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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of China Sanjiang Fine Chemicals Company Limited (the “**Company**”) wishes to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**period under review**”).

RESULTS HIGHLIGHTS	6 months ended 30 June 2025 RMB'000	6 months ended 30 June 2024 RMB'000	2025 1H vs. 2024 1H Change %
Revenue	9,105,675	9,239,833	–1.5%
Gross profit	464,612	386,432	20.2%
Net profit attributable to equity holders of the parent	301,132	154,055	95.5%
Earning per share — Basic (<i>RMB</i>)	26.01 fens	13.30 fens	95.6%
Gross profit margin (%)	5.1%	4.2%	0.9%
Gearing — interesting-bearing borrowings to total assets basis	52.5%	53.7%	–1.2%

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the oil and chemical sector (the “**Sector**”) and the economy of the People’s Republic of China (“**PRC**”) continued to face a volatile and complex operating environment, shaped by fluctuating commodity prices, evolving trade policies, and global geopolitical developments. Despite these challenges, the Group achieved a significant improvement in profitability, with net profit attributable to equity holders of the Company increased by approximately 95.5% to approximately RMB301.1 million as compared to the corresponding period in 2024. This remarkable performance was underpinned by a combination of favourable market dynamics for certain key products, particularly Ethylene Glycol (“**EG**”), and the Group’s agile operational strategies. Average selling prices (“**ASPs**”) and gross profit margins for EG rose meaningfully, supported by sustained downstream demand from the polyester industry and tighter supply conditions as certain higher-cost producers curtailed operations. In parallel, the Group dynamically adjusted its procurement strategies, feedstock mix, and production mix in response to external market changes — including the impact of aggregate tariff policies imposed by the US Government on Ethane exports to China — ensuring the Group maintained a competitive edge in both cost efficiency and product pricing. Despite the prevailing market challenges, the Group’s overall gross profit margin improved by approximately 0.9% to about 5.1% compared with the same period in 2024. In addition, the Group also benefited from the positive price movements in silver, a key component used in the catalyst for its production facilities and this impact contributed approximately RMB81.3 million profit during the period. In view of maintaining prudent financial flexibility, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 in order to retain sufficient liquidity to cope for any unexpected economic turbulence in the near future.

Operationally, the Group continued to benefit from the full cycle of integrated operations of the **6th phase EO/EG production facilities** and the **Naphtha/Ethane/Propane-to-Ethylene/Propylene production facility**. The flexibility to rebalance feedstock inputs among Naphtha, Ethane, Propane and Methanol allowed the Group to optimise raw material costs and mitigate exposure to individual commodity price volatility. This integration also enhanced the ability to adjust the product portfolio quickly to capture favourable spreads in EO, EG, Butadiene, and Surfactants. Product-wise, EG remained the standout performer, with both ASP and gross profit margin showing robust growth over the same period in 2024. Butadiene sustained its strong momentum from 2024, supported by healthy demand from synthetic rubber and automotive sectors. EO and Surfactants benefited from steady demand in household cleaning, construction chemicals, and industrial applications.

Looking ahead to the second half of 2025, the Group expects the demand outlook for EG, Butadiene, and Surfactants to remain firm, while PP and EO pricing is anticipated to be steady, with potential upside if downstream demand continues to recover. The Group will continue to pursue opportunities in high-value-added products and further downstream integration to strengthen revenue resilience. The Board remains cautious regarding global economic uncertainty, trade policy developments, and commodity price volatility. However, the Group's vertically integrated structure, diversified feedstock sourcing capabilities, and agile market response strategies provide a solid foundation for sustaining profitability and long-term growth.

