三江化工
SANJIANG CHEMICAL

CHINA SANJIANG FINE CHEMICALS COMPANY LIMITED
中國三江精細化工有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2198)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

CHAIRLADY'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Sanjiang Fine Chemicals Company Limited (the "**Company**"), I wish to announce the annual audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**year under review**").

RESULTS HIGHLIGHTS

	2024	2023	Change
	RMB'000	*RMB'000*	*%*
Revenue	**19,586,052**	13,128,400	49.2%
Gross profit	**1,110,563**	194,336	471.5%
Net profit attributable to owners of the parent	**532,550**	91,477	482.2%
Earnings per share — Basic *(RMB)*	**45.99 fen**	7.84 fen	486.6%
Gross profit margin	**5.7%**	1.5%	4.2%
Gearing — interesting-bearing borrowings to total asset	**49.5%**	48.5%	1.0%

It has remained a challenging year in 2024 for the oil and chemical sector (the "**Sector**") and the broader economy of the People's Republic of China ("**PRC**"), driven by persistent price volatility in major commodities as well as our major feedstocks, influenced by certain global geopolitical events. 2024 was the Group's first full year operation after its ramp-up and the commencement of the commercial operation of its new production facilities — the 6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and the Naphtha/Ethane/Propane-to-Ethylene/Propylene production facility with 1,250,000 MT output on a yearly basis as upstream level during Q2 of 2023. During the year under review, revenue of the Group increased by approximately 49.2%, primarily resulted from the combined effects of:- 1) the improvement of average selling price ("**ASP**") and sales volume of Ethylene glycol by approximately 9.7% and 84.6% respectively; 2) the substantial growth of ASP and sales volume of butadiene by approximately 51.0% and 105.2% respectively; and 3) the increase in sales volume of surfactants by approximately 45.6%, when comparing to 2023. Overall gross profit margin of the Group improved by approximately 4.2% from approximately 1.5% in 2023 to approximately 5.7% in 2024 and net profit attributable to owners of the parent was approximately RMB532.6 million and basic earnings per share was approximately RMB45.99 fen, for the year ended 31 December 2024, both of which represented increases of approximately 482.2% and 486.6% respectively as compared to 2023. The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

During the year under review, we noticed signs of solid and gradual recoveries have emerged, particularly in certain of our major line of business like Ethylene Glycol ("**EG**"), Butadiene, Ethylene Oxide ("**EO**") and Surfactants, while our another major line of business, Polypropylene ("**PP**") has shown some positive developments. EG line of business has shown a notable rebound in 2024 with the average selling price ("**ASP**") of EG increasing by approximately 9.7%, reaching approximately RMB3,986 per MT (RMB3,986 per MT is VAT non-inclusive price and the VAT inclusive price is RMB4,504 per MT) and the sales volume of EG increased by approximately 84.6%, reaching 868,951 MT when comparing to 2023, making it one of the best-performing line of business among our Group when comparing to 2023. Key drivers for EG's rebound included:- i) stronger polyester demand as the textile and apparel sector, a key consumer of EG, saw moderate improvement as both domestic consumption and global polyester exports stabilised; and ii) supply adjustments as some coal-based EG plants operated at lower capacities due to weak gross profit margins, helping tighten supply and supporting price recovery. Another remarkable growth in 2024 in terms of line of business for the Group is Butadiene where Butadiene pricing, which faced with sharp declines in 2023, showed solid rebound in 2024 with the ASP of Butadiene increased by approximately 51.0%, reaching approximately RMB10,267 per MT (RMB10,267 per MT is VAT non-inclusive price and the VAT inclusive price is RMB11,602 per MT) and the sales volume of Butadiene increased by approximately 105.2%, reaching 74,732 MT when comparing to 2023. Key drivers for Butadiene's remarkable growth in 2024 included:- i) increase in tire & synthetic rubber demand as growths in automobile production industry in China in 2024 boosted the demand for butadiene and in turn butadiene pricing; and ii) short-term shortages as certain unplanned outages in Korea and Japan temporarily boosted Chinese butadiene demands and provided pricing support in 2024. The Group's EO line of business has shown some positive developments in 2024 with the ASP of EO increased by approximately 5.6% in 2024, reaching approximately RMB5,993 per MT (RMB5,993 per MT is VAT non-inclusive price and the VAT inclusive price is RMB6,772 per MT) when comparing to 2023 while the ASPs of EO in 2023 and 2022 shown decreases by approximately 13% and 4.5% respectively on a year-on-year basis. EO pricing's turnaround in 2024 was primarily due to downstream demand recovery as a result of moderate increase in demand from household cleaning products, surfactants, and construction chemicals. The Group has been putting more focus on Surfactants line of business since 2022 for the purpose of being more vertical-integrated to diversify business/market risks and capturing more profit margins in difference level of production processes. During the year under review, the sales volume of Surfactants increased by approximately 45.6% when comparing to 2023. PP, our another major line of business, has also shown some positive developments in 2024 with the ASP of PP maintained in a similar level when comparing to 2023, reaching approximately RMB6,448 per MT (RMB6,448 per MT is VAT non-inclusive price and the VAT inclusive price is RMB7,286 per MT) while the ASP of PP in 2023 shown decrease by approximately 12% on a year-on-year basis. The steady of PP pricing in 2024 was primarily due to slight and steady growth of downstream demands. The Group's overall gross profit margin increased by approximately 4.2%, rising from 1.5% in 2023 to 5.7% in 2024. This improvement was primarily driven by the first full year of operation of the 6th phase EO/EG production facilities and the upstream Naphtha/Ethane/Propane-to-Ethylene/Propylene production facility, following their successful ramp-up in Q2 2023. The increase in production efficiencies was fully realized in 2024, significantly enhancing cost-effectiveness and operational performance.

