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China Risun Group Limited

中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1907)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FINANCIAL HIGHLIGHTS

- During the Reporting Period, coke and refined chemicals recorded production/processing volumes of 17.8 million tons and 5.2 million tons, respectively, representing increases of 7.8% and 5.0% year-on-year.
- During the Reporting Period, high-purified hydrogen recorded production volume of 25.3 million Nm³, representing an increase of 25.7% year-on-year.
- Revenue for the Year was RMB39,286.5 million, representing a decrease of 17.4% year-on-year.
- Profit for the Year was RMB134.7 million, representing an increase of approximately 37.7% year-on-year.
- Basic earnings per share of the Company for the Year was RMB1.3 cents, representing an increase of 160% year-on-year.
- The Board proposed a final dividend of RMB0.19 cents per share, with total final dividend of approximately RMB8,130,000, subject to the Shareholders' approval at the forthcoming annual general meeting.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the China Risun Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended December 31, 2025 (the “**Reporting Period**” or the “**Year**”) together with the comparative audited consolidated figures for the year ended December 31, 2024 (the “**Last Year**”).

The World's Leading Energy Chemical Company
—— **Innovation Leads to the Future**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended December 31, 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	4	39,286,483	47,542,739
Cost of sales and services		<u>(36,222,203)</u>	<u>(44,053,177)</u>
Gross profit		3,064,280	3,489,562
Other income	5	656,047	586,120
Other gains and losses	6	375,400	(91,656)
Impairment losses (including reversals of impairment losses) on financial assets	7	4,033	61,616
Selling and distribution expenses		(1,432,830)	(1,488,932)
Administrative expenses		<u>(1,144,408)</u>	<u>(1,142,772)</u>
Profit from operations		1,522,522	1,413,938
Finance costs		(1,390,523)	(1,410,397)
Share of results of associates		13,580	30,899
Share of results of joint ventures		<u>37,657</u>	<u>74,957</u>
Profit before taxation	8	183,236	109,397
Income tax expense	9	<u>(48,550)</u>	<u>(11,594)</u>
Profit for the year		<u>134,686</u>	<u>97,803</u>
Other comprehensive (expense)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		(25,246)	39,206
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of properties		–	54,822
Income tax relating to revaluation of properties		–	<u>(13,706)</u>
Other comprehensive (expense)/ income for the year		<u>(25,246)</u>	<u>80,322</u>
Total comprehensive income for the year		<u>109,440</u>	<u>178,125</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		58,008	20,133
Non-controlling interests		76,678	77,670
		<u>134,686</u>	<u>97,803</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		32,762	100,455
Non-controlling interests		76,678	77,670
		<u>109,440</u>	<u>178,125</u>
Earnings per share (RMB)			
Basic	11	0.013	0.005
Diluted		0.013	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

		2025	2024
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	12	27,991,912	27,831,672
Right-of-use assets		1,480,329	1,681,495
Investment properties		1,883,422	1,896,640
Goodwill		212,347	212,347
Intangible assets		1,453,125	1,209,276
Interests in associates		890,563	872,815
Interests in joint ventures		2,948,987	2,989,657
Other long-term receivables and prepayments	13	577,164	910,093
Financial assets at fair value through profit or loss (“FVTPL”)	14	333,752	392,629
Deferred tax assets		155,398	187,050
Restricted bank balances	15	–	238,000
Amounts due from related parties		943,216	316,373
		<u>38,870,215</u>	<u>38,738,047</u>
Current assets			
Inventories		2,850,678	3,078,143
Income tax prepayments		38,269	22,727
Other receivables	17	10,500,485	9,291,403
Trade and bills receivables measured at fair value through other comprehensive income (“FVTOCI”)	17	1,355,156	1,510,050
Amounts due from related parties		3,169,494	2,722,544
Financial assets at FVTPL	14	37	25,206
Restricted bank balances	15	3,116,022	2,213,671
Bank deposits	16	381,857	151,159
Cash and cash equivalents	16	1,578,824	2,087,992
		<u>22,990,822</u>	<u>21,102,895</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current liabilities			
Financial liabilities at FVTPL	14	2,397	95
Trade and other payables	18	8,276,346	9,204,744
Contract liabilities		1,831,252	2,093,425
Income tax payable		352,871	350,334
Bank and other loans	19	25,536,007	20,883,819
Lease liabilities		1,495	1,440
Amounts due to related parties		1,198,109	1,262,161
		<u>37,198,477</u>	<u>33,796,018</u>
Net current liabilities		<u>(14,207,655)</u>	<u>(12,693,123)</u>
Total assets less current liabilities		<u>24,662,560</u>	<u>26,044,924</u>
Non-current liabilities			
Bank and other loans	19	8,890,401	9,488,091
Lease liabilities		639	2,134
Deferred income		164,534	153,136
Deferred tax liabilities		420,863	464,522
Trade and other payables	18	102,845	49,376
Amounts due to related parties		–	10,983
		<u>9,579,282</u>	<u>10,168,242</u>
NET ASSETS		<u><u>15,083,278</u></u>	<u><u>15,876,682</u></u>
Capital and reserves			
Share capital	20	385,172	385,172
Reserves		12,108,054	12,374,602
Total equity attributable to owners of the Company		<u>12,493,226</u>	12,759,774
Non-controlling interests		<u>2,590,052</u>	<u>3,116,908</u>
TOTAL EQUITY		<u><u>15,083,278</u></u>	<u><u>15,876,682</u></u>

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Risun Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and the principal place of business of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong, respectively.

The ultimate holding company and immediate holding company of the Company is Texson Limited (“**Texson**”, the “**Ultimate Holding Company**”), a company incorporated in the British Virgin Islands (the “**BVI**”), and ultimately controlled by Mr. Yang Xuegang (the “**Ultimate Controlling Shareholder**”).