FINANCIAL REVIEW

Revenue

The breakdown by line of business in terms of revenue, sales volume, average selling price and gross profit margin during the periods under review are set forth below:

	First Half year 2025		% of First Half revenue year 2024	% of revenue	Variance +/(−)
REVENUE (RMB'000)					
Ethylene oxide	987,919	11%	1,042,308	11%	−5.2%
Ethylene glycol	1,741,183	20%	1,685,508	18%	3.3%
Polypropylene	1,686,503	19%	1,784,769	19%	−5.5%
Ethylene	387,747	4%	702,378	8%	−44.8%
Surfactants	2,102,297	22%	1,578,465	17%	33.2%
MTBE	435,346	5%	612,275	7%	−28.9%
Gas, diethylene glycol and others	398,372	4%	504,546	5%	−21.0%
Butadiene	345,061	4%	358,984	4%	−3.9%
Ethanolamine	105,966	1%	172,559	2%	−38.6%
Surfactants processing service	36,859	0%	42,968	0%	−14.2%
Others	878,422	10%	755,073	9%	16.3%
	<u>9,105,675</u>	100%	<u>9,239,833</u>	100%	<u>−1.5%</u>

	First Half year 2025	% of First Half revenue year 2024	% of revenue	Variance +/(−)
SALES VOLUME (MT)				
Ethylene oxide	167,286	175,767		−4.8%
Ethylene glycol	417,152	427,091		−2.3%
Polypropylene	267,186	280,455		−4.7%
Ethylene	61,840	102,827		−39.9%
Surfactants	318,209	267,639		18.9%
MTBE	91,210	100,999		−9.7%
Gas, diethylene glycol and others	N/A	N/A		N/A
Butadiene	36,806	36,809		0%
Ethanolamine	19,016	26,497		−28.2%
Surfactants processing service	124,090	143,963		−13.8%
AVERAGE SELLING PRICE (RMB)				
Ethylene oxide	5,906	5,930		−0.4%
Ethylene glycol	4,174	3,946		5.8%
Polypropylene	6,312	6,364		−0.8%
Ethylene	6,270	6,831		−8.2%
Surfactants	6,607	5,898		12.0%
MTBE	4,773	6,062		−21.3%
Gas, diethylene glycol and others	N/A	N/A		N/A
Butadiene	9,375	9,753		−3.9%
Ethanolamine	5,572	6,512		−14.4%
Surfactants processing service	297	298		−0.3%
GROSS PROFIT MARGIN (%)				
Ethylene oxide	14.7%	11.6%		3.1%
Ethylene glycol	11.0%	2.4%		8.6%
Polypropylene	0.1%	−3.1%		3.2%
Ethylene	−0.5%	9.2%		−9.7%
Surfactants	15.1%	6.3%		8.8%
MTBE	−4.7%	7.9%		−12.6%
Gas, diethylene glycol and others	N/A	N/A		N/A
Butadiene	33.0%	34.0%		−1.0%
Ethanolamine	11.6%	9.4%		2.2%
Surfactants processing service	71.7%	68.1%		3.6%

Ethylene oxide

During the period under review, revenue from the EO line of business amounted to approximately RMB987.9 million, representing a decrease of approximately 5.2% compared with the corresponding period in 2024. This decline was primarily attributable to a reduction in EO output of approximately 4.8%, as the Group strategically adjusted its production mix to allocate more capacity to products with stronger market demand and higher profit margins. The adjustment also reflected prevailing market conditions, including relatively stable EO pricing but softer downstream demand growth in certain industrial applications, prompting the Group to optimise resource utilisation and overall profitability.

Ethylene glycol

During the period under review, the revenue from EG line of business amounted to approximately RMB1,741.2 million, representing an increase of approximately 3.3% when comparing to the corresponding period in 2024. The increase in EG revenue was primarily due to the increase in ASP of EG by approximately 5.8% as the Group increased the production volume in view of improving spread and improving market conditions.

Polypropylene

During the period under review, the revenue from PP line of business decreased by approximately 5.5% when compared to the corresponding period in 2024, which was primarily due to the decrease in the production volume by approximately 4.7% during the period under review.

Surfactants

During the period under review, the revenue from Surfactants line of business amounted to approximately RMB2,102.3 million, representing an increase of approximately 33.2% when comparing to the corresponding period in 2024. The increase in Surfactants revenue was primarily due to the increase in sales volume and ASP of Surfactants by approximately 18.9% and 12.0% respectively as the Group increased the production volume in view of improving spread and improving market conditions.