Looking ahead to 2025, the Group remains confident in its ability to navigate the inherent volatility of the chemical markets by leveraging its diversified and vertically integrated business model. Given the cyclical nature of the industry, maintaining operational flexibility and production efficiency will be key to sustaining profitability and adapting to evolving market conditions. The successful ramp-up and integration of the 6th phase EO/EG production facilities and the upstream Naphtha/Ethane/Propane-to-Ethylene/Propylene production capabilities has significantly enhanced the Group's overall production efficiency, allowing for greater adaptability in product mix and resource allocation. This enables the Group to respond swiftly to shifts in supply-demand dynamics and optimize production strategies based on prevailing market trends. By focusing on cost management, efficiency improvements, and strategic market positioning, the Group is well-equipped to mitigate risks associated with commodity price fluctuations while maximizing revenue opportunities in favourable market conditions. The ability to adjust outputs, explore high-value product markets, and expand downstream integration will further strengthen the Group's resilience. The Group's ability to turn around its financial performance in 2024, despite industry-wide challenges, demonstrates the effectiveness of its long-standing strategy of business and market diversification. As the Sector continues to evolve, the Group will remain committed to enhancing operational synergies, optimizing its product portfolio, and reinforcing its competitive position, ensuring sustainable growth and long-term value creation for stakeholders.

The gearing ratio of the Group (on a total asset basis) maintained in a similar level in 2024 when comparing to 2023 (2024: approximately 49.5% vs. 2023: approximately 48.5%, which is line with the Group's internal gearing guidance, which takes into account various factors, including the typical time lag of around two years between the construction period of new production facilities and the generation of corresponding profits and revenue and the estimated buffer by the management of the Group to maintain sufficient liquidity in response to potential market fluctuations.

Risk Management & Internal Controls

As the Sector continues to face dynamic global and domestic challenges, the Group has maintained a strong focus on risk management and internal controls to safeguard operational stability and financial resilience. As such, the Group has enhanced its enterprise risk management framework, implementing systematic risk assessments and monitoring, internal audits, and compliance monitoring mechanisms. Proactive risk identification remains a top priority, ensuring the Group can effectively respond to commodity price fluctuations, geopolitical tensions, regulatory changes, and environmental policies. The Group has reinforced its operational risk controls, including more frequent regular financial reviews, independent audits, and board-level oversight of enterprise-wide risk management practices. These measures strengthen the Group's ability to anticipate, mitigate, and manage risks in a volatile market environment.

Key Market Factors Affecting 2024 Performance & Strategic Responses

The global energy and chemical markets in 2024 were shaped by price volatility, shifting demand patterns, and macroeconomic uncertainties. Within this landscape, the Group's financial performance was positively impacted by its diversified production capabilities and efficiency improvements, enabling it to offset market fluctuations and optimize revenue streams. External market conditions played a significant role in shaping industry-wide results. Lower crude oil prices, subdued domestic demand, and global trade constraints impacted major Chinese oil and chemical companies. To maintain resilience, the Group has adapted its strategies by focusing on high-value chemicals and downstream integration. The Group's continued investment in operational efficiency, diversification, and downstream value-added products aligns with these broader industry shifts, reinforcing its ability to navigate evolving market challenges.

Key Risks & Mitigation Strategies

Given the cyclical nature of the chemical markets, commodity price volatility, geopolitical uncertainties, environmental policies, and operational risks remain key challenges for the Sector. To mitigate these risks, the Group has implemented several strategic measures, including: i) Cost Efficiency & Process Optimization — The Group continues to focus on production efficiency, energy cost control, and process optimization, ensuring profitability even in fluctuating market conditions; ii) Business Diversification & Downstream Expansion — By broadening its product portfolio and integrating more downstream products, the Group reduces its exposure to commodity price swings. This approach aligns with industry peers that have shifted towards specialty chemicals and high-value derivatives to stabilize revenue streams; and iii) Operational Safety & Compliance Programs — Adopting advanced safety measures, environmental compliance programs, and regulatory monitoring ensures operational integrity and risk prevention.

Competitive Positioning

The Group's strong revenue growth and margin improvement in 2024 showcased the effectiveness of its integrated production model and strategic market positioning. While market volatility will persist, the Group's focus on high-efficiency production, diversified revenue streams, and adaptive market strategies will continue to drive sustainable growth.

As the industry evolves, the Group remains committed to enhancing operational synergies, optimizing its product portfolio, and reinforcing its competitive position, ensuring long-term value creation for stakeholders in a rapidly changing global landscape.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my thanks to our shareholders, banks, customers and vendors for their supports and trusts as well as our management and all staffs for their hard workings and commitments during the year.