The consolidated financial statements of the Company and its subsidiaries (collectively referred to the “**Group**”) are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2025, the Group had net current liabilities of RMB14,208 million. The directors of the Company (the “**Directors**”) are of the opinion that, taking into consideration the availability of unutilized banking facilities of the Group amounting to RMB8,036 million at the report date, of which RMB7,110 million is unconditional and RMB926 million is the outstanding portion of a syndicated loan for special purpose of construction of certain production line, and the assumption that approximately 60% of bank loans and other banking facilities at December 31, 2025 will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of IFRS 18) and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

Change in accounting estimate

During the current year, in consideration of changes in government policy regarding Guidance Catalogue for Industrial Structure Adjustment and Opinions (產業結構調整指導目錄) issued by National Development and Reform Commission, People's Republic of China ("PRC") on promoting the implementation of ultra-low emissions in the coking industry as well as a detailed assessment of the operating conditions of the assets at its coke production plants and the designed useful lives of these assets, the management proposed, and the Directors of the Company approved to extend the estimated useful lives of certain property, plant, and equipment of the Group, primarily coke ovens and related supporting facilities and equipment, by 5 to 10 years after considering the new government policy and the current conditions of relevant assets, effective January 1, 2025.

This change in accounting estimate has been applied prospectively and therefore has no impact on the Group's financial condition or results of operations for prior periods. As a result of this change:

1. the Group's depreciation expense decreased by approximately RMB195 million during the current year, with a corresponding increase in the carrying amount of property, plant, and equipment as of December 31, 2025;
2. the Group's income tax expenses increased by approximately RMB33 million during the current year;
3. the Group's segment results of coke and coking chemicals manufacturing increased by approximately RMB162 million during the current year.

4. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue represents the amount received and receivable from the sales of goods to external customers arising from the coke and coking chemicals, refined chemicals, operation management services, trading and sales of properties arising from property development and rental income.

Revenue from the sales of goods directly to customers is recognized when control of the goods has been transferred, being when the products are accepted by the customers at the customer's specific destination or the Group's plants. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. A receivable is recognized by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Customers have no right to return the products purchased once accepted.

Revenue from the management service provided to customers is recognized over time when services are provided.

Revenue from sales of properties is recognized at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Operating segment

Information reported to the executive directors, being the chief operating decision maker (the “CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable segments under IFRS 8 *Operating Segments* are as follows:

- Coke and coking chemicals manufacturing segment: the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group’s coking facilities;
- Refined chemicals manufacturing segment: the purchase of coking chemicals from the Group’s coke and coking chemicals manufacturing segment and third parties, and processing such coking chemicals into refined chemical products at the Group’s refined chemicals facilities, as well as marketing and selling such refined chemicals;
- Operation management segment: the operation management service provided to the third-party plants, providing of raw materials and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts;
- Trading segment: the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of such coal chemicals; and
- Others segment: developing and selling commercial and residential properties, and holding of properties to generate rental income.

The CODM reviews operating results and financial information for each operating company separately. Accordingly, each operating company, including associates and joint ventures held by the relevant operating company, is identified as an operating segment. Those operating companies are aggregated into coke and coking chemicals manufacturing segment, refined chemicals manufacturing segment, operation management segment, trading segment and others segment respectively for segment reporting purpose after taking into account that those operating companies are operating in similar business model with similar target group of customers, similar products and similar methods used to distribute their products. The accounting policies of the reportable segments are the same as the Group’s accounting policies.

During the current year, the CODM evaluates the performance of rental business arose from the acquisition of Risun Chemicals Technology Research Co., Ltd. in December 2024 together with other segment. As a result, the Group reclassified assets and liabilities of related rental business from unallocated corporate assets and liabilities to other segment. The comparative figures for the prior period have been re-presented in order to align them with the current year’s presentation. The reclassification did not have any material impact on the Group’s segment revenue and results for the prior period presented.

Segment results, assets and liabilities

The CODM monitors the results, assets and liabilities attributable to each reporting segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

All assets are allocated to segment assets other than unallocated head office and corporate assets. All liabilities are allocated to segment liabilities other than unallocated head office and corporate liabilities.

To arrive at segment results, the Group’s earnings are adjusted for unallocated head office and corporate expenses which are not specifically attributable to individual segments.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter segment sales and share of profits or losses of associates and joint ventures), depreciation, amortization and additions to non-current segment assets used by the segments in their operations.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

The following is an analysis of the Group's results, assets and liabilities by reportable segments:

	Year ended/as at December 31, 2025					
	Coke and Coking Chemicals Manufacturing <i>RMB'000</i>	Refined Chemicals Manufacturing <i>RMB'000</i>	Operation Management <i>RMB'000</i>	Trading <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with external customers						
Sale of coke and coking chemicals	13,515,076	-	-	-	-	13,515,076
Sale of refined chemicals	-	17,796,457	1,711,639	-	-	19,508,096
Trading	-	-	-	5,956,004	-	5,956,004
Management services	-	-	92,488	-	-	92,488
Property development and investment	-	-	-	-	214,819	214,819
	<u>13,515,076</u>	<u>17,796,457</u>	<u>1,804,127</u>	<u>5,956,004</u>	<u>214,819</u>	<u>39,286,483</u>
Inter-segment revenue	<u>2,062,693</u>	<u>559,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,622,526</u>
Reportable segment revenue	<u>15,577,769</u>	<u>18,356,290</u>	<u>1,804,127</u>	<u>5,956,004</u>	<u>214,819</u>	<u>41,909,009</u>
Reportable segment results	<u>254,779</u>	<u>260,018</u>	<u>50,726</u>	<u>(104,085)</u>	<u>24,107</u>	<u>485,545</u>
Unallocated head office and corporate expenses						<u>(302,309)</u>
Profit before taxation						<u><u>183,236</u></u>
Reportable segment assets (including interests in associates and joint ventures)	21,792,412	22,206,815	373,543	13,283,418	2,373,338	60,029,526
Reportable segment liabilities	16,513,109	18,160,784	235,538	9,631,625	1,361,322	45,902,378
Other information:						
Additions to non-current segment assets during the year	1,069,206	1,382,404	-	48,692	30,157	2,530,459
Share of results of associates	(40,726)	54,306	-	-	-	13,580
Share of results of joint ventures	37,657	-	-	-	-	37,657
Depreciation and amortization for the year	968,233	1,035,140	1,217	28,492	829	2,033,911

