hainan Guji Investment Partnership (limited partnership) ("Hainan Guji")	*(b)*	**3,218**	2,958
Zibo Runxin Dongyue New Material Equity Investment Fund Partnership (limited partnership) ("Zibo Runxin")	*(c)*	**47,779**	55,769
Leshan City Commercial Bank Co.	*(d)*	**2,047**	–
Leshan Rural Commercial Bank Co.	*(e)*	**3,142**	–
		129,629	103,174

The above unlisted equity instruments represent the Group's equity interest in several private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they are held for long-term strategic purposes. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

In determining the fair value of unlisted equity instruments, the Group engages an independent professional valuer to perform such valuation. The amount is determined based on the cash flow projection for the estimated future cash flow discounted to its present value and requires the use of key assumptions, including the discount rate, terminal growth rate, budgeted revenue and gross margin taking into account the relevant industry growth forecasts and financial budgets approved management's expectation for the market development and the market approach, based on trading multiples derived from publicly traded companies that are similar to the subject company.

Notes:

(a) Taihe is a private entity established in the PRC. Taihe was principally engaged in asset management and bulk transfer of non-performing assets of financial enterprises in Shandong Province, the PRC. The Group and other partners jointly established Taihe and the registered capital of Taihe was RMB10,000,000,000, of which the register capital contributed by the Group was RMB600,000,000, representing 6% of the total registered capital of Taihe. As of 31 December 2024, the total capital contribution of RMB120,000,000 has been paid by the Group (31 December 2023: RMB120,000,000).

As of 31 December 2023, the directors of the Company considered, and as assessed by the independent professional valuer engaged by the Group, the fair value of the Group's investment in Taihe of approximately RMB44,447,000 was recognised (31 December 2022: RMB57,163,000). Accordingly, as of 31 December 2023, the cumulative fair value loss of approximately RMB75,552,000 (31 December 2022: RMB62,837,000) was recognised.

As at 31 December 2024, the directors of the Company considered, and as assessed by the independent professional valuer engaged by the Group, the fair value of the Group's investment of Taihe was approximately RMB73,443,000 (31 December 2023: RMB44,447,000) and a fair value gain of approximately RMB28,996,000 (2023: a loss of RMB12,716,000) which had been recognised for the year ended 31 December 2024.

(b) Hainan Guji is a limited partnership established in the PRC, which is focusing in the investments in industrial silicon companies.

The Group made capital contribution of RMB278,500,000 to Hainan Guji, representing 89.73% of equity interest of Hainan Guji. As the Hainan Guji was managed and controlled by a general partner which was not a company controlled by the Company, in the opinion of the directors of the Company, the Company was not in a position to exercise control over this company. The directors of the Company have elected to designate this investment as equity instruments at FVTOCI as they are held for long-term strategic purposes.

During the year ended 31 December 2023, the Group received refund from Hainan Guji of RMB39,203,000, accordingly, the Group's investment in Hainan Guji reduced to RMB897,000. As at 31 December 2024, the directors of the Company considered, and as assessed by the independent professional valuer engaged by the Group, the fair value of the investment in Hainan Guji was RMB3,218,000 (2023: RMB2,958,000) with the gain in fair value of RMB260,000 (2023: a gain of RMB9,840,000) had been recognised for the year ended 31 December 2024.

(c) Zibo Runxin is a limited partnership fund established in the PRC, which is expected to primarily invest in fluoro-chemical, organic silicon, membrane materials and hydrogen-related industries.

On 12 January 2021, Dongyue Fluorosilicone Science and Technology Group Co., Ltd. ("Dongyue Fluorosilicone Technology") and Shangdong Dongyue Organosilicon Co., Ltd. ("Dongyue Organosilicon"), both subsidiaries of the Company, entered into a partnership agreement with independent third parties in relation to the establishment of the fund. Pursuant to the partnership agreement, the initial capital contribution to the fund was aggregately RMB500,000,000, out of which RMB125,000,000 and RMB75,000,000 were contributed to the fund by Dongyue Fluorosilicone Technology, Dongyue Organosilicon, respectively, as limited partners. The capital contribution to the fund will be made in stages in accordance with the partnership agreement.

As of 31 December 2021, the Group made a total capital contribution of RMB60,000,000 to Zibo Runxin, representing 33.66% of equity interest of Zibo Runxin. As the Zibo Runxin was managed and controlled by a general partner which was not a company controlled by the Company, in the opinion of the directors of the Company, the Company was not in a position to exercise control over this company. The directors of the Company have elected to designate this investment in equity instruments at FVTOCI as they are held for long-term strategic purposes.