Gross profit margin

Overall gross profit margin of the Group improved by approximately 0.9% to about 5.1% compared with the same period in 2024. The improvement of the gross profit margin was primarily due to increases in gross profit margins of major line of businesses namely the EO line of business, EG line of business and PP line of business by approximately 3.1%, 8.6% and 3.2% respectively as a result of the combined effects of: (i) higher ASPs for EG and selected downstream products amid improved market spreads; and (ii) optimisation of the product mix to prioritise higher-margin products in response to market demand.

Administrative expenses

Administrative expenses mainly consist of staff related costs, various local taxes and educational surcharge, depreciation, audit fee and miscellaneous expenses.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	4	9,105,675	9,239,833
Cost of sales		<u>(8,641,063)</u>	<u>(8,853,401)</u>
Gross profit		464,612	386,432
Other income and gains	4	215,181	217,398
Selling and distribution cost		(3,134)	(2,195)
Administrative expenses		(125,646)	(109,591)
Other expenses	4	(17,451)	(103,894)
Finance costs	5	<u>(202,988)</u>	<u>(223,721)</u>
PROFIT BEFORE TAX	6	330,574	164,429
Income tax expense	7	<u>(28,551)</u>	<u>(10,065)</u>
PROFIT FOR THE PERIOD		<u>302,023</u>	<u>154,364</u>
Attributable to:			
Equity holders of the parent		301,132	154,055
Non-controlling interests		<u>891</u>	<u>309</u>
		<u>302,023</u>	<u>154,364</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (RMB)	8	<u>26.01 fens</u>	<u>13.30 fens</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD	<u>302,023</u>	<u>154,364</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>302,023</u></u>	<u><u>154,364</u></u>
Attributable to:		
Equity holders of the parent	301,132	154,055
Non-controlling interests	<u>891</u>	<u>309</u>
	<u><u>302,023</u></u>	<u><u>154,364</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		12,823,982	13,083,421
Investment properties		75,228	76,608
Right-of-use assets		673,008	693,976
Other intangible assets		30,422	35,404
Advance payments for property, plant and equipment		289,608	292,628
Equity investments designated at fair value through other comprehensive income		3,409	3,409
Pledged deposits	13	164,241	175,665
Deferred tax assets		3,775	16,630
Total non-current assets		<u>14,063,673</u>	<u>14,377,741</u>
CURRENT ASSETS			
Inventories	11	2,252,834	2,722,295
Trade and notes receivables	12	1,549,342	1,473,105
Prepayments, other receivables and other assets		1,799,066	1,189,019
Due from related parties	16	372	372
Derivative financial instruments		2,778	3,474
Financial assets at fair value through profit or loss	10	3,549	2,647
Pledged deposits and time deposit	13	2,077,074	1,772,890
Cash and cash equivalents	13	822,547	564,328
Total current assets		<u>8,507,562</u>	<u>7,728,130</u>
CURRENT LIABILITIES			
Trade and bills payables	14	1,663,968	1,807,675
Other payables and accruals		2,062,756	2,599,102
Derivative financial instruments		26,595	24,831
Financial liabilities at fair value through profit or loss		104,666	87,812
Interest-bearing bank and other borrowings	15	7,736,204	6,665,496
Long-term loan within one year	15	2,090,338	1,846,396
Lease liabilities		20,163	35,871
Due to related parties	17	664,258	571,564
Tax payable		54,262	55,680
Total current liabilities		<u>14,423,210</u>	<u>13,694,427</u>
NET CURRENT LIABILITIES		<u>(5,915,648)</u>	<u>(5,966,297)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,148,025</u>	<u>8,411,444</u>