Year ended/as at December 31, 2024

	Coke and Coking Chemicals Manufacturing <i>RMB'000</i>	Refined Chemicals Manufacturing <i>RMB'000</i>	Operation Management <i>RMB'000</i>	Trading <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with external customers						
Sale of coke and coking chemicals	17,642,275	–	–	–	–	17,642,275
Sale of refined chemicals	–	20,729,404	4,171,256	–	–	24,900,660
Trading	–	–	–	4,740,319	–	4,740,319
Management services	–	–	53,878	–	–	53,878
Property development and investment	–	–	–	–	205,607	205,607
	<u>17,642,275</u>	<u>20,729,404</u>	<u>4,225,134</u>	<u>4,740,319</u>	<u>205,607</u>	<u>47,542,739</u>
Inter-segment revenue	<u>1,874,687</u>	<u>675,230</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,549,917</u>
Reportable segment revenue	<u>19,516,962</u>	<u>21,404,634</u>	<u>4,225,134</u>	<u>4,740,319</u>	<u>205,607</u>	<u>50,092,656</u>
Reportable segment results	<u>86,687</u>	<u>555,514</u>	<u>54,665</u>	<u>(271,582)</u>	<u>8,152</u>	<u>433,436</u>
Unallocated head office and corporate expenses						<u>(324,039)</u>
Profit before taxation						<u><u>109,397</u></u>
Reportable segment assets						
(including interests in associates and joint ventures)	20,691,175	22,583,766	503,557	11,937,500	2,226,612	57,942,610
Reportable segment liabilities	15,054,904	15,863,939	314,370	10,628,364	1,434,790	43,296,367
Other information:						
Additions to non-current segment assets during the year	1,296,181	1,012,810	–	147,332	1,680,271	4,136,594
Share of results of associates	(36,454)	67,353	–	–	–	30,899
Share of results of joint ventures	74,957	–	–	–	–	74,957
Depreciation and amortization for the year	1,118,422	1,137,615	13,182	31,072	–	2,300,291

Reconciliations of reportable segment revenue, results, assets and liabilities.

	Year ended/as at December 31,	
	2025	2024
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	41,909,009	50,092,656
Elimination of inter-segment revenue	(2,622,526)	(2,549,917)
	<u>39,286,483</u>	<u>47,542,739</u>
Results		
Reportable segment results	485,545	433,436
Unallocated head office and corporate expenses	(302,309)	(324,039)
	<u>183,236</u>	<u>109,397</u>
Assets		
Reportable segment assets	60,029,526	57,942,610
Unallocated head office and corporate assets	1,831,511	1,898,332
	<u>61,861,037</u>	<u>59,840,942</u>
Liabilities		
Reportable segment liabilities	45,902,378	43,296,367
Unallocated head office and corporate liabilities	875,381	667,893
	<u>46,777,759</u>	<u>43,964,260</u>

Geographic information

Except for the cost of interests in joint ventures and an associate amounting to RMB1,262,486,000 (2024: RMB1,262,486,000) and RMB219,467,000 (2024: RMB219,467,000) respectively, and share of post-acquisition results of the abovesaid investees amounting to RMB89,070,000 (2024: RMB139,749,000) which were operated in Indonesia, and 3%% (2024: 3%) of the Group's revenue which were derived from external customers incorporated outside the PRC, the Group's revenue and profit were derived from the PRC and all principal assets employed by the Group are located in the PRC during the current year.

Major customers

No individual customer had transactions exceeding 10% of the Group's revenue for both periods presented.

5. OTHER INCOME

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Interest income	133,423	225,651
Value-added Tax (“VAT”) concession (<i>Note a</i>)	190,437	212,742
Production waste sales	68,565	46,516
Government grants (<i>Note b</i>)	200,691	49,120
Others	62,931	52,091
	656,047	586,120
	656,047	586,120

Notes:

- a. During the years ended December 31, 2025 and 2024, certain subsidiaries of the Company are qualified as “Advanced Manufacturing Enterprises”, which are eligible for an extra 5% VAT deduction based on their deductible input VAT during the period from January 1, 2023 to December 31, 2027.
- b. Government grants were received from several local government authorities as subsidies for the Group’s contribution to the environmental protection, energy conservation recycling resources, foreign investment and infrastructure construction.

6. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Fair value gain/(loss) of financial assets/liabilities at FVTPL:		
– Listed equity securities	24,969	(38,133)
– Unlisted equity securities	(11,012)	30,890
– Private equity investment funds	15,460	(67,058)
– Futures contracts	2,584	5,905
– Derivative financial instruments	–	(1,332)
– Other non-derivative financial assets	(873)	(756)
Impairment losses of property, plant and equipment (<i>note 12</i>)	(15,762)	–
Impairment losses of goodwill	–	(20,088)
Loss on foreign exchange, net	(35,145)	(27,103)
Gain/(loss) on disposal of:		
– right-of-use assets	30,556	17,787
– property, plant and equipment	(6,935)	(6,980)
Fair value change of investment properties	(13,218)	(19,609)
Gain on disposal of subsidiaries	33,769	10,413
Insurance proceeds (<i>Note a</i>)	45,000	–
Gains on modification of payables to third parties (<i>Note b</i>)	231,476	–
Others	74,531	24,408
	375,400	(91,656)
	375,400	(91,656)

Notes:

- a. During the current year, the Group entered into compensation agreement with an insurance company, pursuant to which the insurance company agreed to compensate RMB45 million in relation to property, plant and equipment of the hydrogen peroxide production line which was damaged due to a fire accident in September 2023.
- b. During the current year, the Group entered into supplementary agreements with certain construction suppliers, pursuant to which both parties agreed to modify payment terms and payable amounts to these suppliers. The modification was considered as a substantial modification which resulted in the derecognition of the original financial liabilities and recognition of new financial liabilities. Gains amounting to RMB231,476,000 arising from the modification were recognised to other gains and losses accordingly.

7. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses (reversed)/recognized on:		
Trade and other receivables	(567)	(50,463)
Other long-term receivables	(21,322)	(16,374)
Amounts due from related parties	<u>17,856</u>	<u>5,221</u>
	<u>(4,033)</u>	<u>(61,616)</u>

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	1,120,533	1,170,548
Contributions to retirement benefits scheme	95,393	99,197
Share based payments	1,284	–
	<hr/>	<hr/>
Total staff costs	1,217,210	1,269,745
Capitalized in construction in progress	(46,600)	(25,066)
Capitalized in inventories	(560,857)	(609,071)
	<hr/>	<hr/>
	609,753	635,608
	<hr/> <hr/>	<hr/> <hr/>
Depreciation of property, plant and equipment	1,854,007	2,085,737
Depreciation of right-of-use assets	44,288	107,102
Amortization of intangible assets	154,614	139,019
	<hr/>	<hr/>
Total depreciation and amortization	2,052,909	2,331,858
Capitalized in construction in progress	(444)	(87)
	<hr/>	<hr/>
	2,052,465	2,331,771
	<hr/> <hr/>	<hr/> <hr/>
Auditors' remuneration (including subsidiaries' auditors)	11,588	9,085
Gross rental income from investment properties	97,395	4,500
Cost of inventories recognized as an expense	35,469,894	43,880,655
	<hr/>	<hr/>
	35,469,894	43,880,655
	<hr/> <hr/>	<hr/> <hr/>

9. INCOME TAX EXPENSE

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax expense	60,557	98,198
Deferred tax credit	(12,007)	(86,604)
	<hr/>	<hr/>
	48,550	11,594
	<hr/> <hr/>	<hr/> <hr/>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group did not earn any income subject to any income tax in these jurisdictions during the reporting period.

The Group's subsidiaries in Hong Kong had no assessable profits for the years ended December 31, 2025 and 2024, and no provision for taxation is made.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% for the reporting period, except for certain subsidiaries which enjoyed tax rate of 15% due to relevant incentive policies.

During the years ended December 31, 2025 and 2024, certain subsidiaries of the Company are qualified as “High and New Tech Enterprises”, which are subject to PRC enterprise income tax at the preferential rate of 15% of the estimated assessable profit as determined in accordance with relevant tax rules and regulations in the PRC. This preferential rate could be applied for three years, and the subsidiaries are eligible to apply the tax concession again upon expiry of the three-year period.

Certain subsidiaries of the Company operating in the PRC are eligible for tax holiday and concession. Pursuant to the relevant tax rules and regulation in the PRC, revenue from comprehensive utilization of resources (“資源綜合利用”) is eligible for additional tax deduction.

Income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	183,236	109,397
Tax at the PRC tax rate of 25%	45,809	27,349
Tax effect on:		
Share of results of associates and joint ventures	(12,809)	(26,462)
Non-deductible expenses	7,245	4,842
Unused tax losses and temporary differences not recognized	172,352	117,329
Utilization of tax losses previously not recognized	(88,306)	–
PRC tax concessions	(75,741)	(111,464)
Income tax expense for the year	48,550	11,594

10. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividends recognized as distribution during the year:		
2025 Interim, paid – RMB¢0.2 per share	8,561	–
2024 Final, paid – RMB¢2.22 per share	94,907	–
2024 Interim, paid – RMB¢0.78 per share	–	33,821
2023 Final, paid – RMB¢1.2 per share	–	52,868
	<u>103,468</u>	<u>86,689</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2025 of RMB0.19 cents per ordinary share, with total amount of RMB8,130,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2025 and 2024 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares issued.

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Year ended December 31,	
	2025	2024
Earnings		
Profit attributable to the owners of the Company (<i>RMB'000</i>)	58,008	20,133
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,305,953,351	4,364,323,440
Effect of dilution potential ordinary shares:		
Equity-settled share-based payment	<u>3,286,890</u>	–
	<u>4,309,240,241</u>	<u>4,364,323,440</u>
Basic earnings per share (<i>RMB</i>)	0.013	0.005
Diluted earnings per share (<i>RMB</i>)	<u>0.013</u>	<u>N/A</u>

No diluted earnings per share was presented for year ended December 31, 2024 as there were no dilutive potential ordinary shares in issue.

The effect of treasury shares has been included in the calculation of weighted average number of ordinary shares in issue.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost						
At January 1, 2024	14,642,605	19,663,379	67,097	171,939	865,702	35,410,722
Additions	-	126,228	15,953	11,573	2,050,757	2,204,511
Transfer from construction in progress	463,497	713,751	-	-	(1,177,248)	-
Acquisition of a subsidiary	834,897	41	-	41	-	834,979
Transfer to investment properties	(17,307)	-	-	-	-	(17,307)
Disposals and write-off	(27,704)	(118,504)	(8,725)	(566)	-	(155,499)
At December 31, 2024	15,895,988	20,384,895	74,325	182,987	1,739,211	38,277,406
Additions	-	49,294	11,014	16,212	2,033,051	2,109,571
Transfer from construction in progress	487,021	1,179,179	-	-	(1,666,200)	-
Disposals and write-off	(41,642)	(177,847)	(6,021)	(1,730)	-	(227,240)
Disposals of subsidiary	(1,647)	(4,040)	-	-	-	(5,687)
At December 31, 2025	<u>16,339,720</u>	<u>21,431,481</u>	<u>79,318</u>	<u>197,469</u>	<u>2,106,062</u>	<u>40,154,050</u>
Depreciation and impairment						
At January 1, 2024	2,490,735	5,886,728	46,533	89,337	-	8,513,333
Depreciation	613,399	1,433,431	11,433	27,474	-	2,085,737
Transfer to investment properties	(12,531)	-	-	-	-	(12,531)
Disposals and write-off	(23,988)	(109,517)	(6,976)	(324)	-	(140,805)
At December 31, 2024	<u>3,067,615</u>	<u>7,210,642</u>	<u>50,990</u>	<u>116,487</u>	<u>-</u>	<u>10,445,734</u>
Depreciation	534,209	1,282,310	12,772	24,716	-	1,854,007
Impairment	6,660	9,102	-	-	-	15,762
Disposals and write-off	(32,947)	(113,416)	(5,468)	(1,330)	-	(153,161)
Disposals of subsidiary	(180)	(24)	-	-	-	(204)
At December 31, 2025	<u>3,575,357</u>	<u>8,388,614</u>	<u>58,294</u>	<u>139,873</u>	<u>-</u>	<u>12,162,138</u>
Carrying amounts						
At December 31, 2025	<u>12,764,363</u>	<u>13,042,867</u>	<u>21,024</u>	<u>57,596</u>	<u>2,106,062</u>	<u>27,991,912</u>
At December 31, 2024	<u>12,828,373</u>	<u>13,174,253</u>	<u>23,335</u>	<u>66,500</u>	<u>1,739,211</u>	<u>27,831,672</u>

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residuals, are depreciated on a straight-line basis as follows:

Buildings	20-40 years
Machinery and equipment	5-30 years
Motor vehicles	3-12 years
Office equipment	2-15 years

Details of the pledged property, plant and equipment are set out in note 21.

