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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

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 2025.

RESULTS HIGHLIGHTS

	2025	2024	Change
	RMB'000	RMB'000	%
Revenue	18,468,172	19,586,052	(5.7%)
Gross profit	898,199	1,110,563	(19.1%)
Net profit attributable to owners of the parent	407,258	532,550	(23.5%)
Earnings per share — Basic (RMB)	35.2	45.99	(23.5%)
Dividend per share (HK\$) — Final	5 cents	—	—
Gross profit margin	4.9%	5.7%	(0.8%)
Gearing — interesting-bearing borrowings to total asset	52.7%	49.5%	3.2%

BUSINESS REVIEW

Overview

During the year ended 31 December 2025 (the “**year under review**”), the Group operated in a market environment that remained profitable in selected product chains but materially more challenging overall than in 2024. Revenue decreased by approximately 5.7% year on year to approximately RMB18,468.2 million, while gross profit decreased by approximately 19.1% to approximately RMB898.2 million and net profit attributable to owners of the parent decreased by approximately 23.5% to approximately RMB407.3 million. The gross profit margin reduction was mainly attributable to the profit margin compression in Ethylene Oxide (“**EO**”) and several olefin and aromatics by-products line of businesses, together with lower ethylene contribution, notwithstanding the continued resilience of the Group’s core Ethylene Glycol (“**EG**”) and surfactant line of business and the positive contribution from processing services and butadiene. The performance pattern was also uneven across the year with the first half of the year remained comparatively strong and the second half of the year softened in a certain extent. The Board has recommended a final dividend of HK5 cents per share for the year ended 31 December 2025. The Group intends to progressively increase its dividend payout ratio, taking into account its stable and growing operating performance and a prudent and improving gearing position. The Company is committed to balancing the overall interests of shareholders with the requirements for sustainable long-term development.

The Group’s business strategies are to achieve as a vertically integrated olefin and derivatives manufacturer. At the upstream level, the Group can procure and process naphtha, ethane, propane and methanol into ethylene and propylene, and at the downstream level it converts those intermediates into EO, EG, Polypropylene (“**PP**”), surfactants, ethanolamines, MTBE, butadiene and other chemical products, while also providing selected processing services. This business model allows the Group to manage feedstock risk, optimize production allocation between upstream and downstream products, capture margin at multiple points of the value chain and respond more quickly to changes in product spreads than a single-product producer. The 6th phase EO/EG facilities and the upstream naphtha/ethane/propane-to-ethylene/propylene facilities, which completed ramp-up in 2023 and ran through a full operating cycle in 2024 and 2025, remained the operational backbone of this model.

Against a lower-margin environment, management’s 2025 strategy was more defensive and cash-focused than expansionary. Management placed priority on (i) maintaining high utilization of core assets, (ii) using feedstock and product-mix flexibility to direct volumes toward better-spread products, (iii) protecting base sales through annual contract arrangements while keeping a smaller spot component for tactical optimization, (iv) reducing leverage primarily through operating cash flow, and (v) preserving medium-term upside by continuing logistics optimization and downstream integration rather than launching a new large-scale expansion cycle.

Industry environment and changes in 2025

Industry conditions in 2025 were mixed. On the supportive side, according to the National Bureau of Statistics of China, for the year 2025, China's GDP grew by 5.0%, national ethylene output increased by 6.4%, chemical fibre output increased by 4.9%, and motor vehicle output increased by 9.8%, indicating continued activity in several important downstream sectors. Daily necessities retail sales also increased by 6.3% during 2025, which was supportive of detergent- and homecare-related demand. On the adverse side, according to the National Bureau of Statistics of China, for the year 2025, fixed-asset investment declined by 3.8% in 2025, manufacturing investment slowed to growth of only 0.6%, infrastructure investment declined by 2.2%, real-estate development investment fell by 17.2%, building and decoration materials retail sales declined by 2.7%, and petroleum and petroleum products retail sales declined by 5.7%. At the industry-profit level, profit of China's manufacture of raw chemical materials and chemical products decreased by 7.3% in 2025. The above industry developments in 2025 were generally consistent with the Group's performance, under which detergent- and polyester-related product segments remained comparatively resilient, while fuel-related and construction-sensitive segments continued to experience pressure.

Industry benchmarks and competitive positioning

With its core production facilities operating at full capacity, the Group maintained high operating efficiency and a cost-competitive position among leading domestic producers. By comparison, the capacity utilisation rate of the manufacture of raw chemical materials and chemical products in China was 73% in 2025, according to data released by the National Bureau of Statistics of China. The Group's core EO/EG and surfactants business lines also outperformed broad sector profitability in that year. The Group's benchmarking in 2025 was bifurcated — its integrated core lines showed clear operational competitiveness, but commodity oversupply in selected product lines still constrained consolidated margin quality.

Critical business risks and uncertainties, and the Group's response

Feedstock, oil-price and logistics volatility

The Group remains exposed to volatility in naphtha, liquefied petroleum gas ("LPG"), methanol and ethane markets, as well as to ocean freight and port logistics. This risk became more pronounced after the reporting period because the Middle East conflict that began on 28 February 2026 severely disrupted flows through the Strait of Hormuz, one of the world's most important oil chokepoints. For the Group, the practical risk is not only absolute feedstock prices but also shipping availability, war-risk insurance and delivery timing. The Group's response is to maintain feedstock diversification, continue dynamic procurement, preserve liquidity buffers, and pursue logistics optimization including the planned vessels acquisition expected by management to commence in 2027.

Commodity oversupply and margin compression

China's commodity chemicals market continues to face oversupply in certain extent in selected chains, especially PP and some olefins derivatives. Where supply additions outpace domestic demand growth, average selling prices and utilization-driven margins come under pressure. The Group's response is to tilt production toward higher-spread products, deepen downstream integration, maintain long-term customer arrangements, and emphasize operating-cost leadership rather than pure volume expansion.