During the year ended 31 December 2022, the Group made a further capital contribution of RMB6,500,000 to Zibo RunXin, and as of 31 December2022, the total capital contribution made by the Group was RMB66,500,000, with a shareholding ratio of 36.44%.

As of 31 December 2022, the directors of the Company considered, and as assessed by the independent professional valuer engaged by the Group, the fair value of the investment in Zibo Runxin was approximately RMB52,694,000 with fair value loss of RMB7,532,000 had been recognised in other comprehensive expense for the year 31 December 2022.

During the year ended 31 December 2023, the Group made a further capital contribution of RMB15,648,000 to Zibo RunXin, and as of 31 December 2023, the total capital contribution made by the Group was RMB82,148,000, with a shareholding ratio of 36.44%.

As of 31 December 2024, the directors of the Company considered, and as assessed by the independent professional valuer engaged by the Group, the fair value of the investment in Zibo Runxin was approximately RMB47,779,000 (2023: RMB55,769,000), and a fair value loss of approximately RMB7,990,000 which had been recognised for the year ended 31 December 2024 (2023: a loss of RMB12,573,000).

(d) Leshan City Commercial Bank Co. was established in Leshan of Sichuan Province of the PRC. It was invested by one of the subsidiary of Zibo Xiaoshuo in 2006.

(e) Leshan Rural Commercial Bank Co. was established in Leshan of Sichuan Province of the PRC. It was invested by one of the subsidiaries of the Zibo Xiaoshuo in 2014.

11. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables *(note (i))*	**1,962,821**	1,568,806
Less: allowance for credit losses	**(12,876)**	(4,298)
	1,949,945	1,564,508
Prepayments for raw materials	**28,920**	87,232
Tax recoverable	**165,093**	240,918
Deposit paid for property development	**–**	21,000
Outstanding amount of deposit receivables *(note (ii))*	**309,888**	309,888
Loans *(note (iii))*	**45,100**	–
Deposits and other receivables	**278,417**	269,811
	2,777,363	2,493,357

Notes:

(i) Included in the trade receivables are bills receivables amounting to RMB1,579,632,000 at 31 December 2024 (2023: RMB1,365,293,000).

(ii) An indirect subsidiary of the Company, Shandong Dongyue Polymers Co., Ltd., placed deposits amounted to RMB309,888,000 to the account of Macro-link Holding Group Finance Company Limited, under the Amended Financial Services Master Agreement as disclosed in the announcement dated on 12 May 2022. Such deposits were pledged by 11.9% equity interest in Hunan Hualian Porcelain Industry Co.,Ltd. （湖南華聯瓷業股份有限公司）, a company listed on the Shenzhen Stock Exchange (stock code: 001216.SZ). As at 31 December 2024 the market value of pledged interest was approximately RMB382,500,000.

On 28 March 2024, with a view to replenish the working capital of the Group, Dongyue Polymers issued a notice to Macro-link Finance to withdraw the outstanding balance of deposit on or before 31 March 2024. Dongyue Polymers did not receive the outstanding amount of deposit receivables within the prescribed deadline.

On 1 April 2024, the legal advisors of Dongyue Polymers as to the laws of the PRC submitted a statement of claim to the applicable court in the PRC against Macro-link Finance demanding immediate repayment of the Outstanding Amount. Subsequently, on 2 April 2024, Dongyue Polymers received a letter from Macro-link Finance stating that it is unable to return the Outstanding Amount to Dongyue Polymers. For more detail please refer to the announcement dated on 2 April 2024.

(iii) The loans were provided to Zhangjiajie Xinye Real Estate Development Co., Ltd (an associate of the Group), which with a 4%-interest-rate per annum and repayable within one year.

Customers are generally granted with credit period ranged between 30-90 days for trade receivables. Bills receivables are generally due in 90 days or 180 days. The following is an aging analysis of trade and bills receivables, net of allowance for credit losses presented based on the invoice date.

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**769,139**	576,162
91–180 days	**1,062,942**	971,553
181–365 days	**117,864**	16,793
More than 1 year	**12,876**	4,298
	1,962,821	1,568,806

Before accepting any new customer, the Group conducts research on the creditworthiness of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 71% (2023: 99%) of the trade and bills receivables that are neither past due nor impaired have the high-ranking record attributable under the research on the creditworthiness. The Group offers various settlement terms which vary depending on the size of contract credibility and reputation of the customers.

12. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,988,169**	2,159,485
Contract liabilities — sale of chemical products	**137,585**	133,904
Contract liabilities — sale of properties	**17,334**	269,478
Payroll payables	**216,294**	717,997
Payable for property, plant and equipment *(note (i))*	**292,045**	748,974
Other tax payables	**48,720**	69,903
Construction cost payables for properties under development for sale	**4,729**	151,731
Other payables and accruals	**117,792**	248,812
	2,822,668	4,500,284

Notes:

(i) The payable for acquisition of property, plant and equipment will be settled three months after the completion of installation of the plant and machinery which is recorded in the addition of construction in progress during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, amid a complex domestic and international economic condition, the fluorosilicon chemical industry underwent significant changes as affected by multiple factors. Given such circumstances, market demand for some products within the industry remained weak, similar to the previous year, while others experienced substantial price increases due to external market factors. Leveraging on the strengths accumulated over years of operation in the fluorosilicon chemical industry, the Group rapidly seized market opportunities and recorded a certain level of performance growth.

RESULTS REVIEW

I. Seizing market opportunities to drive performance growth

During the year, the fluorosilicon chemical industry experienced significant market fluctuations due to external macroeconomic conditions, leading to product price adjustments. Within the refrigerants segment, key products such as R22 and R32 recorded substantial price increases driven by quota restrictions. In response, the Group proactively optimized its product mix and market strategies, achieving performance growth while laying a solid foundation for future industrial expansion. On the back of superior cost management and exceptional market development capabilities, the organic silicon segment recorded a profit turnaround from a loss despite supply-demand imbalances in the industry. Meanwhile, the fluoropolymers segment maintained its competitive edge amid intensified market competition and declining product prices, supported by superior product quality and the strategic layout on high-end product offerings, achieving stable results for the Group.

II. Stablizing production to ensure competitiveness within the industry

During the period under review, the Group strived to optimize the operational efficiency of its devices amidst intense market competition, to contribute further increase on the annual output of its key products as compared to 2023. While achieving output growth, the Group managed to reduce raw material and overall energy consumption, as well as by-product and co-product output to various degrees. The Group has established a data analysis system across all production stages, which can assist the Group to analyze production data and provide operational guidance, thereby improving production efficiency. In terms of safety and environmental protection, the Group adhered to its long-standing safety and environmental production standards, with significant decrease in abnormal shutdown rate throughout the year, as well as completely fulfilling regulatory standards for wastewater and exhaust emissions. In the state of the challenging industry conditions, the comprehensive production management allowed the Group to maintain stable operations, achieve full production and abundant sales, further reduce costs, so as to enhance product competitiveness in the market.

III. Technological R&D has yielded new achievements

The Group attaches great importance to independent research and development (R&D) all along, and has made further progress in R&D for the year. During the year, total R&D expenses by the Group amounted to approximately RMB707 million, including over 40 R&D projects, such as pilot-scale production trials involving new products, new technology and new process developments. Together with facility upgrades and expansions, energy-saving and consumption reduction initiatives, all R&D projects contributed significantly to revenue growth, profit increase and cost reduction. As at the end of 2024, the Group's R&D team comprised of over 800 members, with more than 60% holding doctoral or master's degrees. During the year, the Group was granted 121 patents, bringing the total number of patents to over 600 by year-end. In addition, during the period under review, the Group announced 4 national standards, 4 industry standards and 20 group standards, which have further propelled industry development.

IV. Remarkable achievement was made in strengthening internal control, reducing costs and enhancing efficiency

During the year, the Group continued to uphold its management policies of strengthening internal control, optimizing and reducing costs, while unleashing potentials, with a focus on key process control. In particular, the Group conducted a thorough reform in key areas such as system, procedure and framework. As a result, various items, including costs on procurement, construction, maintenance, and transportation, declined to various degrees under rigorous management. With these internal control measures, the Group enhanced market competitiveness amidst the current business environment.

V. Accelerating the disposal of real estate business

The Group has remained cautious with its real estate business since the engagement in 2011. According to the prevailing industry situation, the Group has decided to gradually exit the real estate industry since early 2020. By the end of the period under review, the Group has ceased its real estate business with no further plan to develop this business segment. During the period under review, in light of its strategic plan to withdraw from the real estate business, the Group has substantially disposed assets of its real estate business. The corresponding financial effects have been reflected in the annual financial statements in accordance with accounting standards.