		30 June 2025	31 December 2024
		(Unaudited)	(Audited)
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	2,031,224	2,433,241
Due to related parties	17	773,310	942,932
Lease liabilities		16,369	15,356
Deferred tax liabilities		66,192	62,374
Other payables		65,119	63,753
		<hr/>	<hr/>
Total non-current liabilities		2,952,214	3,517,656
		<hr/>	<hr/>
Net assets		5,195,811	4,893,788
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		102,662	102,662
Reserves		5,110,239	4,809,107
		<hr/>	<hr/>
		5,212,901	4,911,769
Non-controlling interests		(17,090)	(17,981)
		<hr/>	<hr/>
Total equity		5,195,811	4,893,788
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	<i>Note</i>	Six months ended 30 June	
		2025	2024
		(Unaudited) <i>RMB'000</i>	(Unaudited) <i>RMB'000</i>
Net cash flows in respect of operating activities		836,567	162,992
Net cash flows in respect of investing activities		(810,297)	(915,561)
Net cash flows in respect of financing activities		232,191	902,464
Net increase in cash and cash equivalents		258,461	149,895
Cash and cash equivalents at beginning of period		564,328	364,150
Effect of foreign exchange rate change, net		(242)	241
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	<u>822,547</u>	<u>514,286</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 — unaudited

	Attributable to owners of the parent											
		Statutory			Capital	Financial		Shares			Non-	Total
	Share	production	Special	Share	redemption	assets at FV	Merger	repurchased	Retained	Total	controlling	equity
	Capital	reserve	reserve	premium	reserve	revaluation	reserve	for share	profits		interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024	102,662	948,666	(38,363)	1,352,311	2,371	2,409	(627,092)	(46,833)	3,215,638	4,911,769	(17,981)	4,893,788
Profit for the period	—	—	—	—	—	—	—	—	301,132	301,132	891	302,023
Total comprehensive income for the period	—	—	—	—	—	—	—	—	301,132	301,132	891	302,023
Appropriation to statutory surplus/safety production reserve	—	89,342	—	—	—	—	—	—	(89,342)	—	—	—
Safety production reserve used	—	(7,431)	—	—	—	—	—	—	7,431	—	—	—
At 30 June 2025	102,662	1,030,577	(38,363)	1,352,311	2,371	2,409	(627,092)	(46,833)	3,434,859	5,212,901	(17,090)	5,195,811
At 31 December 2023	102,662	855,396	(38,363)	1,352,311	2,371	2,409	(627,092)	(45,339)	2,776,358	4,380,713	(19,371)	4,361,342
Profit for the period	—	—	—	—	—	—	—	—	154,055	154,055	309	154,364
Total comprehensive income for the period	—	—	—	—	—	—	—	—	154,055	154,055	309	154,364
Repurchase of shares for the share award	—	—	—	—	—	—	—	(1,494)	—	(1,494)	—	(1,494)
Appropriation to statutory surplus/safety production reserve	—	70,835	—	—	—	—	—	—	(70,835)	—	—	—
Safety production reserve used	—	(6,701)	—	—	—	—	—	—	6,701	—	—	—
At 30 June 2024	102,662	919,530	(38,363)	1,352,311	2,371	2,409	(627,092)	(46,833)	2,866,279	4,533,274	(19,062)	4,514,212

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 CORPORATE INFORMATION

The Company was incorporated with limited liability in the Cayman Islands on 30 January 2009. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (the “**Group**”) was principally engaged in the manufacture and supply of ethylene oxide (“**EO**”), ethylene glycol (“**EG**”), 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, MTBE and surfactants to its customers and the production and supply of other chemical products such as Butadiene, Ethanolamine 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 is used to produce other bio-organic chemical products such as mono ethylene glycol which is used to produce polyester and anti-frozen chemical liquids. PP is a kind of thermoplastic resin, which can be used in knitting products, injection molding products, film products, fiber products, pipes etc. Surfactants are widely applied in different industries as scouring agents, moisturising agents, emulsifiers and solubilisers. MTBE is a gasoline additive, used as an oxygenate to raise the octane number and is almost exclusively used as a fuel component in fuel for gasoline engines.

2.1 BASIS OF PRESENTATION AND PREPARATION

The Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting*. The Group’s unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2024. The unaudited condensed consolidated interim financial information has 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 information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated. The Group’s unaudited condensed consolidated interim financial information has been reviewed by the audit committee of the Company.