Downstream demand weakness in property-related sectors

The Group's water-reducing reagent and construction-chemical exposures remain linked to infrastructure spending, cement activity and real-estate construction. Although public policy support may stabilize parts of the demand chain, the sharp decline in 2025 real-estate investment remained a drag on volume growth and pricing in these applications. The Group's response is to balance consumer-linked surfactant demand against construction-linked demand, to push higher-value formulations where possible and to continue close customer management rather than rely on a single end-market recovery.

Liquidity and refinancing risk

As at 31 December 2025, the Group remained in a net-current-liability position and its borrowings were concentrated in short-dated facilities. While the directors considered the going-concern basis appropriate, this balance-sheet structure requires disciplined treasury execution. Management's stated approach has been to rely on operating cash flow, multiple-bank relationships, rolling renewals and continued shareholder support.

Impairment and return-on-capital risk

Long-lived assets impairment has been identified as a key audit matter because the carrying amount of the Group's net assets exceeded the Company's market capitalisation at year end. This does not mean that an impairment is required, but it highlights the importance of forecast selling prices, volumes, margins and discount rates. The Group's response is to continue improving utilization, lowering operating and logistics costs, and prioritising products and projects that can support recoverable value.

Regulatory, environmental and tax risk

The regulatory environment for petrochemicals is tightening. The 2025–2026 policy plan for China's petrochemical and chemical industries places emphasis on high-end products, green upgrading, innovation and lower emissions. The Group's response is to maintain compliance investment, strengthen energy-efficiency programmes and keep close control over environmental and tax qualification matters.

Prospect for 2026

The principal upside catalysts for 2026 include: (i) continued resilience in polyester-chain demand supporting EG; (ii) continued resilience in homecare and daily-consumption demand supporting surfactants; (iii) policy-led improvement in domestic consumption, manufacturing activity and selected infrastructure demand; (iv) any further operating, energy and logistics efficiencies; (v) medium-term freight savings from the vessel programme expected by management from 2027 onwards and seizing new export opportunities by deepening penetration of methyl tert-butyl ether (“**MTBE**”) and polyether products for water-reducing agents in emerging markets, while effectively leveraging both domestic and international markets and resources. The principal downside risks include: (a) prolonged disruption in the Middle East and the Strait of Hormuz; (b) renewed volatility in U.S.-China ethane trade arrangements or feedstock availability; (c) exposure to tax uncertainties arising from international trade, including anti-dumping measures and unilateral tariff adjustments; (d) continued weakness in property-linked demand.

Looking into 2026, the industry backdrop is likely to remain two-speed. On the one hand, China’s 2026 government work report targets GDP growth of 4.5% to 5% and a more proactive fiscal stance, and the 2025–2026 petrochemical work plan targets average annual added-value growth of more than 5% for the sector, especially in higher-end and greener products. On the other hand, February 2026 producer prices in China remained negative year on year, and the post-year-end Middle East conflict has materially increased uncertainty in crude oil, freight and supply-chain costs.

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, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	4	18,468,172	19,586,052
Cost of sales		<u>(17,569,973)</u>	<u>(18,475,489)</u>
Gross profit		898,199	1,110,563
Other income and gains	4	364,149	284,832
Selling and distribution expenses		(4,692)	(5,828)
Administrative expenses		(268,061)	(229,778)
Impairment losses on financial assets, net		(635)	(795)
Other expenses, net	4	(94,926)	(197,191)
Finance costs	5	<u>(371,415)</u>	<u>(414,656)</u>
PROFIT BEFORE TAX	6	522,619	547,147
Income tax expense	7	<u>(112,956)</u>	<u>(13,207)</u>
PROFIT FOR THE YEAR		<u>409,663</u>	<u>533,940</u>
Attributable to:			
Owners of the parent		407,258	532,550
Non-controlling interests		<u>2,405</u>	<u>1,390</u>
		<u>409,663</u>	<u>533,940</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	<u>RMB35.2 fen</u>	<u>RMB45.99 fen</u>
PROPOSED FINAL DIVIDEND FOR THE YEAR	9	<u>53,742</u>	<u>—</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	<u>409,663</u>	<u>533,940</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>409,663</u></u>	<u><u>533,940</u></u>
Attributable to:		
Owners of the parent	407,258	532,550
Non-controlling interests	<u>2,405</u>	<u>1,390</u>
	<u><u>409,663</u></u>	<u><u>533,940</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		12,854,476	13,083,421
Investment properties		73,847	76,608
Right-of-use assets		648,490	693,976
Other intangible assets		33,338	35,404
Advance payments for long-lived assets		245,998	292,628
Equity investments designated at fair value through other comprehensive income	<i>10-2</i>	3,409	3,409
Pledged deposits	<i>14</i>	156,054	175,665
Deferred tax assets		7,586	16,630
		<hr/>	<hr/>
Total non-current assets		14,023,198	14,377,741
CURRENT ASSETS			
Inventories	<i>11</i>	2,965,354	2,722,295
Trade and notes receivables	<i>12</i>	1,357,211	1,473,105
Prepayments, other receivables and other assets	<i>13</i>	1,797,177	1,189,019
Due from related parties	<i>18</i>	—	372
Derivative financial instruments		1,494	3,474
Financial assets at fair value through profit or loss	<i>10-1</i>	4,741	2,647
Pledged deposits	<i>14</i>	1,510,450	1,742,210
Time deposits	<i>14</i>	72,733	30,680
Cash and cash equivalents	<i>14</i>	638,719	564,328
		<hr/>	<hr/>
Total current assets		8,347,879	7,728,130