HAN Jianhong
Chairlady
PRC, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	**19,586,052**	13,128,400
Cost of sales		**(18,475,489)**	(12,934,064)
Gross profit		**1,110,563**	194,336
Other income and gains	4	**284,832**	550,104
Selling and distribution expenses		**(5,828)**	(3,761)
Administrative expenses		**(229,778)**	(197,702)
Impairment losses on financial assets, net		**(795)**	(2,779)
Other expenses, net	4	**(197,191)**	(305,087)
Finance costs	5	**(414,656)**	(214,904)
PROFIT BEFORE TAX	6	**547,147**	20,207
Income tax (expense)/credit	7	**(13,207)**	23,927
PROFIT FOR THE YEAR		**533,940**	44,134
Attributable to:			
Owners of the parent		**532,550**	91,477
Non-controlling interests		**1,390**	(47,343)
		533,940	44,134
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	**RMB45.99 fen**	RMB7.84 fen

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**533,940**	44,134
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**533,940**	44,134
Attributable to:		
Owners of the parent	**532,550**	91,477
Non-controlling interests	**1,390**	(47,343)
	533,940	44,134

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,083,421**	13,007,735
Investment properties		**76,608**	79,369
Right-of-use assets		**693,976**	744,421
Other intangible assets		**35,404**	47,008
Advance payments for long-lived assets		**292,628**	55,553
Equity investments designated at fair value through other comprehensive income	*10-2*	**3,409**	3,409
Pledged deposits	*14*	**175,665**	761,193
Deferred tax assets		**16,630**	19,522
Total non-current assets		**14,377,741**	14,718,210
CURRENT ASSETS			
Inventories	*11*	**2,722,295**	1,949,953
Trade and notes receivables	*12*	**1,473,105**	1,430,794
Prepayments, other receivables and other assets	*13*	**1,189,019**	1,022,526
Due from related parties	*18*	**372**	3,373
Derivative financial instruments		**3,474**	6,303
Financial assets at fair value through profit or loss	*10-1*	**2,647**	15,897
Pledged deposits	*14*	**1,742,210**	1,490,566
Time deposits	*14*	**30,680**	—
Cash and cash equivalents	*14*	**564,328**	364,150
Total current assets		**7,728,130**	6,283,562

	Notes	**2024** *RMB'000*	2023 *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*15*	**1,807,675**	2,134,154
Other payables and accruals	*16*	**2,599,102**	2,537,140
Derivative financial instruments		**24,831**	1,026
Financial liabilities at fair value through profit or loss	*10–1*	**87,812**	—
Interest-bearing bank and other borrowings	*17*	**6,665,496**	5,914,736
Long-term loan within one year	*17*	**1,846,396**	1,199,132
Lease liabilities		**35,871**	32,958
Due to related parties	*19*	**571,564**	545,682
Tax payable		**55,680**	54,809
Total current liabilities		**13,694,427**	12,419,637
NET CURRENT LIABILITIES		**(5,966,297)**	(6,136,075)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,411,444**	8,582,135
NON-CURRENT LIABILITIES			
Other payables	*16*	**63,753**	365,190
Lease liabilities		**15,356**	48,552
Deferred tax liabilities		**62,374**	55,335
Due to related parties	*19*	**942,932**	675,569
Interest-bearing bank and other borrowings	*17*	**2,433,241**	3,076,147
Total non-current liabilities		**3,517,656**	4,220,793
Net assets		**4,893,788**	4,361,342
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*20*	**102,662**	102,662
Reserves		**4,809,107**	4,278,051
		4,911,769	4,380,713
Non-controlling interests		**(17,981)**	(19,371)
Total equity		**4,893,788**	4,361,342

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

China Sanjiang Fine Chemicals Company Limited (the "**Company**") was incorporated with limited liability in the Cayman Islands on 30 January 2009. The registered office address of the Company is Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands. The principal place of business in China is located at Pinghai Road, Jiaxing Port Area, Zhejiang Province, People's Republic of China (the "**PRC**").

During the year, the Company and its subsidiaries (the "**Group**") was principally engaged in the manufacture and supply of ethylene oxide ("**EO**"), ethylene glycol ("**EG**"), propylene, polypropylene ("**PP**"), methyl tert-butyl ether ("**MTBE**") and surfactants in the PRC. The Group was also engaged in the provision of processing services for PP and surfactants to its customers and the production and supply of other chemical products such as liquefied petroleum gas ("**C4**") and industrial gases, namely oxygen, nitrogen and argon in the PRC. EO is a key intermediary component for the production of ethylene derivative products such as ethanolamines and glycol ethers and a wide range of surfactants. EG is a type of semi-finished goods that are used to produce other bio-organic chemical products such as mono ethylene glycol which is used to produce polyester and anti-frozen chemical liquids. Propylene is commonly used in the production of PP, acrylonitrile, propylene oxide, acetone, etc., to produce a variety of important organic chemical raw materials and to produce synthetic resin, synthetic rubber and some other fine chemicals. PP is a kind of thermoplastic resin, which can be used in knitting products, injection moulding products, film products, fibre products, pipes, etc. MTBE is a raw material for high-purity isobutene, and the applications of high-purity isobutene are becoming increasingly widespread; at the same time, as a gasoline additive, it has been widely used around the world. Surfactants are widely applied in different industries as scouring agents, moisturising agents, emulsifiers and solubilisers.

In the opinion of the directors, the ultimate holding company of the Company is Sure Capital Holdings Limited ("**Sure Capital**"), which was incorporated in the British Virgin Islands.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern assumption

As at 31 December 2024, the Group's net current liabilities amounted to approximately RMB5,966,297,000, which comprised current assets of approximately RMB7,728,130,000 and current liabilities of approximately RMB13,694,427,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements.