Going concern assumption

As at 30 June 2025, the Group’s net current liabilities amounted to approximately RMB5,915,648,000. 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 information, the directors of the Company have considered the Group’s sources of liquidity and believe that adequate funding is available to fulfill the Group’s debt obligations and capital expenditure requirements. Accordingly, the condensed consolidated financial information has 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the amended HKFRS Accounting Standard are described below:

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. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3 SEGMENT INFORMATION

For management purpose, the Group did not organise into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of its 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 periods:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods	9,059,571	9,189,036
Provision of services	36,859	42,968
Others	9,245	7,829
Total	<u>9,105,675</u>	<u>9,239,833</u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Chinese Mainland	8,838,060	9,054,834
Others	267,615	184,999
Total revenue	<u>9,105,675</u>	<u>9,239,833</u>

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

4 REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of valued-added tax and government surcharges, and after allowances for returns and trade discounts.

An analysis of revenue is shown in Note 3 above.

An analysis of other income and gains and other expenses is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Other income and gains		
Additional deduction for input value-added tax	8,185	77,018
Interest/investment income derived from banks&related parties, financial assets at fair value through profit or loss and fair value changes of financial instruments	24,768	49,767
Reveal of write-down of inventories to net realisable value — silver (being part of catalyst)	82,325	46,589
Sales in respect of trading of oil and chemicals	5,619	5,588
Gains on disposal of silver catalysts	54,078	—
Others	40,206	38,436
	<u>215,181</u>	<u>217,398</u>
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Other expenses		
Disposal of property, plant and equipment	3,156	50,141
Foreign exchange loss, net	10,895	43,460
Others	3,400	10,293
	<u>17,451</u>	<u>103,894</u>
Total		

5 FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	161,237	167,032
Interest on discounted notes receivables	40,648	55,087
Interest on lease liabilities	1,103	1,602
	<u>202,988</u>	<u>223,721</u>

6 LOSS BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold	8,630,620	8,836,748
Cost of service provided	10,443	16,653
Depreciation of property, plant and equipment	438,307	508,988
Depreciation of right-of-use assets	25,856	24,482
Amortisation of other intangible assets	4,982	6,165
	<u>8,630,620</u>	<u>8,836,748</u>

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 of the Group for the periods are analysed as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Charge for the period	15,904	597
Effect of additional tax deduction enacted by tax authority	(4,026)	—
Deferred	16,673	9,468
	<u>28,551</u>	<u>10,065</u>

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% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The Group conducts a significant portion of its business in Mainland China and the applicable income tax rate of its subsidiaries operating in Mainland China is generally 25% in accordance with the Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain entities who are entitled to preferential tax rates of 15%, subject to the approval of the relevant tax bureaus.

8 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

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

No adjustment has been made to the basic profit per share amount presented for the period ended 30 June 2025 and the period ended 30 June 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>301,132</u>	<u>154,055</u>
	Number of shares	
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period	<u>1,157,875</u>	<u>1,157,909</u>

9 DIVIDENDS

The Board did not recommend to declare an interim dividend during the period ended 30 June 2025 and the period ended 30 June 2024.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has investments in certain wealth management products issued by banks in Mainland China. They 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.

11 INVENTORIES

	30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Raw materials	1,971,579	2,535,271
Finished goods	281,255	187,024
Total	<u>2,252,834</u>	<u>2,722,295</u>

12 TRADE AND NOTES RECEIVABLES

	30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Trade receivables	162,372	170,670
Notes receivable	1,394,622	1,310,087
	<u>1,556,994</u>	<u>1,480,757</u>
Impairment	<u>(7,652)</u>	<u>(7,652)</u>
Net carrying amount	<u>1,549,342</u>	<u>1,473,105</u>

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 maturity of notes receivables is due within six months.