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	<i>15</i>	1,670,797	1,807,675
Other payables and accruals	<i>16</i>	1,893,643	2,599,102
Derivative financial instruments		45,870	24,831
Financial liabilities at fair value through profit or loss	<i>10-1</i>	331,360	87,812
Interest-bearing bank and other borrowings	<i>17</i>	8,184,915	6,665,496
Long-term loans within one year	<i>17</i>	2,253,805	1,846,396
Lease liabilities		5,993	35,871
Due to related parties	<i>19</i>	728,055	571,564
Tax payable		109,819	55,680
		<hr/>	<hr/>
Total current liabilities		15,224,257	13,694,427
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(6,876,378)	(5,966,297)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,146,820	8,411,444
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Other payables	<i>16</i>	66,486	63,753
Lease liabilities		13,870	15,356
Deferred tax liabilities		67,146	62,374
Due to related parties	<i>19</i>	343,866	942,932
Interest-bearing bank and other borrowings	<i>17</i>	1,358,228	2,433,241
		<hr/>	<hr/>
Total non-current liabilities		1,849,596	3,517,656
		<hr/>	<hr/>
Net assets		5,297,224	4,893,788
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>20</i>	102,662	102,662
Reserves		5,210,138	4,809,107
		<hr/>	<hr/>
		5,312,800	4,911,769
Non-controlling interests		(15,576)	(17,981)
		<hr/>	<hr/>
Total equity		5,297,224	4,893,788
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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 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**”) were principally engaged in the manufacture and supply of ethylene, ethylene oxide (“**EO**”), ethylene glycol (“**EG**”), propylene, polypropylene (“**PP**”), methyl tert-butyl ether (“**MTBE**”), surfactants and ethanolamine (“**ETA**”) 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 carbon four (“**C4**”), crude pentene 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 2025, the Group's net current liabilities amounted to approximately RMB6,876,378,000, which comprised current assets of approximately RMB8,347,879,000 and current liabilities of approximately RMB15,224,257,000. 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 2025, the Group's total current borrowings amounted to RMB10,438,720,000, all of which will be due within twelve months from 31 December 2025. 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 RMB813,398,000 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 amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ 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 or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 its amendments 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 the 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 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. 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. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sale of industrial products	18,368,301	19,488,826
Processing services	83,754	80,859
Rental income	16,117	16,367
	<u>18,468,172</u>	<u>19,586,052</u>

Geographical information

(a) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mainland China	17,697,280	19,256,801
Singapore	568,003	308,927
United Arab Emirates	121,594	—
Hong Kong	75,787	—
Others	5,508	20,324
	<u>18,468,172</u>	<u>19,586,052</u>
Total revenue	<u>18,468,172</u>	<u>19,586,052</u>

(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 2025 and 2024.

4. REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	18,452,055	19,569,685
<i>Revenue from other sources</i>		
Rental income from operating leases:		
Lease payments, including fixed payments	<u>16,117</u>	<u>16,367</u>
Total revenue	<u><u>18,468,172</u></u>	<u><u>19,586,052</u></u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Segments		
Types of goods or services		
Sale of industrial products	18,368,301	19,488,826
Processing services	<u>83,754</u>	<u>80,859</u>
Total	<u><u>18,452,055</u></u>	<u><u>19,569,685</u></u>
Timing of revenue recognition		
At a point in time		
Sale of industrial products	18,368,301	19,488,826
Processing services	<u>83,754</u>	<u>80,859</u>
Total	<u><u>18,452,055</u></u>	<u><u>19,569,685</u></u>

(b) Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Advance from customers for sale of industrial products and processing services*	<u><u>509,154</u></u>	<u><u>350,464</u></u>

* 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sale of industrial products and processing services	<u>350,464</u>	<u>348,086</u>

(c) *Performance obligations*

At 31 December 2025, 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.

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income			
Additional deduction for input value-added tax		63,470	116,918
Bank interest income		31,912	57,757
Reversal of write-down of inventories to net realisable value		84,460	—
Sales in respect of trading of oil and chemicals		20,091	33,745
Investment income from derivative financial instruments, net		25,498	16,126
Gross rental income from operating leases:			
Lease payments, including fixed payments		6,714	8,852
Government subsidies	(a)	7,734	5,319
Utility income		4,439	1,648
Reimbursement from insurance company		17,063	—
Others		<u>33,457</u>	<u>21,174</u>
Total other income		<u>294,838</u>	<u>261,539</u>
Gains			
Gains on disposal of silver catalysts, net	(b)	<u>69,311</u>	<u>23,293</u>
Total gains		<u>69,311</u>	<u>23,293</u>
Total other income and gains		<u>364,149</u>	<u>284,832</u>

Notes:

- (a) Government subsidies mainly represent incentives provided by the local government to the Group for its operation in Jiaxing, Zhejiang Province, the PRC. There are no unfulfilled conditions or contingencies attached to these government grants.
- (b) Gains on disposal of silver catalysts represent the gains from disposal of silver catalysts used in production which were replaced during overhaul for the EO production line.

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Other expenses, net		
Foreign exchange losses, net	13,115	77,221
Loss on disposal of items of property, plant and equipment	16,510	53,983
Write-down of inventories to net realisable value	—	34,834
Cost of sales in respect of trading of oil and chemicals	28	22,381
Fair value loss on derivative financial instruments, net	22,933	3,965
Impairment of items of property, plant and equipment	21,460	—
Others	20,880	4,807
	<hr/>	<hr/>
Total other expenses	94,926	197,191
	<hr/> <hr/>	<hr/> <hr/>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	302,371	324,328
Interest on lease liabilities	1,676	3,051
Interest on discounted notes receivable and discounted letter of credit	67,368	87,277
	<hr/>	<hr/>
Total	371,415	414,656
	<hr/> <hr/>	<hr/> <hr/>