PROSPECT

Despite the improving trend of the results, the Group still operates its business cautiously to prepare for intense competition, as well as abundant opportunities and challenges under the future market outlook. As a result, we have developed the following business strategies for the future:

1. **Establishing market leadership through R&D with a focus on implementation**

   The Group has always viewed research and development (R&D) as a key competitive advantage. Many of our products have gained strong market recognition for their superior technology and quality, which has helped securing a leading position in China's high-end product segment. The Group will expand into small market segments and broaden product applications from each segment to drive business growth. The Group adopts a market-driven approach for R&D, strategically aligning our R&D efforts with actual market needs to avoid inefficient innovation. We will continue to extend and strengthen the fluorosilicone chemical industry chain to create a distinctive, high-quality development pathway for the industry.

2. **Ensuring safe and environmentally sustainable production while enhancing efficiency**

   Presently, the fluorosilicone chemical industry represents significant market opportunities. To capitalize such opportunities, the Group must ensure stable production to drive business performance. Therefore, the Group remains committed to maintaining production stability, adhering to the highest safety and environmental standards, and improving the production efficiency of its equipments. We aim to further reduce production costs through efficiency improvement of our production facilities.

3. **Monitoring market trends and adopting flexible strategies**

   In recent years, the fluorosilicone chemical market is filled with uncertainties, with supply and demand undergoing structural adjustments. While the market changes rapidly, new opportunities also arise accordingly. The Group will closely monitor market dynamics, keep abreast of industry trends, flexibly adapt response strategies to market conditions, and promptly adjust business strategies. In particular, our refrigerant products, which are subject to quota regulations to prevent oversupply, have shown positive market trends. We anticipate that this segment will become a stable growth driver for the Group. Accordingly, we will seize all opportunities in the refrigerant market to maximize profitability.

4. **Further strengthening management to reduce costs and improve efficiency**

   Through strengthening management, the Group has achieved remarkable results in cost reduction and efficiency improvement during the period under review. Moving forward, managing to maintain cost reduction and efficiency improvement will be the essential requirement. The Group will continue to implement strict oversight, expense control and sustainable profitability. By optimizing cost analysis effectively, the Group will conduct scientific budgeting on each individual costs and provide data support for cost reduction and efficiency improvement, as well as for guidance on production and sales decisions.

5. **Optimizing the management system and cultivating outstanding talents**

   In recent years, while operating under the pressure of the volatile industry, the emergence of many outstanding professionals internally has become a key factor for the Group to achieve remarkable results under challenging circumstances. Therefore, the Group will further optimize its management system by selecting and training outstanding talents through a competition selection mechanism, aiming to nurture professionalism, competency and youthification, and adding new vitality into the Group's future development.

2024 marked an extraordinary year for us, and the developing direction of the fluorosilicon chemical industry has begun to show initial signs. Looking ahead to 2025, the uncertainties in demand, supply, quotas, and other aspects of the fluorosilicon chemical industry represent both pressures and challenges for the Group. We will adhere to the correct operating philosophy, maintain our competitive edge in the industry, focus on the development of the fluorosilicon industrial chain, and strive to create substantial value to reward our investors for their long-term trust and support.

FINANCIAL REVIEW

Results Highlights

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB14,181,087,000, down 2.15% over RMB14,493,323,000 in the previous year. Gross profit margin increased to 21.62% (2023: 16.81%) and the operating margin came in at 10.01% (2023: 4.49%). The Group recorded profit before tax of approximately RMB1,423,046,000 (2023: RMB653,171,000), and net profit of approximately RMB987,497,000 (2023: RMB611,085,000), while consolidated profit attributable to the Company's owners was approximately RMB810,804,000 (2023: RMB707,793,000). Basic earnings per share were RMB0.46 (2023: RMB0.32).

The Board recommended the payment of a final dividend of HK$0.10 (2023: HK$0.10) per share to the shareholders whose names appear on the shareholder's registrars of the Company on 16 June 2025.