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

	30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
1 to 30 days	129,571	141,492
31 to 60 days	14,180	7,506
61 to 90 days	9,323	2,647
91 to 360 days	1,613	8,312
Over 360 days	33	3,061
Total	<u>154,720</u>	<u>163,018</u>

13 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Cash and bank balances	822,547	564,328
Time deposits and pledged deposits	<u>2,241,315</u>	<u>1,948,555</u>
Subtotal	<u>3,063,862</u>	<u>2,512,883</u>
Less: Pledged time deposits:		
Pledged for options	10,387	42,500
Pledged for bills payable	646,273	404,790
Pledged for letters of credit	—	84,531
Pledged for bank loans	1,328,624	1,138,125
Pledged of letter of guarantee	225,103	225,688
Pledged for lawsuit	—	22,241
Time deposits	<u>30,928</u>	<u>30,680</u>
	<u>2,241,315</u>	<u>1,948,555</u>
Cash and cash equivalents	<u><u>822,547</u></u>	<u><u>564,328</u></u>

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 payable, letters of credit and bank loans secured by these deposits. 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.

14 TRADE AND BILLS PAYABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Bills payable	957,363	902,903
Trade payable	706,605	904,772
Total	<u>1,663,968</u>	<u>1,807,675</u>

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 3 months	994,380	1,379,731
3 to 6 months	608,825	374,417
6 to 12 months	12,513	15,213
12 to 24 months	35,674	17,117
24 to 36 months	3,512	15,873
Over 36 months	9,064	5,324
Total	<u>1,663,968</u>	<u>1,807,675</u>

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

15 INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	30 June 2025 RMB'000	31 December 2024 RMB'000
Current				
Bank loans — unsecured	1.000–4.800	within one year	2,681,453	1,935,312
US secured bank loans	4.613–5.023	within one year	43,302	79,056
US unsecured bank loans	4.800–7.500	within one year	628,158	1,017,633
Other loans — secured	3.300–6.015	within one year	1,053,755	887,296
Current portion of long term bank loans — secured	3.200–5.892	within one year	698,400	561,600
Current portion of long term bank loans — unsecured	3.050–3.650	within one year	439,183	472,500
Discounted notes receivable	0.500–3.500	within one year	2,523,105	1,565,810
Discounted letter of credit	1.200–3.327	within one year	1,759,186	1,992,685
Total — current			<u>9,826,542</u>	<u>8,511,892</u>
Non-current				
Bank loans — secured	3.600–5.142	2026	411,000	772,600
Bank loans — secured	3.600–5.292	2027	789,600	840,600
Bank loans — secured	3.600–3.700	2028	25,600	25,600
Bank loans — secured	3.600–3.700	2029	25,600	25,600
Bank loans — secured	3.600	2030	14,000	14,000
Bank loans — unsecured	2.900–4.000	2026	124,000	283,000
Bank loans — unsecured	2.850–3.200	2027	66,950	27,000
Other loans — secured	3.730–6.015	2026	282,019	444,841
Other loans — secured	4.167–6.015	2026	232,738	—
Other loans — secured	4.167–4.273	2026	59,717	—
Total — non-current			<u>2,031,224</u>	<u>2,433,241</u>
Total			<u>11,857,766</u>	<u>10,945,133</u>
Analysed into:				
Bank and other borrowings repayable:				
Within one year			9,826,542	8,511,892
In the second year			1,326,800	1,500,441
In the third to fifth years, inclusive			704,424	918,800
Beyond five years			—	14,000
Total			<u>11,857,766</u>	<u>10,945,133</u>

Notes:

Certain of guarantees of the Group's bank borrowings are secured by:

- (i) mortgages over the Group's leasehold lands, which had an aggregate carrying value at the end of the reporting period of approximately RMB457,262,000 as at 30 June 2025 and approximately RMB463,410,000 as at 31 December 2024;
- (ii) mortgages over the Group's property, plant and equipment, which had an aggregate carrying value at the end of the reporting period of approximately RMB6,955,533,000 as at 30 June 2025 and approximately RMB6,221,679,000 as at 31 December 2024;
- (iii) the Group's pledged deposit, which had an aggregate carrying value amounting to approximately RMB1,328,624,000 as at 30 June 2025 and RMB1,222,656,000 as at 31 December 2024;
- (iv) guarantees from Hangzhou Haoming Investment Co., Ltd. ("**Hangzhou Haoming**"), a related company and a company established in the PRC with limited liability, for an amount not exceeding approximately RMB650,000,000 as at 30 June 2025 and RMB650,000,000 as at 31 December 2024; and
- (v) mortgages over 100% of the equity interest of Hangzhou Haoming.