6. PROFIT BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	17,544,814	18,447,808
Cost of services provided	25,159	27,681
Depreciation of property, plant and equipment*	1,025,848	1,023,572
Depreciation of investment properties	2,761	2,761
Depreciation of right-of-use assets	49,528	51,389
Amortisation of other intangible assets**	7,335	12,362
(Reversal of write-down)/write-down of inventories to net realisable value***	(67,582)	45,442
Impairment of trade receivables, net	635	795
Impairment of items of property, plant and equipment	21,460	—
Loss on disposal of items of property, plant and equipment	16,510	53,983
Auditor's remuneration	2,980	2,980
Lease payments not included in the measurement of lease liabilities	584	439

* The depreciation of property, plant and equipment of RMB1,019,284,000 (2024: RMB1,016,567,000) for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

** The amortisation of other intangible assets of RMB2,155,000 (2024: RMB2,106,000) for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

*** The write-down of inventories to net realisable value of RMB16,878,000 (2024: RMB10,608,000) 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 of the Group for the year is analysed as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current — Chinese mainland		
Charge for the year	84,723	20,705
Effect of additional tax deduction enacted by tax authority	(4,026)	(17,429)
Deferred	32,259	9,931
Total tax expense for the year	<u>112,956</u>	<u>13,207</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 year. No provision for income tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2024: 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 2024. And Sanjiang Chemical has been continuously qualified as a High and New Technology Enterprise on 19 December 2025 and enjoys a preferential corporate income tax rate of 15% from 2025 to 2027. Therefore, Sanjiang Chemical was subject to corporate income tax at a rate of 15% for the year ended 31 December 2025 (2024: 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 2024. And Sanjiang New Material has been continuously qualified as a High and New Technology Enterprise on 19 December 2025 and enjoys a preferential corporate income tax rate of 15% from 2025 to 2027. Therefore, Sanjiang New Material was subject to corporate income tax at a rate of 15% for the year ended 31 December 2025 (2024: 15%).

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong. The Group will account for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2025 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbour for the jurisdictions in which the Group operates. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

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 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding during the years.

The calculation of basic earnings per share is based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings		
Profit for the year attributable to ordinary equity holders of the parent	<u>407,258</u>	<u>532,550</u>
	Number of shares	
	2025 <i>'000</i>	2024 <i>'000</i>
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation [#]	<u>1,157,132</u>	<u>1,157,892</u>

[#] The weighted average number of shares was after taking into account the effect of shares repurchased for the ordinary shares and share award arrangement.

9. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed final — HK\$5.0 cents (2024: Nil) per ordinary share	<u>53,742</u>	—
	<u>53,742</u>	—

The proposed final dividend of HK\$59,500,000 (equivalent to RMB53,742,000) for the year, which is based on the Company's total number of shares as at 31 December 2025, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

	2025	
	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>
Unlisted investments/hedging instruments — silver leasing contracts, at fair value	<u>4,741</u>	<u>331,360</u>
	2024	
	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>
Unlisted investments/derivative financial liabilities without designated hedging relationships — silver leasing contracts, at fair value	<u>2,647</u>	<u>87,812</u>

The above unlisted investments were wealth management products issued by banks in the Chinese mainland. 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 contracts were classified as financial liabilities designated upon initial recognition as at fair value through profit or loss.

There were no hedging instruments designated as at 31 December 2024.

The guarantee of the Group's silver leasing is secured by the Group's pledged deposit, which had an aggregate carrying value amounting to RMB192,057,000 (2024: Nil) as at 31 December 2025.

At 31 December 2025, the Group had a silver leasing contract in place whereby it rents a fixed quantity of silver of 18.8 tons from the domestic bank via futures exchange and pays annual fixed interest rate of 2.8%. The silver leasing contract is used to hedge the exposure to changes in the fair value of silver, which is one of the key components in the catalysts in inventories.

An economic relationship exists between the hedged item and the hedging instrument because the Group's silver catalyst can be refined into standard silver products that match the specifications of the silver specified in the leasing contracts. The basic variables of the hedging instruments (silver leasing contracts) and the hedged items (silver catalysts in inventories) are standard precious metal prices. The effect of credit risk does not dominate the value changes. The Group determines the ratio of the number of hedging instruments to the hedged items for silver to be 1:1.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value		
Jiaxing Port Antong Public Pipe Gallery Co., Ltd.	<u>3,409</u>	<u>3,409</u>

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 2025, 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”) (2024: Nil).

11. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	2,260,021	2,535,271
Finished goods	<u>705,333</u>	<u>187,024</u>
Total	<u>2,965,354</u>	<u>2,722,295</u>

12. TRADE AND NOTES RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	226,415	170,670
Notes receivable	<u>1,137,675</u>	<u>1,310,087</u>
	<u>1,364,090</u>	<u>1,480,757</u>
Impairment	<u>(6,879)</u>	<u>(7,652)</u>
Net carrying amount	<u>1,357,211</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 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 invoice date and net of loss allowance, is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
1 to 30 days	204,116	141,492
31 to 60 days	5,050	7,506
61 to 90 days	156	2,647
91 to 360 days	9,996	8,312
Over 360 days	218	3,061
	<hr/>	<hr/>
Total	219,536	163,018
	<hr/> <hr/>	<hr/> <hr/>

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	7,652	6,857
Impairment losses, net	635	795
Amount written off as uncollectible	(1,408)	—
	<hr/>	<hr/>
At end of year	6,879	7,652
	<hr/> <hr/>	<hr/> <hr/>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	<i>RMB'000</i>		<i>RMB'000</i>
Trade receivables aged based on the invoice date:			
Less than 1 year	223,156	1.72%	3,838
Between 1 and 2 years	249	12.45%	31
Over 2 years	3,010	100.00%	3,010
	<hr/>	<hr/>	<hr/>
Total	226,415		6,879
	<hr/> <hr/>		<hr/> <hr/>

As at 31 December 2024

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit loss <i>RMB'000</i>
Trade receivables aged based on the invoice date:			
Less than 1 year	163,020	1.88%	3,063
Between 1 and 2 years	3,506	12.69%	445
Over 2 years	<u>4,144</u>	<u>100.00%</u>	<u>4,144</u>
Total	<u><u>170,670</u></u>		<u><u>7,652</u></u>

As at 31 December 2025, notes receivable of RMB1,137,675,000 (2024: RMB1,310,087,000), whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant in 2025 and 2024.