As at 31 December 2024, the Group's total current borrowings amounted to RMB8,511,892,000, all of which will be due within twelve months from 31 December 2024. The Group has not experienced any significant difficulties in renewing its short-term borrowings upon their maturities and there is no indication that the banks will not renew the existing borrowings if the Group applies for the renewal. As at the reporting date, the Group had unutilised credit facilities from banks of RMB493,782,000 to meet the debt obligations and capital expenditure requirements. In order to improve the Group's liquidity and cash flows, the Group is also entering into new borrowing discussions with certain financial institutions. Additionally, Mr. Guan Jianzhong, the controlling shareholder, has confirmed to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations as and when they fall due for a period of not less than 12 months from the date of the reporting date.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRS Accounting Standards that are applicable to the Group are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards-Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirement for in scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Information about products and services

The following table sets forth the total revenue from external customers by product and service during the year:

	2024	2023
	RMB'000	*RMB'000*
Sale of industrial products	**19,488,826**	13,024,230
Processing services	**80,859**	88,898
Rental income	**16,367**	15,272
	19,586,052	13,128,400

Geographical information

(a) *Revenue from external customers*

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**19,256,801**	13,048,224
Singapore	**308,927**	28,454
Japan	**—**	51,722
Others	**20,324**	—
Total revenue	**19,586,052**	13,128,400

(b) The Group's non-current assets are all located in Mainland China.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

4. REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**19,569,685**	13,113,128
Revenue from other sources		
Rental income from operating leases:		
Lease payments, including fixed payments	**16,367**	15,272
Total revenue	**19,586,052**	13,128,400

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	**2024** ***RMB'000***	2023 *RMB'000*
Types of goods or services		
Sale of industrial products	**19,488,826**	13,024,230
Processing services	**80,859**	88,898
Total	**19,569,685**	13,113,128
Timing of revenue recognition		
At a point in time		
Sale of industrial products	**19,488,826**	13,024,230
Processing services	**80,859**	88,898
Total	**19,569,685**	13,113,128

(b) Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2024	2023
	RMB'000	*RMB'000*
Advance from customers for sale of industrial products and processing services*	**350,464**	348,086

* Included in "Other payables and accruals" in the consolidated statement of financial position.

(i) Significant changes in contract liabilities

Contract liabilities represent the obligations to transfer goods or services to a counterparty for which the Group has received a consideration. The changes in the contract liabilities are mainly attributable to the receipt of advances from customers and the recognition of revenue when fulfilling the performance obligations.

(ii) Revenue recognised in relation to contract liabilities

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Sale of industrial products and processing services	**348,086**	144,696

(c) Performance obligations

At 31 December 2024, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised as revenue within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2024	2023
	RMB'000	*RMB'000*
Other income		
Interest/investment income derived from banks & related parties, financial assets at fair value through profit or loss and fair value changes of financial instruments	**73,883**	148,282
Sales in respect of trading of oil and chemicals	**33,745**	6,302
Government subsidies	**5,319**	7,673
Other lease income	**8,852**	13,393
Gains from bargain purchase of a subsidiary	**—**	227,422
Others	**163,033**	147,032
	284,832	550,104
Other expenses, net		
Foreign exchange losses, net	**77,221**	26,733
Cost of sales in respect of trading of oil and chemicals	**22,381**	3,665
Provision for impairment for inventory — silver (being part of catalyst)	**34,834**	25,570
Fair value loss, net:	**3,965**	—
Investment loss	**—**	18,366
Impairment on long-term assets	**—**	193,611
Disposal of fixed assets	**53,983**	26,071
Disposal of subsidiaries	**—**	6,830
Others	**4,807**	4,241
	197,191	305,087

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**324,328**	282,352
Interest on lease liabilities	**3,051**	2,846
	327,379	285,198
Less: Interest capitalised	**—**	(158,856)
	327,379	126,342
Interest on discounted notes receivable and discounted letter of credit	**87,277**	88,562
Total	**414,656**	214,904

6. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**18,447,808**	12,897,701
Cost of services provided	**27,681**	36,363
Depreciation of property, plant and equipment*	**1,023,572**	518,430
Depreciation of right-of-use assets	**51,389**	32,253
Amortisation of intangible assets**	**12,362**	24,360
Impairment of items of property, plant and equipment	**—**	186,668
Impairment of items of the other intangible assets	**—**	6,943

* The depreciation of property, plant and equipment of RMB1,016,567,000 (2023: RMB512,158,000) for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

** The amortisation of intangible assets of RMB2,106,000 (2023: RMB8,182,000) for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The income tax expense/(credit) of the Group for the year is analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Current — Mainland China		
Charge for the year	**20,705**	4,828
Effect of additional tax deduction enacted by tax authority	**(17,429)**	(45,465)
Deferred	**9,931**	16,710
Total tax expense/(credit) for the year	**13,207**	(23,927)

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

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for income tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2023: Nil).

The applicable income tax rate of the Group's subsidiaries operating in Mainland China is generally 25% in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for the following entities which are entitled to preferential tax rates.

Pursuant to the approval of the tax bureau, Sanjiang Chemical Co., Ltd. ("**Sanjiang Chemical**") has been qualified as a High and New Technology Enterprise and enjoys a preferential corporate income tax rate of 15% from 2022 to 2025. Therefore, Sanjiang Chemical was subject to corporate income tax at a rate of 15% for the year ended 31 December 2024 (2023: 15%).

Pursuant to the approval of the tax bureau, Zhejiang Sanjiang Chemical New Material Co., Ltd. ("**Sanjiang New Material**") has been qualified as a High and New Technology Enterprise and enjoys a preferential corporate income tax rate of 15% from 2022 to 2025. Therefore, Sanjiang New Material was subject to corporate income tax at a rate of 15% for the year ended 31 December 2024 (2023: 15%).