Segment Revenue and Operating Results

Set out below is the comparison, by reportable and operating segments, of the Group's revenue and results for the year ended 31 December 2024 and 2023:

	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Revenue	**Results**	**Operating Margin**	Revenue	Results	Operating Margin
	RMB'000	***RMB'000***		*RMB'000*	*RMB'000*	
Fluoropolymers	**3,824,967**	**508,088**	**13.28%**	4,552,407	336,766	7.40%
Organic Silicon	**5,212,703**	**101,668**	**1.95%**	4,862,426	(330,512)	(6.80)%
Refrigerants	**3,247,702**	**806,356**	**24.83%**	2,871,580	310,574	10.82%
Dichloromethane and Liquid Alkali	**1,104,337**	**372,161**	**33.70%**	1,176,824	248,359	21.10%
Others	**791,378**	**(368,749)**	**(46.60%)**	1,030,086	85,458	8.30%
Consolidated	**14,181,087**	**1,419,524**	**10.01%**	14,493,323	650,645	4.49%

Analysis of Operating Results

During the period under review, the fluorosilicon chemical industry exhibited various market conditions across different products with different degree of price fluctuations. Consequently, such price differences had led to a decline in external sales revenue for the Group's fluoropolymers segment as well as the dichloromethane and liquid alkali segment. Nevertheless, the refrigerants segment and organic silicon segment experienced an increase in external sales revenue. After all, all major product segments achieved various degrees of performance growth.

Fluoropolymers

During the period under review, the external sales of fluoropolymers segment were approximately RMB3,824,967,000, down 15.98% compared with the same period of the previous year (2023: RMB4,552,407,000), accounting for 26.97% (2023: 31.41%) of the Group's total external sales. The segment results recorded a profit of RMB508,088,000, up 50.87% compared with RMB336,766,000 in the same period of the previous year.

During the period under review, resulting from excessive capacity in the major product market of the segment and intense competitions in the industry, product prices declined as compared with that of 2023, and the external sales revenue of the segment decreased accordingly. Nevertheless, thank to the industry-leading product quality and technology, the Group maintained relatively high product selling prices with low costs in the market, thereby achieving a significant increase in the segment results.

The Group relies on the internal supply of R22 for the production of TFE (a fluorocarbon), which is used by the Group for the production of polymers products such as PTFE (a synthetic fluoropolymer with high level of resistance to temperature changes, electrical insulation, aging and chemical resistant that is used as a coating material and can also be further processed into high-end fine chemicals, which can be widely applied in chemicals, construction, electrical and electronics and automotive industries) and HFP (an important organic fluorochemical monomer, which can be used to produce various fine chemicals). Furthermore, the refrigerants segment of the Group supplied R22 and R142b as the raw materials for the production of a variety of downstream fluoropolymer fine chemicals including FEP (modified materials of PTFE, produced with HFP added in TFE, mainly used in the lining for wire insulation layer, thin-walled tube, heat shrinkable tubes, pumps, valves and pipes), FKM (fluorine rubber, a specialized fluorinated material, which is mainly used in the fields of aerospace, automotive, machinery and petro-chemistry due to its superior mechanical property, excellent oil, chemical and heat resistance), PVDF (fluorocarbon made through aggregation of VDF produced with R142b, mainly used as a fluorine coating resin, fluorinated powder coating resin and lithium battery electrode binding material) and VDF, in which Huaxia Shenzhou has been engaging. Other fluorinated fine chemicals formed another major production category of Huaxia Shenzhou.

Refrigerants

During the period under review, the refrigerants segment's external sales increased by 13.10% from RMB2,871,580,000 in the previous year to RMB3,247,702,000, accounting for 22.90% (2023: 19.81%) of the Group's total external sales. The segment recorded a profit of RMB806,356,000, up 159.63% compared with RMB310,574,000 in the same period of the previous year.

During the period under review, affected by the quota policy, certain products under the refrigerants segment recorded a significant price increase, of which R22 and R32 experienced the most noticeable price hikes, resulting on a growth for the segment's external sales revenue. In addition, their costs did not record substantial increases, so the segment results reported a remarkable year-on-year growth.

The Group has the largest production capacity of R22 in the world. Being the Group's backbone refrigerant products, R22 is an important refrigerant among all kinds. Besides, R22 has been one of the key raw materials for the production of the fluoropolymers (i.e. PTFE, HFP and other downstream fluorinated chemicals) and R125. R125 and R32 are the key refrigerant mixture for other types of green refrigerants (such as R410a) to replace R22. Currently, R410a has been the principal replacing refrigerant which has been widely applied in inverter air conditioners and other green home appliances. R134a is broadly used in the coolant and air-conditioning systems in automobiles, while R152a is another key refrigerant product of the Group which can also be used as blowing agents, aerosols and cleaning agents. Apart from the fact that R142b can be used as refrigerant, temperature controller medium, and intermediates of aviation propellant, it can also be one of the main raw materials for the production of VDF.