At 31 December 2025, the Group endorsed certain notes receivable accepted by certain banks in the PRC (the “**Endorsed Notes**”) to certain of its suppliers in order to settle the trade and other payables due to such suppliers with a carrying amount in aggregate of RMB2,082,733,000 (2024: RMB2,460,763,000). In addition, the Group discounted certain notes receivable (the “**Discounted Notes**”) with a carrying amount in aggregate of RMB2,569,218,000 (2024: RMB1,873,674,000). The Endorsed Notes and the Discounted Notes had a maturity from one to twelve months as at 31 December 2025. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes have a right of recourse against the Group if the PRC banks or the counterparties default (the “**Continuing Involvement**”).

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to certain Endorsed Notes and the Discounted Notes accepted by large and reputable banks with amounts of RMB1,210,149,000 (2024: RMB1,550,913,000) and RMB244,824,000 (2024: RMB307,864,000), respectively (the “**Derecognised Notes**”). Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade and other payables settled by the Endorsed Notes. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

For the rest of the Endorsed Notes and the Discounted Notes, because the directors believed that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes and Discounted Notes. The Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade and other payables settled with an amount of RMB872,584,000 as at 31 December 2025 (2024: RMB909,850,000). The Group recognised the proceeds received from the discount of the remaining Discounted Notes with an amount of RMB2,324,394,000 as short-term loans at 31 December 2025 (2024: RMB1,565,810,000). And intra-group notes receivables of RMB2,210,250,000 (2024: RMB1,345,128,000) were discounted.

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Deposits and other receivables	248,302	291,140
Refund of consumption tax receivable	659,554	789,117
Prepayments	888,209	107,649
Others	1,112	1,113
	<u>1,797,177</u>	<u>1,189,019</u>
Total	<u>1,797,177</u>	<u>1,189,019</u>

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 2025 and 2024, the loss allowance was assessed to be minimal.

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	638,719	564,328
Time deposits and pledged deposits	1,739,237	1,948,555
	<u>2,377,956</u>	<u>2,512,883</u>
Subtotal	<u>2,377,956</u>	<u>2,512,883</u>
Less: Pledged time deposits:		
Pledged for silver leasing contracts	192,057	—
Pledged for options	3,072	42,500
Pledged for bills payable	358,224	404,790
Pledged for letters of credit	—	84,531
Pledged for bank loans	993,693	1,138,125
Pledged of letter of guarantee	119,458	225,688
Pledged for lawsuit	—	22,241
Time deposits	72,733	30,680
	<u>1,739,237</u>	<u>1,948,555</u>
Cash and cash equivalents	<u>638,719</u>	<u>564,328</u>
Denominated in RMB	483,464	499,250
Denominated in United States dollars (“US\$”)	82,796	56,325
Denominated in Japanese yen (“JPY¥”)	67,088	—
Denominated in Hong Kong dollars (“HK\$”)	5,335	8,721
Denominated in Euro (“EUR”)	36	32
	<u>638,719</u>	<u>564,328</u>
Cash and cash equivalents	<u>638,719</u>	<u>564,328</u>

The RMB is not freely convertible into other currencies, however, under the Chinese mainland'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

	2025 RMB'000	2024 <i>RMB'000</i>
Trade payables	882,856	904,772
Bills payable	787,941	902,903
	<u>1,670,797</u>	<u>1,807,675</u>
Total	<u>1,670,797</u>	<u>1,807,675</u>

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:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 3 months	1,228,379	1,379,731
3 to 6 months	394,158	374,417
6 to 12 months	15,503	15,213
12 to 24 months	18,397	17,117
24 to 36 months	6,416	15,873
Over 36 months	7,944	5,324
	<u>1,670,797</u>	<u>1,807,675</u>
Total	<u>1,670,797</u>	<u>1,807,675</u>

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

As at 31 December 2025, the bills payable of RMB787,941,000 (2024: RMB902,903,000) were secured by the Group's pledged deposits with a carrying amount of RMB358,224,000 (2024: RMB404,790,000).

16. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current		
Other payables	1,302,936	2,102,705
Contract liabilities	509,154	350,464
Taxes payable other than income tax	35,021	104,935
Payroll payable	46,532	40,998
	<u>1,893,643</u>	<u>2,599,102</u>
Non-current		
Other payables	<u>66,486</u>	<u>63,753</u>
Total	<u>1,960,129</u>	<u>2,662,855</u>

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	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current				
Bank loans — unsecured	2.400–3.800	2026	3,431,577	—
Bank loans — unsecured	3.000–4.350	2025	—	1,935,312
Bank loans of US\$15,724,373 — secured	4.192–4.605	2026	110,523	—
Bank loans of US\$10,997,657 — secured	4.760–5.023	2025	—	79,056
Bank loans of US\$71,195,886 — unsecured	4.233–6.600	2026	500,421	—
Bank loans of US\$141,565,966 — unsecured	4.900–7.500	2025	—	1,017,633
Other loans — secured	2.448–6.015	2026	1,068,165	—
Other loans — secured	3.880–5.892	2025	—	887,296
Current portion of long term bank loans — secured	2.448–6.015	2026	769,600	—
Current portion of long term bank loans — secured	3.200–5.892	2025	—	561,600
Current portion of long term bank loans — unsecured	2.500–4.000	2026	511,040	—
Current portion of long term bank loans — unsecured	3.050–3.650	2025	—	472,500
Discounted notes receivable	0.600–2.800	2026	2,324,394	—
Discounted letter of credit	1.000–2.830	2026	1,723,000	—
Discounted notes receivable	0.500–3.500	2025	—	1,565,810
Discounted letter of credit	1.200–3.327	2025	—	1,992,685
Total — current			<u>10,438,720</u>	<u>8,511,892</u>