Pursuant to the approval of the tax bureau, Zhejiang Xingxing New Energy Technology Co., Ltd. ("**Xingxing New Energy**") has been qualified as a High and New Technology Enterprise and enjoys a preferential corporate income tax rate of 15% from 2022 to 2025. Therefore, Xingxing New Energy was subject to corporate income tax at a rate of 15% for the year ended 31 December 2024 (2023: 15%).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the year. The number of shares for the current year has been arrived at after eliminating shares repurchased.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding during the years.

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

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary equity holders of the parent	**532,550**	91,477

	Number of shares	
	2024	2023
	'000	*'000*
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation#	**1,157,892**	1,166,713

The weighted average number of shares was after taking into account the effect of shares repurchased for the share award arrangement.

9. DIVIDENDS

No dividend has been paid or declared by the Company in 2024 (2023: Nil). The board of the directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

10-1. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	
	Assets	**Liabilities**
	RMB'000	***RMB'000***
Unlisted investments, at fair value	**2,647**	**87,812**

	2023	
	Assets	Liabilities
	RMB'000	*RMB'000*
Unlisted investments, at fair value	15,897	—

The above unlisted investments were wealth management products and silver leasing issued by banks in Mainland China. The wealth management products were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The silver leasing was classified as financial liabilities designated upon initial recognition as at fair value through profit or loss.

As at 31 December 2024, the Group's certain unlisted investments pledged for bank loans was nil (2023: RMB4,000,000). As at 31 December 2024, the Group's certain unlisted investments pledged for bills payable was nil (2023:RMB9,000,000).

10-2. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
	RMB'000	*RMB'000*
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value		
Jiaxing Port Antong Public Pipe Gallery Co., Ltd.	**3,409**	3,409

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2024, the Group did not receive any dividend from Jiaxing Port Antong Public Pipe Gallery Co., Ltd. ("嘉興港安通公共管廊有限公司") (2023: Nil).

11. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**2,535,271**	1,750,385
Finished goods	**187,024**	199,568
Total	**2,722,295**	1,949,953

12. TRADE AND NOTES RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**170,670**	173,652
Notes receivable	**1,310,087**	1,263,999
	1,480,757	1,437,651
Impairment	**(7,652)**	(6,857)
Net carrying amount	**1,473,105**	1,430,794

The credit period is generally 10 to 60 days, extending up to three months for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
1 to 30 days	**141,492**	105,495
31 to 60 days	**7,506**	51,816
61 to 90 days	**2,647**	6,752
91 to 365 days	**8,312**	865
Over 365 days	**3,061**	1,867
Total	**163,018**	166,795

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**6,857**	4,078
Impairment losses, net	**795**	2,779
At end of year	**7,652**	6,857

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Deposits and other receivables	**291,140**	249,351
Refund of consumption tax receivable	**789,117**	720,541
Prepayments	**107,649**	51,332
Others	**1,113**	1,302
Total	**1,189,019**	1,022,526

The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand and relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance were assessed to be minimal.

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**564,328**	364,150
Time deposits and pledged deposits	**1,948,555**	2,251,759
Subtotal	**2,512,883**	2,615,909
Less: Pledged time deposits	**1,917,875**	2,251,759
Time deposits	**30,680**	—
Cash and cash equivalents	**564,328**	364,150

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. Pledged short term time deposits are made for periods with a maturity of the underlying notes payables, letters of credit and bank loans secured by these deposits, and non-pledged short term time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group. Time deposits earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

15. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**904,772**	865,243
Bills payable	**902,903**	1,268,911
Total	**1,807,675**	2,134,154

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**1,379,731**	1,052,795
3 to 6 months	**374,417**	1,001,985
6 to 12 months	**15,213**	36,416
12 to 24 months	**17,117**	33,538
24 to 36 months	**15,873**	4,463
Over 36 months	**5,324**	4,957
Total	**1,807,675**	2,134,154

Trade payables are non-interest-bearing and have an average credit term of three months. Bills payable are all aged within one year.

16. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Current		
Other payables	**2,102,705**	2,092,557
Contract liabilities	**350,464**	348,086
Taxes payable other than income tax	**104,935**	69,580
Payroll payable	**40,998**	26,917
	2,599,102	2,537,140
Non-current		
Other payables	**63,753**	365,190
Total	**2,662,855**	2,902,330

Other payables are unsecured, non-interest-bearing and current portion is repayable on demand and non-current portion are repayable after the year of 2026.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	2024 RMB'000	2023 RMB'000
Current				
Bank loans – unsecured	3.000–4.350	2025	**1,935,312**	—
Bank loans – unsecured	3.000–4.400	2024	**—**	1,453,729
US$10,997,657 secured bank loans	4.760–5.023	2025	**79,056**	—
US$9,393,566 secured bank loans	5.519	2024	**—**	66,532
US$141,565,966 unsecured bank loans	4.900–7.500	2025	**1,017,633**	—
US$124,046,022 unsecured bank loans	5.412–7.100	2024	**—**	878,581
EUR€16,091,569 secured bank loans	1.500–4.150	2024	**—**	126,467
Other loans – secured	3.880–5.892	2025	**887,296**	—
Other loans – secured	4.878	2024	**—**	521,441
Current portion of long term bank loans – secured	3.200–5.892	2025	**561,600**	—
Current portion of long term bank loans – secured	3.200–5.412	2024	**—**	589,000
Current portion of long term bank loans – unsecured	3.050–3.650	2025	**472,500**	—
Current portion of long term bank loans – unsecured	3.200–4.000	2024	**—**	190,000
Discounted notes receivable	0.500–3.500	2025	**1,565,810**	—
Discounted letter of credit	1.200–3.327	2025	**1,992,685**	—
Discounted notes receivable	0.750–3.170	2024	**—**	1,477,712
Discounted letter of credit	0.959–5.930	2024	**—**	1,810,406
Total – current			**8,511,892**	7,113,868
Non-current				
Bank loans – secured	3.200–5.142	2025	**—**	536,000
Bank loans – secured	3.600–5.142	2026	**772,600**	639,000
Bank loans – secured	3.600–5.292	2027	**840,600**	971,000
Bank loans – secured	3.600–3.700	2028	**25,600**	16,000
Bank loans – secured	3.600–3.700	2029	**25,600**	16,000
Bank loans – secured	3.600	2030	**14,000**	14,000
Bank loans – unsecured	3.200–4.000	2025	**—**	335,000
Bank loans – unsecured	3.050–4.000	2026	**283,000**	111,000
Bank loans – unsecured	3.200	2027	**27,000**	27,000
Other loans – secured	4.857–5.131	2025	**—**	332,100
Other loans – secured	4.384–5.891	2026	**444,841**	79,047
Total – non-current			**2,433,241**	3,076,147
Total			**10,945,133**	10,190,015