Organic Silicon

During the year, external sales of the organic silicon segment increased by 7.20% to RMB5,212,703,000 from RMB4,862,426,000 in the previous year, accounting for 36.76% (2023: 33.55%) of the Group's total external sales. The segment recorded a profit of RMB101,668,000, marking a turnaround from a loss of RMB330,512,000 in 2023.

During the period under review, although the price of organic silicon products decreased, a substantial increase in sales volume led to a slight increase in external sales revenue. However, despite the complex and ever-changing international circumstances, coupled with the pressure driven from industry involution, the segment persisted to seek improvement in stability by increasing production capacity, expanding market and strengthening costs and expenses control. Such strategies led to a decline in production costs and hence an increase in gross profit margin, which helped the segment results to record significant year-on-year increase, and to achieve a profit turnaround from a loss.

This segment mainly included the production and sales of DMC (upstream organic silicon intermediates that are used as raw materials to produce deep processed mid-stream and downstream silicon products, such as silicon oils, silicon rubber and silicon resins), 107 Silicon Rubber, Raw Vulcanizate and Gross Rubber (collectively referred to as "Silicon Rubbers", deep processed organic silicon rubber products, where Raw Vulcanizate is a key material for producing Gross Rubber), and other by-products and other high-end downstream products, such as Gaseous Silica and Silicon Oils. Named as "Industrial MSG", organic silicon is widely applied in aviation, automotive, electronic, construction and other industries, mainly in the form of additives, treatment chemicals stabilisers, lubricants and sealants and is a key ingredient in industrial processes. The Group initially produces silicon monomers with silicon powder and chloromethane and further processes them to become silicon intermediates (mainly DMC), with certain portion of which the Group produces for Silicon Rubbers and other organic silicon products. The Group can also produce and generate other byproducts and high-end downstream products, such as Gaseous Silica and Silicon Oils through its production processes.

Dichloromethane and Liquid Alkali

During the year under review, the segment's external sales decreased by 6.16% to RMB1,104,337,000 from RMB1,176,824,000 in the previous year, accounting for 7.79% (2023: 8.12%) of the Group's total external sales. The segment results recorded a profit of RMB372,161,000 (2023: profit of RMB248,359,000), representing a year-on-year increase of 49.85%. The products of this segment consist of chemical commodities, which are greatly affected by the changes in operating environment. During the period under review, the results growth of the segment was due to stable product demand of the segment and reduction in raw material costs.

This segment included two major auxiliary products (dichloromethane and liquid alkali) of Refrigerants Segment of the Group. Liquid alkali is a basic chemical product from the production of methane chloride (essential chemical for the production of refrigerants and organic silicon products), and used in the textile, power and materials industries. Methane chloride includes dichloromethane, which is mainly used to produce antibiotics and as a foaming mode for polyurethane.

Others

During the period under review, the external sales of the segment was RMB791,378,000, down 23.17% as compared with RMB1,030,086,000 in the previous year. The segment results recorded a loss of RMB368,749,000 (2023: a profit of RMB85,458,000), representing a year-on-year decrease of 531.50%.

This segment included the revenue from the production and sales of other by-products of the Group's operating segments, such as Ammonium Bifluoride, Hydrofluoric Acid and Bromine, and real estate business, etc.. The Group has remained cautious with its real estate business since the engagement in 2011. The segment loss incurred during the period under review was mainly due to the disposal impact of the real estate businesses.

Distribution and Selling Expenses

During the year under review, the distribution and selling expenses decreased by 13.09% to RMB437,188,000 from RMB503,038,000 of the previous year. The decrease in distribution and selling expenses was driven by the reduction in transportation and miscellaneous costs of the Group during the period under review.

Administrative Expenses

During the year under review, the administrative expenses increased by 13.53% to RMB734,857,000 from RMB647,286,000 of the previous year. The increase in administrative expenses was due to the increase in provision for the impairment of assets.

Finance Costs

During the year under review, the finance costs decreased by 18.20% to RMB1,357,000 from RMB1,659,000 of last year, which was mainly attributable to the decrease in the interests on lease liabilities by some subsidiaries. As of to date, the Company had no borrowings.

Capital Expenditure

For the year ended 31 December 2024, the Group's aggregate capital expenditure was approximately RMB1,800,565,000 (2023: RMB1,918,256,000). The Group's capital expenditure is mainly allocated for the renovation of the existing production lines and construction of the ancillary facilities.