	Effective interest rate (%)	Maturity	2025 RMB'000	2024 RMB'000
Non-current				
Bank loans — secured	3.600–5.142	2026	—	772,600
Bank loans — secured	3.000–4.692	2027	789,600	840,600
Bank loans — secured	3.000–3.700	2028	25,600	25,600
Bank loans — secured	3.000–3.700	2029	25,600	25,600
Bank loans — secured	3.000–3.000	2030	14,000	14,000
Bank loans — unsecured	3.050–4.000	2026	—	283,000
Bank loans — unsecured	2.850–3.450	2027	116,920	27,000
Other loans — secured	4.384–5.891	2026	—	444,841
Other loans — secured	2.448–6.015	2027	329,798	—
Other loans — secured	4.167–4.273	2028	56,710	—
Total — Non-current			1,358,228	2,433,241
Total			11,796,948	10,945,133
Analysed into:				
Bank and other borrowings repayable:				
Within one year			10,438,720	8,511,892
In the second year			1,236,318	1,500,441
In the third to fifth years, inclusive			121,910	918,800
Beyond five years			—	14,000
Total			11,796,948	10,945,133

Notes:

Certain of guarantees of the Group's bank and other 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 RMB451,243,000 (2024: RMB463,410,000) as at 31 December 2025;
- (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 RMB6,449,927,000 (2024: RMB6,221,679,000) as at 31 December 2025;
- (iii) the pledge of certain of the Group's pledged deposits amounting to RMB993,693,000 (2024: RMB1,222,656,000) as at 31 December 2025;
- (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 RMB650,000,000 (2024: RMB650,000,000);

(v) mortgages over 100% of the equity interest in Hangzhou Haoming; and

(vi) mortgages over Guanlang's collection rights of trade receivables from 2025 to 2029.

Sanjiang Chemical Company Limited, one of the Group's wholly-owned subsidiaries, entered into a syndicated loan agreement with Bank of Communications Corporation Limited, China CITIC Bank Corporation Limited, Agricultural Bank of China Limited and China Minsheng Banking Corporation Limited in 2020 in relation to the funding requirement for the construction of an additional EO/EG production facility with a total loan amount of RMB3,160,000,000, out of which RMB2,649,000,000 (2024: RMB2,649,000,000) has been used as at 31 December 2025.

18. DUE FROM RELATED PARTIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Jiahua New Materials	—	372
	—	372

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

19. DUE TO RELATED PARTIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current		
Jiahua Energy	390,442	352,541
Mei Fu Port	104,715	92,444
Blue Whale Bioenergy	67,269	71,000
Gangan Intelligent	41,931	40,906
Hangzhou Bay Petro	1,665	4,580
Haoxing Energy Conservation	53,852	4,207
Jiaxing Rewang	6,418	4,003
Jianghao Eco-agriculture	1,856	658
Jiahua Group	712	800
Jiafu New Materials	—	362
Zhapu Construction	—	63
Jimoni Haijin New Energy	59,195	—
	<u>728,055</u>	<u>571,564</u>
Non-current		
Mei Fu Petrochemical	295,866	894,932
Zhejiang Zhongxin	48,000	48,000
	<u>343,866</u>	<u>942,932</u>
Total	<u>1,071,921</u>	<u>1,514,496</u>

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 2024, 31 December 2024 and 1 January 2025	1,190,000,000	102,662
Shares repurchased (<i>note (a)</i>)	<u>(3,000,000)</u>	<u>—</u>
At 31 December 2025	<u>1,187,000,000</u>	<u>102,662</u>

Note:

- (a) The Company purchased 3,000,000 of its shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) at a total consideration of HK\$6,807,000. As at 31 December 2025, the Group had 3,000,000 (2024: Nil) purchased shares classified as treasury shares held for the cancellation in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024 for comparison purposes are set forth below:

	Full year 2025	% of revenue	Full year 2024	% of revenue	Variance +I(-)
Ethylene oxide	1,934,073	10%	2,152,787	11%	(10.2%)
Ethylene glycol	4,105,085	22%	3,463,776	18%	18.5%
Polypropylene	3,560,671	19%	4,024,397	21%	(11.5%)
Ethylene	714,479	4%	1,642,422	8%	(56.5%)
Surfactants	3,616,937	20%	3,588,500	18%	0.8%
MTBE	1,191,206	6%	1,107,436	6%	7.6%
Gas, diethylene glycol and others	890,243	5%	1,005,794	5%	(11.5%)
Butadiene	577,131	3%	767,239	4%	(24.8%)
Ethanolamine	110,269	1%	202,148	1%	(45.5%)
Processing service	83,754	0%	80,859	0%	3.6%
Others	1,684,324	10%	1,550,694	8%	8.6%
Total revenue	18,468,172	100%	19,586,052	100%	(5.7%)

Sales volume (MT)

Line of business	2025	2024	Variance +I(-)
Ethylene oxide	342,851	359,192	(4.5%)
Ethylene glycol	1,009,456	868,951	16.2%
Polypropylene	590,429	624,154	(5.4%)
Ethylene	117,926	246,271	(52.1%)
Surfactants	602,232	594,507	1.3%
MTBE	258,635	196,058	31.9%
Gas, diethylene glycol and others	N/A	N/A	N/A
Butadiene	68,508	74,732	(8.3%)
Ethanolamine	19,822	31,830	(37.7%)
Processing service	276,588	275,182	0.5%

Average selling price (RMB per MT, VAT non-inclusive)