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
Within one year	**8,511,892**	7,113,868
In the second year	**1,500,441**	1,203,100
In the third to fifth years, inclusive	**918,800**	1,843,047
Beyond five years	**14,000**	30,000
Total	**10,945,133**	10,190,015

18. DUE FROM RELATED PARTIES

	2024	2023
	RMB'000	*RMB'000*
Grand Novel	—	2,577
Jiahua Import Export	—	376
Jiahua New Materials	**372**	419
Sure Capital	—	1
	372	3,373

The balances of amount due from related parties are unsecured, interest-free and repayable on demand.

19. DUE TO RELATED PARTIES

	2024	2023
	RMB'000	*RMB'000*
Current		
Zhejiang Jiahua Energy Chemical Co., Ltd.	**352,541**	409,485
Zhejiang Zhapu Meifu Port & Storage Co., Ltd.	**92,444**	72,056
Jiaxing Hangzhou Bay Petrochemical Logistics Co., Ltd.	**4,580**	3,319
Zhejiang Jiahua Group Co., Ltd.	**800**	830
Zhejiang Gangan Intelligent Technology Co., Ltd.	**40,906**	50,534
Jiaxing Xinggang Rewang Co., Ltd.	**4,003**	1,693
Zhejiang Jiafu New Materials Technology Co., Ltd.	**362**	565
Jiaxing Jianghao Eco-agriculture Co., Ltd.	**658**	1,057
Zhejiang Haoxing Energy Conservation Technology Co., Ltd.	**4,207**	6,080
Jiaxing Zhapu Construction Investment Co., Ltd.	**63**	63
Blue Whale Bioenergy (Zhejiang) Co., Ltd.	**71,000**	—
	571,564	545,682
Non-current		
Zhejiang Meifu Petrochemical Co., Ltd. ("**Mei Fu Petrochemical**")	**894,932**	555,569
Zhejiang Zhongxin Enterprise Management Co., Ltd ("**Zhejiang Zhongxin**")	**48,000**	120,000
	942,932	675,569
Total	**1,514,496**	1,221,251

The balances of amount due to related parties are unsecured, interest-free and repayable on demand except the non-current portion of balances of amount due to Mei Fu Petrochemical and Zhejiang Zhongxin are repayable after the year of 2026.

Except for the balances of amount due to Zhejiang Zhongxin are non-trade in nature, the balances of amount due to/from related parties above are trade in nature.

20. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2009 with authorised share capital of HK$500,000,000 divided into 5,000,000,000 shares of HK$0.1 each.

The issued capital of the Company is as follows:

	Number of shares	**Amount**
		RMB'000
Issued and fully paid ordinary shares of HK$0.1 each:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,190,000,000	102,662

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

The breakdown by line of business in terms of revenue, sales volume, average selling price and gross profit margin during the year under review and the year ended 31 December 2023 for comparison purposes are set forth below:

	Full year 2024	**% of revenue**	Full year 2023	% of revenue	**Variance +/(-)**
REVENUE ***(RMB'000)***					
Ethylene oxide	**2,152,787**	**11%**	1,677,251	13%	28.4%
Ethylene glycol	**3,463,776**	**18%**	1,709,173	13%	102.7%
Polypropylene	**4,024,397**	**21%**	3,230,687	25%	24.6%
Ethylene	**1,642,422**	**8%**	828,363	6%	98.3%
Surfactants	**3,588,500**	**18%**	2,537,707	19%	41.4%
MTBE	**1,107,436**	**6%**	1,082,726	8%	2.3%
Gas, diethylene glycol and others	**1,005,794**	**5%**	592,723	5%	69.7%
Butadiene	**767,239**	**4%**	247,521	2%	210.0%
Ethanolamine	**202,148**	**1%**	79,603	1%	153.9%
Processing service	**80,859**	**0%**	88,898	1%	−9.0%
Others	**1,550,694**	**8%**	1,053,748	7%	47.2%
	19,586,052	**100%**	13,128,400	100%	49.2%
SALES VOLUME ***(MT)***					
Ethylene oxide	**359,192**		295,446		21.6%
Ethylene glycol	**868,951**		470,603		84.6%
Polypropylene	**624,154**		505,301		23.5%
Ethylene	**246,271**		128,857		91.1%
Surfactants	**594,507**		408,296		45.6%
MTBE	**196,058**		167,429		17.1%
Gas, diethylene glycol and others	**N/A**		N/A		N/A
Butadiene	**74,732**		36,413		105.2%
Ethanolamine	**31,830**		12,104		163.0%
Processing service	**275,182**		268,781		2.4%