Impairment assessment

As certain production lines in refined chemicals manufacturing segment have been idle and suspended from production during the year ended December 31, 2025, the management of the Group concluded there were impairment indicators. Accordingly, an impairment assessment was conducted for the related CGUs.

During the year ended December 31, 2025, the Group recognized impairment losses of RMB15.8 million to property, plant and equipment of the certain production line. The recoverable amount of the related CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 13.31% as at 31 December 2025. The cash flows beyond the 5-year period are extrapolated using 2% growth rate.

13. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Prepayments for property, plant and equipment	70,275	61,474
Loan receivables (<i>Note a</i>)	–	400,000
Prepayments for land use right	27,671	27,671
Deposits for other loans	304,914	334,382
Government grants (<i>Note b</i>)	76,387	–
Others	99,690	109,661
Less: Allowance for credit losses	(1,773)	(23,095)
	<u>577,164</u>	<u>910,093</u>

Notes:

- a. Loan receivables were 3-year entrusted loans to third parties through a licensed financial institution with total contractual amount of RMB600 million, which is repayable by instalments from June 2024 to December 2026. The loan receivables carry interest at 5.75% and 5.20% per annum respectively which are payable semi-annually. During the current year, loan receivables amounting to RMB200 million were repaid, and the remaining balances amounting to RMB400 million will be repayable in 2026 and therefore are presented as current assets.
- b. During the current year, the Group was granted a government subsidy amounting to RMB119 million after fulfillment of eligible conditions of investment in certain companies for 3 years, of which RMB31 million was received during the current year. The remaining RMB88 million recognized based on discounted amount is payable in instalment over period of 1 to 5 years, of which RMB15 million is payable within 1 year and presented as current assets, and the remaining balance was represented as non-current assets.

14. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Listed equity securities	23,344	89,714
Unlisted equity investment	76,048	88,060
Private equity investment funds	115,135	92,618
Wealth management product	119,225	122,237
	<u>333,752</u>	<u>392,629</u>
Current assets		
Futures contracts	37	2,059
Held-for-trading non-derivative financial assets	–	23,147
	<u>37</u>	<u>25,206</u>
Current liability		
Futures contracts	(2,397)	(95)
	<u>331,392</u>	<u>417,740</u>

15. RESTRICTED BANK BALANCES

The carrying amounts of the Group's restricted bank balances placed to secure various liabilities of the Group are as follows:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Restricted bank balances to secure:		
Bills payable and letters of credit (<i>Note</i>)	2,550,023	2,013,174
Bank loans	415,604	303,436
Futures contracts	150,395	135,061
	3,116,022	2,451,671
Analyzed for reporting purpose as:		
Non-current assets	–	238,000
Current assets	3,116,022	2,213,671
	3,116,022	2,213,671

Note: Certain restricted bank balances were placed to secure bills issued among subsidiaries of the Group for intra-group transactions which have been discounted with full recourse to secure bank loans of RMB6,281,909,000 as at December 31, 2025 (2024: RMB4,654,497,000). Further details of which are set out in notes 17 and 19 respectively.

Restricted bank balances are bank deposits mainly in the PRC and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government. These bank deposits carry interest at market rates ranging from 0.85% to 2.30% per annum as at December 31, 2025 (2024: 0.01% to 2.30% per annum).

16. BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Bank balances, included bank deposits that have an original maturity of longer than three months, carried interest at market interest rate ranging from 0.0001% to 3.66% (2024: from 0.001% to 2.3%) per annum as at December 31, 2025. Bank balances and cash as at December 31, 2025 and 2024 were mainly denominated in RMB which is not a freely convertible currency in the international market and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

Denominated in currencies other than the functional currency of relevant group entities:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
USD	140,126	114,905
Hong Kong Dollars (“HKD”)	39,044	52,197
Others (<i>Note</i>)	10,434	5,500
	189,604	172,602

Note: Others mainly contain Japanese Yen (“JPY”) and Mongolian Tugrik.

17. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables measured at FVTOCI	799,243	982,432
Bills receivables measured at FVTOCI	555,913	527,618
	<u>1,355,156</u>	<u>1,510,050</u>
Prepayments for raw materials	6,398,126	5,447,122
Other deposits, prepayments and other receivables	1,115,496	735,944
Loan receivables	400,000	450,000
Receivables for relocation compensation	–	109,091
Prepayments on behalf of third parties as a trading agency	2,261,914	2,206,630
Deductible input Value Added Tax and prepaid other taxes and charges	369,705	394,188
Less: impairment	(44,756)	(51,572)
	<u>10,500,485</u>	<u>9,291,403</u>

As at January 1, 2024, trade and bill receivables from contracts with customers amounted to RMB976,187,000.

The customers usually settle the sales by cash or bills. The credit period granted to the customers who settle in cash is usually no more than 30 days, interest free with no collateral. Aging of trade receivables based on invoice dates, which approximated the respective revenue recognition dates, net of allowance for credit losses, are as follows:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within one month	681,245	794,258
1 to 3 months	95,879	167,484
3 to 6 months	7,737	6,447
7 to 12 months	14,382	14,243
	<u>799,243</u>	<u>982,432</u>

No credit period is offered for sales to be settled by bills, carrying interest at market rates. Bills receivable are bank acceptance notes and the average aging based on the maturity date is from 90 days to 360 days.