Line of business	2025	2024	Variance +I(-)
Ethylene oxide	5,641	5,993	(5.9%)
Ethylene glycol	4,067	3,986	2.0%
Polypropylene	6,031	6,448	(6.5%)
Ethylene	6,059	6,669	(9.1%)
Surfactants	6,006	6,036	(0.5%)
MTBE	4,606	5,649	(18.5%)
Gas, diethylene glycol and others	N/A	N/A	N/A
Butadiene	8,424	10,267	(18.0%)
Ethanolamine	5,563	6,351	(12.4%)
Processing service	303	294	3.1%

Gross profit margin (%)

Line of business	2025	2024	Variance +I(-)
Ethylene oxide	12.1%	15.3%	(3.2%)
Ethylene glycol	14.7%	6.3%	8.4%
Polypropylene	0.2%	0.7%	(0.5%)
Ethylene	(0.2%)	6.4%	(6.6%)
Surfactants	12.8%	9.5%	3.3%
MTBE	(3.8%)	4.9%	(8.7%)
Gas, diethylene glycol and others	9.4%	18.1%	(8.7%)
Butadiene	30.6%	39.0%	(8.4%)
Ethanolamine	13.3%	6.6%	6.7%
Processing service	72.6%	68.9%	3.7%

Revenue and gross profit

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB18,468.2 million, representing a year-on-year decrease of approximately 5.7%. Gross profit was approximately RMB898.2 million and gross profit margin was approximately 4.9%, compared with gross profit of approximately RMB1,110.6 million and gross profit margin of approximately 5.7% in 2024. The year-on-year movement reflected a combination of stronger contribution from EG and surfactants, lower contribution from EO, weaker near-breakeven PP economics, and gross margin losses in certain fuel and by-product lines, especially and selected cracking by-products.

Product mix

EG became the Group's largest revenue contributor in 2025, accounting for approximately 22.2% of total revenue, followed by surfactants at approximately 19.6%, PP at approximately 19.0%, EO at approximately 10.5% and MTBE at approximately 6.5%. These five lines together accounted for approximately 77.8% of total revenue. The 2025 mix therefore remained concentrated in the Group's EO/EG and surfactants platform, but the contribution from butadiene and other non-core by-products remained significant enough to affect consolidated margin quality.

Product and business line review

EO and EG chain

The EO/EG chain remained the Group's most important earnings pillar in 2025. EO revenue decreased by approximately 10.2% to approximately RMB1,934.1 million because of a lower average selling price and a lower sales volume, and EO gross profit margin moderated to approximately 12.1% from 15.3% in 2024. Even so, EO remained solidly profitable and continued to support downstream surfactant and ethanolamine integration. EG revenue increased by approximately 18.5% to approximately RMB4,105.1 million, sales volume increased by approximately 16.2% to approximately 1.01 million MT, average selling price increased by approximately 2.0%, and gross profit margin improved markedly to approximately 14.7% from 6.3% in 2024.

Surfactants

Surfactants revenue was broadly stable at approximately RMB3,616.9 million, with sales volume increasing by approximately 1.3% and gross profit margin improving to approximately 12.8% from 9.5% in 2024. This line benefited from the Group's deeper downstream positioning and from comparatively resilient homecare and daily-consumption demand, although construction-chemical applications remained constrained by weak real-estate activity.

Polypropylene and basic olefins

PP remained the Group's largest single product by revenue after EG and surfactants, but market conditions were difficult. PP revenue decreased by approximately 11.5% to approximately RMB3,560.7 million, sales volume decreased by approximately 5.4%, and gross profit margin stayed close to breakeven at approximately 0.2%. This reflected the continued oversupply of PP in China and the region. Industry research during 2025 pointed to a substantial expansion of China's PP surplus and lower sector operating rates, which remained a cap on spreads even where end-market demand was not collapsing. Ethylene revenue decreased sharply by approximately 56.5% to approximately RMB714.5 million and turned slightly loss-making at the gross margin line, showing that the Group intentionally prioritized downstream conversion and more profitable outlets over merchant sales of upstream intermediates.

MTBE, butadiene and by-products

MTBE revenue increased by approximately 7.6% to approximately RMB1,191.2 million due mainly to higher volume. Butadiene remained profitable, with revenue of approximately RMB577.1 million and gross profit margin of approximately 30.6%, but both revenue and margin were below the exceptionally strong 2024 base as prices normalized. Outside the core lines, several cracking by-products and aromatics products — including, mixed C4, industrial pyrolysis C5 and C9, benzene and mixed xylene — were loss-making on a gross basis in 2025 and offset part of the earnings contribution from the Group's core chains. This split between strong integrated core products and weak non-core by-products is an important feature of the 2025 result.

Other income and gains

Other income and gains increased to approximately RMB364.1 million in 2025. This item included bank interest income, additional VAT deductions, trading income and, importantly, silver-related items, including reversal of prior write-downs and gains on disposal of silver catalysts. These items supported reported profit for the year, but they should be read together with the underlying product-margin trends when assessing recurring operating performance.

Other expenses, administrative expenses and finance costs

Administrative expenses increased to approximately RMB268.1 million in 2025 from approximately RMB229.8 million in 2024, reflecting the larger operating platform and ongoing control, compliance and support requirements of the business. Other expenses, net, decreased to approximately RMB94.9 million from approximately RMB197.2 million in 2024, which partly cushioned the decline in gross profit. Finance costs decreased to approximately RMB371.4 million from approximately RMB414.7 million, but remained substantial in absolute terms and continued to weigh on net profit.

Profitability

Profit before tax was approximately RMB522.6 million and profit attributable to owners of the parent was approximately RMB407.3 million, representing a year-on-year decrease of approximately 23.5%. Basic earnings per share were approximately RMB35.2 fen, as compared with approximately RMB45.99 fen in 2024.