	Full year 2024	Full year 2023	Variance +/(-)
AVERAGE SELLING PRICE *(RMB)*#			
Ethylene oxide	**5,993**	5,677	5.6%
Ethylene glycol	**3,986**	3,632	9.7%
Polypropylene	**6,448**	6,394	0.8%
Ethylene	**6,669**	6,429	3.7%
Surfactants	**6,036**	6,215	−2.9%
MTBE	**5,649**	6,467	−12.6%
Gas, diethylene glycol and others	**N/A**	N/A	N/A
Butadiene	**10,267**	6,798	51.0%
Ethanolamine	**6,351**	6,577	−3.4%
Processing service	**294**	331	−11.2%
GROSS PROFIT MARGIN (%)			
Ethylene oxide	**15.3%**	3.0%	12.3%
Ethylene glycol	**6.3%**	−5.2%	11.5%
Polypropylene	**0.7%**	0.2%	0.5%
Ethylene	**6.4%**	7.2%	−0.8%
Surfactants	**9.5%**	1.7%	7.8%
MTBE	**4.9%**	18.0%	13.1%
Gas, diethylene glycol and others	**18.1%**	22.2%	−4.1%
Butadiene	**39.0%**	11.0%	28.0%
Ethanolamine	**6.6%**	6.7%	−0.1%
Processing service	**68.9%**	64.8%	4.1%

Ethylene oxide sales

During the year under review, revenue from the EO business line increased by approximately 28.4% in 2024 compared to 2023. This growth was primarily driven by a 5.6% increase in the average selling price (ASP) of EO and a 21.6% rise in sales volume. The improvement in sales volume was largely attributed to a gradual recovery in downstream demand, supported by moderate growth in household cleaning products, surfactants, and construction chemicals.

All the average selling prices are VAT non-inclusive.

Ethylene glycol sales

During the year under review, revenue from the EG business line increased by approximately 102.7% in 2024 compared to 2023. The sales volume of EG surged by approximately 84.6%, reaching 868,951 MT, while the average selling price (ASP) of EG increased by approximately 9.7%, reaching RMB3,986 per MT (RMB3,986 per MT is VAT non-inclusive price and the VAT inclusive price is RMB4,504 per MT). The strong rebound in the EG business was primarily supported by: i) stronger polyester demand, as the textile and apparel sector, a key consumer of EG, experienced moderate improvement amid stabilizing domestic consumption and global polyester exports; and ii) supply adjustments, with some coal-based EG producers reducing operating rates due to weak gross profit margins, tightening supply and supporting price recovery.

Polypropylene sales

During the year under review, the revenue from PP line of business increased by approximately 24.6% when compared to 2023, primarily due to the increase in sale volume of PP by approximately 23.5% as a result of gradual recovery in downstream demands.

Butadiene sales

During the year under review, revenue from the Butadiene business line increased by approximately 210.0% in 2024 compared to 2023. This growth was primarily driven by approximately 51.0% increase in ASP of Butadiene and approximately 105.2% rise in sales volume, which was primarily attributed to:- i) increase in tire & synthetic rubber demand as growths in automobile production industry in China in 2024 boosted the demand for butadiene and in turn butadiene pricing; and ii) short-term shortages as certain unplanned outages in Korea and Japan temporarily boosted Chinese butadiene demands and provided pricing support in 2024.

Gross profit margin

Overall gross profit margin increased by approximately 4.2%, rising from 1.5% in 2023 to 5.7% in 2024. This improvement was primarily driven by the first full year of operation of the 6th phase EO/EG production facilities and the upstream Naphtha/Ethane/Propane-to-Ethylene/Propylene production facility, following their successful ramp-up in Q2 2023. The increase in production efficiencies was fully realized in 2024, significantly enhancing cost-effectiveness and operational performance.

Other expense, net

Other expenses consist mainly of foreign exchange loss of approximately RMB77.2 million, written down of inventories of approximately RMB34.8 million, loss on disposal of a waste water processing facilities of approximately RMB54.0 million and cost of sale for certain raw materials of approximately RMB22.4 million.

Administrative expenses

Administrative expenses consist mainly of staff related costs of approximately RMB55.1 million, various local taxes and educational surcharge of approximately RMB37.8 million, depreciation of approximately RMB7.0 million, amortization of land use rights of RMB16.2 million, bank commission charges of RMB26.3 million and operating lease rental expenses, audit fee and miscellaneous expenses.

LIQUIDITY AND FINANCIAL RESOURCES

Financial position and bank borrowings

The Group had cash and bank balances of approximately RMB564.3 million (2023: approximately RMB364.20 million), most of which were denominated in Renminbi. The Group had interest-bearing borrowings of approximately RMB10,945 million as at 31 December 2024 (2023: approximately RMB10,190 million). Please refer to note 17 to the consolidated financial statements of this announcement for the details of borrowings and the respective charge of assets.

The Group's gearing ratio, expressed as a percentage of total interest-bearing borrowings to total assets, was approximately 49.5% as at 31 December 2024 as compared to approximately 48.5% as at 31 December 2023. The Group has internal gearing guidance, which takes into account various factors, including the typical time lag of around two years between the construction period of new production facilities and the generation of corresponding profits and revenue and the estimated buffer by the management of the Group to maintain sufficient liquidity in response to potential market fluctuations.

Working capital

The inventory turnover days maintained in a similar level during the year under review (2024: 46.2 days; 2023: 42.6 days).

The trade and notes receivables turnover days maintained at a relatively low level during the year under review (2024: 27.1 days; 2023: 28.3 days).