The following bills receivable as at December 31, 2025 and 2024 were transferred to banks or suppliers by discounting, pledging to banks or endorsing those receivables on a full recourse basis. As the Group has not transferred substantially all the risks and rewards relating to these receivables, it continues to recognize the full carrying amounts of the receivables and the corresponding liabilities are included in secured borrowings or trade payables, whichever is appropriate. These financial assets are carried at FVTOCI.

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Carrying amount of transferred assets	310,168	135,471
Carrying amount of associated payables to suppliers (<i>note 18</i>)	(142,638)	(87,846)
Carrying amount of associated loans	(167,530)	(47,625)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

At December 31, 2025, bills receivable issued among subsidiaries of the Group for intra-group transactions have been discounted with full recourse to secure bank loans amounting to RMB6,281,909,000 (2024: RMB4,654,497,000) (note 19), and these bills receivable have been eliminated in these consolidated financial statements.

During the reporting period, the Group has transferred substantially all the risks and rewards relating to certain bills receivable discounted to banks or endorsed to suppliers even if the banks and suppliers have the right of recourse. The Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable is remote because all endorsed and discounted bills receivable are issued and guaranteed by reputable banks in the PRC. As a result, the relevant assets and liabilities were derecognized and no longer included in the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivable at the end of each reporting period are as follows:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Discounted bills for raising cash	2,976,687	2,893,075
Endorsed bills for settlement of payables to suppliers	1,231,200	2,526,565
	<u> </u>	<u> </u>
Outstanding endorsed and discounted bills receivable with recourse	4,207,887	5,419,640
	<u> </u>	<u> </u>

The outstanding endorsed and discounted bills receivable will be matured within 12 months from the end of the reporting period.

18. TRADE AND OTHER PAYABLES

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	2,692,331	3,126,633
Payables to be settled by the endorsed bills receivable (<i>note 17</i>)	142,638	87,846
Bills payable	2,756,086	2,400,392
Payables for construction in progress	1,501,255	2,075,882
Payables on behalf of third parties as a trading agency	118,627	380,293
Advances from customers on behalf of third parties as a trading agency	354,684	357,233
Other tax payables	77,569	75,514
Payroll payables	88,804	143,673
Other payables and accruals	647,197	606,654
	<u>8,379,191</u>	<u>9,254,120</u>
Analyzed for reporting purposes as:		
Current liabilities	8,276,346	9,204,744
Non-current liabilities (<i>Note a</i>)	102,845	49,376

Notes:

- a. Included in other payables and accruals were payables amounting to RMB103 million in relation to modification of payables to third parties as detailed in note 6. Pursuant to the supplementary agreements, the balance will be settled within 2 years upon signing of the agreements and therefore presented as long-term payables.

All trade and other payables are due within one year. The average credit period on purchases of goods is 30 to 90 days.

The following is an aging analysis of trade payables based on the invoice date at the end of each reporting period:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	2,435,213	2,750,565
3 to 6 months	28,562	133,224
6 to 12 months	155,552	149,369
1 to 2 years	33,392	60,089
2 to 3 years	13,327	13,141
More than 3 years	26,285	20,245
	<u>2,692,331</u>	<u>3,126,633</u>

19. BANK AND OTHER LOANS

The analysis of the carrying amount of bank and other loans is as follows:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans		
Secured	8,464,583	10,290,136
Unsecured	13,487,167	9,846,666
Other loans		
Secured	5,513,530	4,828,736
Unsecured	511,689	704,250
Discounted bills financing (<i>note 17</i>)		
Discounted bills receivable from:		
– subsidiaries of the Company	6,281,909	4,654,497
– third parties	167,530	47,625
	34,426,408	30,371,910

At the end of each reporting period, the bank and other loans were repayable as follows:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	25,536,007	20,883,819
After 1 year but within 2 years	4,306,708	6,250,439
After 2 years but within 5 years	2,906,911	2,408,138
After 5 years	1,676,782	829,514
	34,426,408	30,371,910

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Analyzed for reporting purpose as:		
Current liabilities	25,536,007	20,883,819
Non-current liabilities	8,890,401	9,488,091
	<u>34,426,408</u>	<u>30,371,910</u>

Bank and other loans denominated in currencies other than the functional currencies of respective entities are set out below:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
USD	<u>622,788</u>	<u>620,346</u>

The carrying amount of the bank and other loans and the range of interest rates are as below:

	As at December 31,			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Fixed rate bank and other loans	<u>24,436,992</u>	<u>1.70~8.50</u>	<u>18,681,567</u>	<u>1.70~ 8.50</u>
Floating rate bank and other loans (<i>Note</i>)	<u>9,989,416</u>	<u>2.65~8.50</u>	<u>11,690,343</u>	<u>2.66~8.50</u>
	<u>34,426,408</u>		<u>30,371,910</u>	

Note: Included in floating rate bank and other loans was USD dominated bank borrowings of RMB Nil (2024: RMB113,360,000) carried at secured overnight financing rate (SOFR). The remaining floating rate bank and other loans are carried at loan prime rate (LPR) issued by the People's Bank of China.

The secured other loans represent loans from the licensed finance companies secured by property, plant and equipment and leasehold lands, as well as loans from licensed financial institutions secured by the Group's bank deposits.

Details of the assets pledged for securing the banking facilities of the Group are set out in note 21.

As at December 31, 2025, bank loan of RMB1,082,000,000 (2024: RMB1,132,000,000) is guaranteed by related parties.