Liquidity and Financial Resources

The Group's financial position remains steady with healthy working capital management and strong operating cash flow. As at 31 December 2024, the Group's total equity amounted to RMB17,471,837,000, up 3.15% as compared with that as at 31 December 2023. As at 31 December 2024, the Group's bank balances and cash came in at RMB2,470,496,000 (2023: RMB2,547,297,000). During the year under review, the Group generated a total of RMB2,071,697,000 (2023: RMB1,375,950,000) net cash inflow from its operating activities. The current ratio(1) of the Group as at 31 December 2024 was 2.31 (31 December 2023: 1.68).

Taking the above figures into account, together with the available bank balances and cash, the unused banking credit facilities, bank's support and sufficient operating cash flows, the management is confident that the Group has adequate resources to settle any debts and to finance its daily operating and capital expenditures.

Capital Structure

During the period, except as disclosed in the sections headed "Employee Option Scheme" and "Purchase, Sale or Redemption of the Company's Listed Securities" in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. The number of issued shares of the Company was 1,732,711,637 as at 31 December 2024.

As at 31 December 2024, the Group had no borrowing balance (2023: no borrowing balance). The gearing ratio(2) of the Group was -14.14% (2023: -15.04%). The negative gearing ratio as at 31 December 2024 represented the Group's "net cash" positive position (i.e. has more cash & equivalents than its debt), which is generally viewed as a positive signal.

Notes:

(1) Current Ratio = Current Assets ÷ Current Liabilities

(2) Gearing Ratio = Net Debt ÷ Total Equity

Net Debt = Total Borrowings — Bank Balances and Cash

Group Structure

During the period under review, the Company has completed the transactions of off-market share buy-back of 520,977,818 shares and the disposal of equity interests of the Group's entities on 5 March 2024. Further details of the transactions are set out in the section headed "Off-market Share Buy-back and Disposal and Major and Connected Transaction" in the 2023 annual report of the Company.

Other than disclosed above, the Group recorded no material changes in the Group's structure.

Charge on Assets

As at 31 December 2024, the Group's bank deposits of RMB88,745,000 (2023: RMB143,859,000) were used as the security deposit for bills payable and the regulated security deposit from presale of properties. According to the requirements of the PRC property industry, the property companies are required to place regulated security deposit in their escrow account which cannot be used until the completion of both the construction and the residential mortgage loan applications for the customers. As at 31 December 2024, the relevant bank deposits for regulated security deposit from presale of properties were RMB471,000 (2023: RMB68,134,000).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's functional currency is RMB, and most transactions are settled in RMB. However, foreign currencies (mainly United States dollars) are received/paid when the Group earns revenue from overseas customers, and settles purchases of machinery and equipment to overseas suppliers.

To reduce the holding risk of foreign currencies, the Group normally converts the foreign currencies into RMB upon payment receipt after taking into account its foreign currencies payment schedule in the near future.

Employees and Remuneration Policy

The Group recorded 6,922 employees in total, including 6,032 males and 890 female as at 31 December 2024 (2023: 6,977). The Group implemented its remuneration policy and bonus based on the performance of the Group and its employees. The Group also provided benefits such as social insurance and pensions to ensure market competitiveness on remuneration.

OTHER INFORMATION

Final Dividend

The Directors recommend the payment of a final dividend of HK$0.10 (the "Final Dividend") (2023: HK$0.10) per share in respect of the year ended 31 December 2024, to the shareholders whose names appear on the register of members of the Company (the "Register") on 16 June 2025, subject to the approval of the members of the Company at the Company's annual general meeting (the "AGM"). The Final Dividend is after excluding the applicable PRC income tax.

The AGM of the Company will be held on 5 June 2025. A notice of the AGM will be published and dispatched to the shareholders of the Company in due course.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2024 and all Directors confirmed that they have fully complied with the relevant requirements set out in the Model Code during the year.

Employee Option Scheme

The Company adopted an employee option scheme (the "Employee Option Scheme") which shall be valid and effective for a term of ten (10) years expiring on 26 December 2028. The purposes of the Employee Option Scheme are (i) to recognize the contributions by certain employees or consultants of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the Employee Option Scheme, the trustee will purchase existing Shares from the market out of cash contributed by the Group of not more than HK$1,300,000,000 in total at all material times and hold such Shares on trust for the relevant employees or consultants of the Group selected by the Board (the "Selected Employees"). The Board may, from time to time, at its absolute discretion grant to any Selected Employee the right to purchase the relevant Shares (the "Option"). The Selected Employee may, when exercising the Option, elect the number of Shares which he wishes to (i) be transferred and/or (ii) sell and receive the difference, if any, between the sale price of the Shares and the exercise price of the Option.