16 DUE FROM RELATED PARTIES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Jiahua New Materials	<u>372</u>	<u>372</u>
Total	<u><u>372</u></u>	<u><u>372</u></u>

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

17 DUE TO RELATED PARTIES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Current		
Jiahua Energy	369,716	352,541
Mei Fu Port	75,165	92,444
Blue Whale Bioenergy	81,000	71,000
Gangan Intelligent	57,496	40,969
Hangzhou Bay Petro	10,311	4,580
Haoxing Energy Conservation	58,564	4,207
Jiaxing Rewang	3,172	4,003
Jianghao Eco-agriculture	54	658
Jiahua Group	8,780	800
Jiafu New Materials	—	362
	<u>664,258</u>	<u>571,564</u>
Non-current		
Mei Fu Petrochemical	725,310	894,932
Zhejiang Zhongxin	48,000	48,000
	<u>773,310</u>	<u>942,932</u>
Total	<u><u>1,437,568</u></u>	<u><u>1,514,496</u></u>

The amount current due to related parties are unsecured, interest-free and repayable on demand. Non-current due to related parties are unsecured, interest-free and repayable after one year.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group had capital commitments amounted to approximately RMB4,492 million which primarily related to the procurements of plant and machinery for the construction of additional production capacities and for regular repair and maintenances.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have material contingent liabilities not provided for in the financial information.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed a total of 1,370 full time employees. The Group's employee benefits included housing subsidies, shift subsidies, bonuses, allowances, medical check-up, staff quarters, social insurance contributions, housing fund contributions and share award scheme. The remuneration committee of the Company (the **"Remuneration Committee"**) 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 salaries, bonuses and other allowances.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's gearing, expressed as a percentage of total interest-bearing borrowings to total assets maintained in a similar level during the period under review (30 June 2025: 52.5%; 31 December 2024: 49.5%), 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.

The inventory turnover days maintained in a similar level during the period under review (30 June 2025: 51.8 days; 31 December 2024: 46.2 days).

The trade and notes receivables turnover days maintained at a relatively low level during the period under review (30 June 2025: 29.9 days; 31 December 2024: 27.1 days).

The trade and notes payables turnover days maintained at a similar level during the period under review (30 June 2025: 36.2 days; 31 December 2024: 38.9 days).

INTERIM DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 June 2025 in order to retain sufficient liquidity to cope for any unexpected economic turbulence in the near future.

CORPORATE GOVERNANCE

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Government Report (“**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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 six months ended 30 June 2025 and up to the date of this 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 own 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 throughout the six months ended 30 June 2025 and up to the date of this announcement.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) has three members, namely Shen Kaijun and Kong Liang and Pei Yu, all of whom are independent non-executive Directors. The chairman of the Audit Committee is 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.

The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2025, 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 has three members, namely Pei Yu, Han Jianhong and Kong Liang of whom Kong Liang and Pei Yu are independent non-executive Directors and Han Jianhong is the Chairlady of the Board and an executive Director. The chairman of the Remuneration Committee is 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 (the “**Nomination Committee**”) consists of three members, namely Han Jianhong, Shen Kaijun and Ms. Pei Yu, of whom Shen Kaijun and Pei Yu are independent non-executive Directors and Han Jianhong is the Chairlady of the Board and an executive Director. The chairlady of the Nomination Committee is Han Jianhong. 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 and composition of the Board on a regular basis and as required.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2025.

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

The Company’s Interim Report for the six months ended 30 June 2025 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

The People’s Republic of China, 29 August 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.*