Liquidity, capital resources and treasury management

The Group continued to operate with a short-term-liability-heavy capital structure. As at 31 December 2025, cash and cash equivalents amounted to approximately RMB638.7 million, time deposits amounted to approximately RMB72.7 million, and pledged deposits amounted to approximately RMB1,666.5 million. Interest-bearing bank and other borrowings amounted to approximately RMB11,796.9 million, of which approximately RMB10,438.7 million were stated to fall due within twelve months of the reporting date. The Group therefore remained dependent on continuing operating cash inflow, borrowings rollover, bank credit lines and the support measures described in the going-concern note.

Operating cash inflow remained positive at approximately RMB912.5 million in 2025. Net cash used in investing activities was approximately RMB1,549.1 million, mainly reflecting continuing capital expenditure. Management's treasury approach are: (i) preserve liquidity through multiple-bank relationships rather than rely on a single funding source; (ii) use operating cash flow and profit to reduce leverage over time; (iii) maintain restricted deposits where required to support bank facilities and bills; and (iv) use selected derivative instruments to manage foreign-currency and commodity-price exposures.

Treasury management also included active use of financial instruments. The Group maintained a silver-leasing contract for 18.8 tons of silver at a fixed annual rate of 2.8% to hedge the fair-value exposure of silver catalyst inventory. These arrangements support risk management, but they also require tight control, clear authorisation limits and disciplined monitoring of counterparties, margining and valuation effects.

Working capital and key ratios

Using year-end and comparative year-end balances, inventory turnover days increased to approximately 59 days in 2025 from approximately 46 days in 2024, reflecting the softer second-half market and the build-up of stock in a weaker pricing environment. Trade and notes receivable turnover days remained relatively contained at approximately 28 days, broadly consistent with the Group's historical credit discipline, while trade and bills payable turnover days were approximately 36 days. The current ratio was approximately 0.55 times and the quick ratio was approximately 0.35 times.

The Group's asset-based gearing ratio, expressed as total interest-bearing borrowings divided by total assets, increased to approximately 52.7% as at 31 December 2025 from approximately 49.5% as at 31 December 2024. However, the net-debt gearing ratio disclosed in the capital-management note improved to approximately 72.9% from 74.9%, reflecting lower net debt and higher equity attributable to owners of the parent. Interest cover, measured as EBIT divided by finance costs, was approximately 2.35 times and EBITDA to finance costs was approximately 5.34 times.

Internal control and risk-management framework

The Group continued to operate under a Board-led internal control and risk-management framework in which the Board retains responsibility for internal control and effectiveness review, while the Audit Committee oversees financial reporting, internal control and external audit. For 2025, the most material areas for control emphasis should continue to be: (i) working-capital forecasting and rollover of short-term borrowings; (ii) capex approval and post-investment performance review; (iii) environmental, safety and emissions compliance; and (vii) related-party balances and continuing connected transaction compliance where applicable. Given the post-year-end geopolitical backdrop, the Group would also be well advised to enhance war-risk, shipping disruption and emergency-procurement scenario monitoring.

LIQUIDITY AND FINANCIAL RESOURCES

Financial position and bank borrowings

The Group had cash and bank balances of approximately RMB638.7 million (2024: approximately RMB564.3 million), most of which were denominated in Renminbi. The Group had interest-bearing borrowings of approximately RMB11,797 million as at 31 December 2025 (2024: approximately RMB10,945 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 52.7% as at 31 December 2025 as compared to approximately 49.5% as at 31 December 2024. 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 increase during the year under review (2025: 59.1 days; 2024: 46.2 days).

The trade and notes receivables turnover days maintained at a relatively low level during the year under review (2025: 28.0 days; 2024: 27.1 days).

The trade and notes payables turnover days maintained at a similar level during the year under review (2025: 36.1 days; 2024: 38.9 days).

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitments of approximately RMB4,260.3 million (2024: RMB4,510.3 million).

Included in the above approximately RMB4,260.3 million for the year ended 31 December 2025 and RMB4,510.3 million for the year ended 31 December 2024, approximately RMB4,142.1 million was attributable to the vessel-related commitments pursuant to the chartered agreements as disclosed in the circular of the Company dated 14 May 2025 (the “**Circular**”), in relation to the leasing of vessels for the transportation of liquefied gases, including ethane, which are key feedstocks of the Group. Such arrangements are expected to enhance the Group’s logistics capabilities, secure stable supply of critical raw materials and improve cost efficiency over the long term.

Upon delivery of the vessels in or around 2027, the Group is expected to recognise the corresponding right-of-use assets and lease liabilities on its consolidated statement of financial position, representing the present value of the lease payments over the charter period.

CONTINGENT LIABILITIES

As at 31 December 2025 and 31 December 2024, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed a total of 1,466 full-time employees (2024: 1,430 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 recommends the payment of a final dividend of HK5.0 cents per share in respect of the year, for the year ended 31 December 2025.

Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be distributed on or about 23 June 2026 to the shareholders whose names appear on the register of members of the Company as at 2 June 2026.

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 2025. 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 2025, 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 2025 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 2025 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 2025 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 2025 and the annual results of the Group for the year ended 31 December 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 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, the Company repurchased a total of 3,000,000 of its ordinary shares of HK\$0.10 each on The Stock Exchange of Hong Kong Limited at prices ranging from approximately HK\$1.72 to HK\$2.58 per share, for an aggregate consideration of approximately HK\$6,807,000. All repurchased shares will be subsequently cancelled. Save as disclosed above, 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 2025.

ANNUAL GENERAL MEETING

The forthcoming 2026 annual general meeting (“**AGM**”) of the Company will be held at Hong Kong on Friday, 22 May 2026. 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 18 May 2026 to 22 May 2026, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. The record date will be 22 May 2026. 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 15 May 2026.

In addition, the register of members of the Company will be closed from 1 June 2026 to 2 June 2026, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. The record date will be 2 June 2026. In order to qualify for the proposed final dividend, 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 29 May 2026.

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 2025, but represents an extract from the consolidated financial statements for the year ended 31 December 2025 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 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

PRC, 27 March 2026

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.*