20. SHARE CAPITAL

	As at December 31,		As at December 31,	
	2025	2024	2025	2024
	<i>Number of shares</i>	<i>Number of shares</i>	<i>HKD'000</i>	<i>HKD'000</i>
Authorized				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At beginning and end of the year	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid of ordinary shares:				
At the beginning of the year	4,454,186,000	4,424,126,000	445,419	442,413
Share repurchased and cancelled	–	(21,940,000)	–	(2,194)
Issue of shares	–	52,000,000	–	5,200
At the end of the year	<u>4,454,186,000</u>	<u>4,454,186,000</u>	<u>445,419</u>	<u>445,419</u>

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Presented in the consolidated statement of financial position as:		
At the beginning of the year	385,172	382,246
Share repurchased and cancelled (<i>Note a</i>)	–	(1,876)
Issue of shares (<i>Note b</i>)	–	4,802
At the end of the year	<u>385,172</u>	<u>385,172</u>

Notes:

- a. During the year ended December 31, 2025, the Company repurchased its ordinary shares as follows:

Month of repurchase	Number of ordinary shares '000	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
April	8,417	2.58	2.47	21,277
May	13,717	2.56	2.37	34,246
June	28,794	2.56	2.47	72,070
July	13,170	2.59	2.49	33,422
November	8,375	2.23	2.15	18,413
December	7,780	2.28	2.16	17,394
	<u>80,253</u>			<u>196,822</u>

During the year ended December 31, 2025, the Company repurchased 80,253,000 (2024: 119,085,000) ordinary shares as treasury shares with an aggregate consideration of HK\$196,822,000 (2024: HK\$355,234,000), equivalent to RMB179,960,000 (2024: RMB323,045,000).

During the year ended December 31, 2025, the Company cancelled nil ordinary shares (2024: 21,940,000 ordinary shares, of which 12,591,000 ordinary shares were repurchased in 2023 and 9,349,000 were repurchased during the current year).

- b. On December 18, 2024, the Company placed new shares of 52,000,000 at the placing price of HK\$3.00 per share (the “**Placing**”). The gross proceeds received by the Company from the Placing was approximately HK\$156 million (equivalent to RMB144 million).

21. PLEDGE OF ASSETS

At the end of each reporting period, in addition to the discounted bills securing the Group's bank loans as disclosed in note 19, certain Group's assets were pledged to secure banking facilities granted to the Group and their carrying amounts are as follows:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	8,391,364	9,396,855
Right-of-use assets	482,042	783,599
Investment properties	1,680,271	1,810,470
Inventories	140,000	290,010
Trade receivables	655,742	789,463
Restricted bank deposits	2,965,627	2,316,610
	<u>14,315,046</u>	<u>15,387,007</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an integrated coke, coking chemical and refined chemical producer and supplier together with relevant operation management services provider in China. The Group is the world's largest independent producer and supplier of coke by production/processing volume in 2025[#] and this remarkable leading position in the independent coke industry has been maintained for over three decades since 1995.

During the Reporting Period, the Group held several leading positions in coke, refined chemicals and hydrogen-energy products sectors in China or globally as follows:

<u>Name of products</u>	<u>Industry position</u>
1) Coke	World's largest independent producer and supplier
2) Coking crude benzene	World's largest processor
3) High temperature coal tar	World's second largest processor
4) Caprolactam	World's second largest producer
5) 2-Amino-2-methyl-1-propanol [^]	World's second largest producer (by production capacity)
6) Coke-oven-gas-based methanol	China's largest producer
7) Industrial-naphthalene-based phthalic anhydride	China's largest producer
8) High purified hydrogen	China's second largest producer

[^] *New industry's leading position during the Reporting Period.*

[#] *According to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global consulting firm.*

The Group also provides operation management services to third-party independent coke producers and refined chemicals producers in order to enhance the Group's influence, market share and standing in these industries. At the end of the Reporting Period, the Group provided operation management services to six coke producers and two refined chemicals producers.

During the Reporting Period, profit for the Year of the Group increased by approximately RMB36.9 million or 37.7% as compared to the Last Year, and the average price of the Group's coke products dropped to approximately RMB1,373.9/ton (tax-exclusive), down approximately RMB473.8/ton or 25.6% from the Last Year; and as of the end of March 2026, the Group's coke price slightly raised to approximately RMB1,406.2/ton (tax-exclusive). The Group has been controlling its blended coal prices through various effective means, maintaining the optimal coal-coke price spread.

Under the operation and management reform (the “**Reform**”), the Group was coordinating the integration, expansion and transformation of the existing businesses including production/processing capacity of coke, refined chemicals (including hydrogen-energy products) and operation management services, with the target of reinforcing the Group’s consolidated competitive advantages and enhancing performance. Other than that, the Group was exploring more capital market actions such as merger and acquisition of new businesses together with restructuring of existing businesses (the “**Development**”). During the Reporting Period, the latest situation of the Reform and the Development were as follows:

1) Consolidating global industry position by increasing overall production capacity

The Group completed the amino alcohol project of 5,000 tons per annum in Dingzhou Production Base, the coke project of 1.8 million tons per annum in Pingxiang Production Base, and two new operation and management service projects in Shanxi and Jilin Provinces.

The annual production capacity of coke business segment increased to 23.7 million tons during the Year, while the annual capacity of refined chemicals business segment increased to 6.2 million tons in the Year. Also, the annual production capacity of hydrogen-energy products business segment increased to 140 million cubic meters during the Year.

2) Driving business development by developing more high-value refined chemicals through innovation

Through continuous innovation in research and development for the expansion of production capacity, the Group led the transformation of caprolactam industry. With collaborative efforts of the entire industry, the selling price of caprolactam climbed steadily from RMB8,050 per ton in early November 2025 to RMB9,450 per ton at the end of the Year.

3) Promoting new business development with key entry barriers through liquid hydrogen

Leveraging its maximum potential resources of hydrogen-energy products of 5.3 billion cubic meters per annum among four production bases in Dingzhou, Xingtai, Tangshan and Huhhot, the Group underwent the construction, together with Beijing Institute of Aerospace Test Technology* (北京航天試驗技術研究所), of the first national liquid hydrogen project with a capacity of 5 tons per day in Dingzhou Production Base in the Year.

4) Building the future together through the grant of share awards to employees

Through share awards granted under the share award plan adopted by the Company on May 30, 2025 (the “**Share Award Plan**”), the Group strengthened employees’ sense of belonging and responsibility and enhanced its core competitiveness, which achieved a triple-win situation for supporting the growth of employees of the Group, driving the Group’s outstanding performance and enhancing the value for the shareholders of the Company (the “**Shareholders**”).