On 27 September 2024, in the interest of reconstructing the remuneration policies of the Group and in order to allow full play of effective incentives for the employees and consultants of the Group, the Employee Option Scheme was early terminated (the "Termination") with effect from 27 September 2024 (the "Termination Date"). As there is no outstanding option under the Employee Option Scheme, the Termination will not affect the rights of any selected participants in a material and adverse manner. Upon Termination, no further options may be granted under the Scheme. All existing Shares held by the Trustee under the Scheme shall be gradually sold on the stock market over a period of time following the Termination Date and the proceeds of sale shall be remitted to the Company after the sale.

76,707,000 Shares in the cost of HK$723,409,000 are still held by the Trustee under the Employee Option Scheme as at 31 December 2024. No Options have been granted under the Employee Option Scheme during the reporting period.

Under the Employee Option Scheme, up to 31 December 2024, the Company have contributed HK$990,582,879.87 in total to purchase Shares from the market since the set up of the scheme.

The Employee Option Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

Further details of the Employee Option Scheme are set out in the Company announcements dated 27 December 2018, 28 March 2023 and 27 September 2024.

Purchase, sale or redemption of the Company's listed securities

Other than (i) as disclosed under the sections headed "Employee Option Scheme" in this announcement and (ii) off-market share buy-back of 520,977,818 shares at approximately $7.1 per share on 23 October 2023 and its completion took place on 5 March 2024 (details of the share buy-back transaction are set out in the circular of the Company dated 30 November 2023 and the announcement of the Company dated 5 March 2024), neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

Audit committee

The audit committee of the Company was established on 16 November 2007 in accordance with the Listing Rules. The existing audit committee comprises Mr. Ting Leung Huel, Stephen (Chairman), Mr. Yang Xiaoyong and Mr. Ma Zhizhong, all being independent non-executive Directors.

Scope of work of Zhonghui Anda CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Zhonghui Anda CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Zhonghui Anda CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zhonghui Anda CPA Limited on the preliminary announcement.

The audit committee met with the management on 24 March 2025, to review the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting including the review of the Group's annual results for the year ended 31 December 2024 before proposing them to the Board for approval.

Remuneration committee

The Company has established a remuneration committee to consider the remuneration for Directors and senior management of the Company. The remuneration committee comprises Mr. Yang Xiaoyong (Chairman) and Mr. Ting Leung Huel, Stephen who are independent non-executive Directors and Mr. Zhang Jianhong who is an executive Director.

Nomination committee

The Company established a nomination committee with written terms of reference on 18 March 2012 to be responsible for the appointment of new Director(s) of the Company and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the nomination committee and Mr. Yang Xiaoyong and Mr. Ting Leung Huel, Stephen were appointed as the members of the nomination committee.

Corporate Governance Committee

The Company established a corporate governance committee with written terms of reference on 21 March 2013 to be responsible for reviewing the Company's policies and practices on corporate governance, the Company's compliance with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, the relevant disclosure in the report on corporate governance code and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the corporate governance committee and Mr. Wang Weidong were appointed as the members of the corporate governance committee.

Risk Management Committee

The Company established a risk management committee with written terms of reference on 13 August 2015 to review and advise the risk management and internal control of the Company and other related matters. Mr. Ting Leung Huel, Stephen was appointed as the chairman of the risk management committee and Mr. Yang Xiaoyong and Mr. Ma Zhizhong were appointed as the members of the risk management committee.

Announcement of Annual Results and Publication of Annual Report

This annual results announcement is published on the Company's website at www.dongyuechem.com and the website of the HKSE at www.hkexnews.hk. The Annual Report will also be available at the websites of the Company and the HKSE and will be dispatched to shareholders of the Company in April 2025.

Closure of Register of Members

The Board announces that the Register will be closed from 2 June to 5 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all share transfers, accompanied by the relevant share certificates, must be lodged with the branch share registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, not later than 4:30 p.m. on 30 May 2025.

The Board further announces that the Register will be closed from 12 June to 16 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the Final Dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the branch share registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, not later than 4:30 p.m. on 11 June 2025.

The expected date for payment of the Final Dividend is 10 July 2025.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 27 March 2025

As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Wang Weidong, Mr. Zhang Zhefeng and Ms. Chung Tak Lai as executive directors, and Mr. Ting Leung Huel, Stephen, Mr. Yang Xiaoyong and Mr. Ma Zhizhong as independent non-executive directors.