The trade and notes payables turnover days maintained at a similar level during the year under review (2024: 38.9 days; 2023: 48 days).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments amounted to approximately RMB4,510.3 million (2023: RMB1,115.5 million) which was primarily related to the procurement of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 December 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 1,430 full-time employees (2023: 1,307 employees). The Group's employee benefits included housing subsidies, shift subsidies, bonuses, allowances, medical check-up, staff quarters, social insurance contributions and housing fund contributions. The remuneration committee of the Company reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive remuneration in the form of fees, salaries, bonuses and other allowances.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

OTHER INFORMATION

Total Number of Shares Available for Issue

In accordance with the rules of the share award plan adopted by the Company on 31 March 2011 ("**Plan Rules**"), the total number of shares available for issue under the share award plan of the Company should not exceed 5% of the total number of issued shares as at the beginning of any financial year, being 59,500,000 shares of the Company for the year ended 31 December 2024. No Shares have been issued during the year under review.

Maximum Entitlement of Any Selected Employee

In accordance with the Plan Rules, the maximum entitlement of any selected employee shall not exceed the difference between (A) the total number of Shares held under the pool of Shares and (B) the aggregate number of (i) the Shares which have been provisionally awarded under the share award plan of the Company; and (ii) the Shares which are proposed to be considered and approved at the same meeting to be provisionally awarded to other selected employees.

As at 31 December 2024, the total number of Shares held under the pool of Shares were 32,125,000. Accordingly, the maximum entitlement of any one selected employee under the share award plan of the Company will be 22,424,000 Shares, representing approximately 2.59% of the issued Shares of the Company. No Shares have been granted during the year under review.

Vesting Period

In accordance with the Plan Rules, the vesting period of any awarded shares to any selected employee shall be within ten (10) Business Days after the latest of: (i) the earliest date specified by the Board on which the Trustee may vest the legal and beneficial ownership of the award shares in the relevant selected employee; and (ii) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such selected employee as specified in the related award notice have been attained and notified to the Trustee by the Board in writing.

Amounts Payable

No amount is payable on the acceptance of an award.

Basis of the Purchase Price of Awarded Shares

During any particular financial year, the Board shall at the beginning of such financial year determine the maximum amount of the contribution to be allocated to the Trustee for the purchase of Shares to constitute the pool of shares to be held by the Trustee. The Trustee shall purchase the Shares at the prevailing market price and in off-market transactions, the purchase price shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

CORPORATE GOVERNANCE

The Company has adopted the code provisions in the Corporate Governance Code ("**CG Code**"), including any revisions and amendments from time to time, as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. The Board considers that the Company has complied with all the code provisions of the CG Code during the year ended 31 December 2024 and up to the date of this annual results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its model code for securities transactions by Directors and senior management. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2024 and up to the date of this annual results announcement.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company ("**Audit Committee**") consists of three members, namely Mr. Shen Kaijun, Mr. Kong Liang and Ms. Pei Yu, all of whom are independent non-executive Directors. The chairman of the Audit Committee is Mr. Shen Kaijun. The primary responsibilities of the Audit Committee include, among others, reviewing and supervising the financial reporting process and internal control system of the Group, nominating and monitoring external auditors and providing advice and comments to the Board.

During the year ended 31 December 2024 and up to the date of this annual results announcement, the Audit Committee reviewed the interim results of the Group for the six months ended 30 June 2024 and the annual results of the Group for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group, and the Group's internal control functions.

REMUNERATION COMMITTEE

As at the date of this announcement, the remuneration committee of the Company ("**Remuneration Committee**") consists of three members, namely Mr. Kong Liang, Ms. Han Jianhong and Ms. Pei Yu of whom Mr. Kong Liang and Ms. Pei Yu are independent non-executive Directors and Ms. Han Jianhong is the Chairlady of the Board and an executive Director. The chairlady of the Remuneration Committee is Ms. Pei Yu. The primary responsibilities of the Remuneration Committee include, among others, evaluating the performance and making recommendation on the remuneration package of the Directors and senior management, and evaluating and making recommendation on the share award plan of the Company.

NOMINATION COMMITTEE

As at the date of this announcement, the nomination committee of the Company ("**Nomination Committee**") consists of three members, namely Ms. Han Jianhong, Mr. Shen Kaijun and Ms. Pei Yu, of whom Mr. Shen Kaijun and Ms. Pei Yu are independent non-executive Directors and Ms. Han Jianhong is the Chairlady of the Board and the Nomination Committee and an executive Director. The primary responsibilities of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to become the member of the Board and reviewing the structure, size, composition of the Board and board diversity on a regular basis and as required.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The forthcoming 2025 annual general meeting ("**AGM**") of the Company will be held at Hong Kong on Friday, 30 May 2025. Notice of the AGM will be published and, if necessary, despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 May 2025 to 30 May 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 23 May 2025.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2024, but represents an extract from the consolidated financial statements for the year ended 31 December 2024 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for the year ended 31 December 2024 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.chinasanjiangfinechemicals.com) in due course.

By order of the Board
China Sanjiang Fine Chemicals Company Limited
HAN Jianhong
Chairlady and executive Director

PRC, 28 March 2025

As at the date of this announcement, the Board comprises four executive Directors: Ms. HAN Jianhong, Mr. RAO Huotao, Ms. CHEN Xian and Ms. GUAN Siyi and three independent non-executive Directors: Mr. SHEN Kaijun, Ms. PEI Yu and Mr. KONG Liang.

In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with "" is for identification purpose only.*