5) Upgrading ESG ratings through the development of a green concept

While pursuing economic benefits, the Company safeguarded safety, environmental protection, and quality, treating them as the lifeline of the Group. Throughout the thirty years of technology advancement and management expertise, the Group built up a green concept by transforming and benchmarking nine production bases within the coke and refined chemicals industries. The Group was recognized with designations including National Green Industrial Park, National Green Factory, Green Supply Chain Management Demonstration Enterprise, and Energy/Water Efficiency Leading Enterprise, and became a model of ESG industry practice with ultra-ultra-low emissions.

The Group believed that the business prospects, business operation and financial performance will be gradually improved by implementing the annual plan of operation and production and the financial budget, achieving the corporate cost control measures and safeguarding profits. The Group has finished compiling the seventh “Five-Year Plan from 2026 to 2030” during the Year in order to facilitate a smooth transition to the new plan and cope with the rapid changes in the business and economic world.

Currently, the Group had nine operating production bases around the world, while eight of them were located in three provinces and one autonomous region of China and the ninth one was located in Sulawesi, Indonesia. During the Year, a new production base in Pingxiang, Jiangxi Province commenced its production. The main philosophy of the Group’s expansion is to increase its annual production/processing volume in coke and refined chemicals according to the market and the Group’s own Five-Year Plan. Gradually, there will be new production facilities commencing operation and the Group’s overall production capacity is expected to further increase. By doing so, the Group can develop a longer and wider production chain of 58 types of coke, refined chemicals and hydrogen-energy products. In the long run, the Group will strive to maintain its leading position in the coke, refined chemicals and hydrogen-energy products industry and continue to create sustainable values to the Shareholders.

Considering the operating results of the Year and up to the date of this announcement, the recent development of China and the world’s economy, the Group’s future development needs as well as the Reform and the Development, the Board determined a final dividend of RMB0.19 cents per share with a total dividend amount of RMB8,130,000 for the Reporting Period (Last Year: special dividend of RMB2.22 cents per share or HK2.40 cents per share and a total dividend amount of RMB96,447,000 or HK\$103,873,000), representing no less than 30% of the Group’s net profit attributable to owners of the Company for the Year.

BUSINESS REVIEW

The Group’s vertically integrated business model, together with its experience of more than 30 years in the coke industry production chain, enables the Group to expand into the downstream refined chemicals and hydrogen-energy products industries. Currently, the Group has four business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen-energy products) manufacturing, operation management services and trading.

During the Reporting Period and up to the date of this announcement, the Group entered into two new operation management agreements to further expand its business presence in coke and coking chemicals in Shanxi and Jilin Provinces, China. Since 2014, the Group has provided its first operation management service, and has actively developed its operation management business for a decade.

Four existing business segments of the Group are set out as follows:

- 1) **Coke and coking chemicals manufacturing:** the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group’s coking facilities;
- 2) **Refined chemicals (including hydrogen-energy products) manufacturing:** the processing of coking chemicals, sourced from the Group’s coke and coking chemicals manufacturing segment and third parties, into refined chemicals products at the Group’s refined chemicals facilities, as well as marketing and sale of such refined chemicals including hydrogen-energy products;
- 3) **Operation management:** the operation management services provided to the third-party plants, and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts; and
- 4) **Trading:** the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of them.

Below is the table summarizing the key corporate activities of the Group for the Year and up to the date of this announcement:

Time	Corporate Activities
April 2025 – China Coking Coal & Coking Brand Cluster’s (the “ Brand Cluster ”) co-chairmen and vice-chairmen meeting	Brand Cluster’s co-chairmen and vice-chairmen meeting was held in Beijing to discuss the future market strategy of the Brand Cluster and to widely build consensus on promoting the high-quality development of the coking industry.
May 2025 – Adoption of Share Award Plan	An ordinary resolution was passed at the annual general meeting of the Company on May 30, 2025 for adoption of the Share Award Plan to recognize, reward and attract suitable personnel for further development of the Group.
June 2025 – An operation management agreement with Jilin Dingyun New Energy Co., Ltd.* (吉林鼎運新能源股份有限公司) (“ Jilin Dingyun ”)	Entering into an operation management agreement with Jilin Dingyun for the purpose of providing comprehensive services for the overall production operation management of the coke project with an annual capacity of 1.2 million tons.

Time	Corporate Activities
June 2025 – Share repurchase continued according to new general and unconditional mandate	Share repurchase continued according to new general and unconditional mandate obtained at the annual general meeting held on May 30, 2025 with a maximum of 432,231,600 shares to be repurchased until the next annual general meeting in 2026.
July 2025 – Establishment of Alashan League Risun Mining Limited* (阿拉善旭陽礦業有限公司) (“ Risun Mining ”)	The Group established Risun Mining to seize the opportunities of mines in the area of Alashan League, the PRC and to strengthen the management of supply and demand chain of existing materials within the Group, and to promote trading and/or manufacturing of new materials mined, thereby creating new business growth opportunities for the Shareholders.
August 2025 – Successful Convention of the Development Conference of Risun Group Limited* (旭陽集團有限公司) (“ Risun Group ”)	The Group convened the Development Conference of Risun Group in August, which aimed to summarize the progress made and challenges faced by the Group over the past 30 years, analyze the international and domestic economic situations and establish the Group’s future direction and industry positioning. Another main goal of the conference was to formulate the Group’s Seventh “Five-Year Plan from 2026 to 2030”.
September 2025 – First grant of share awards	A total of 9,915,000 share awards was granted to 197 eligible participants under the Share Award Plan.
October 2025 – Disposal of Xingtai Risun Material New Technology Co., Ltd.* (邢台旭陽材料新科技有限公司) (“ Xingtai Risun Material ”)	Xingtai Risun Material was disposed of to realize the intrinsic value of its assets, mainly including the value of the land right-of-use assets to the Group.
December 2025 – An operation management agreement with Yuanqu Wulong Magnesium Industry Co., Ltd.* (垣曲縣五龍鎂業有限責任公司) (“ Wulong Magnesium ”)	An operation management agreement was entered into with Wulong Magnesium for the purpose of providing comprehensive services for its overall production operation management.
January 2026 – Second grant of share awards	A total of 4,503,000 share awards was granted to 600 eligible participants under the Share Award Plan.

Furthermore, the business developments in terms of the coke, refined chemicals, hydrogen-energy products, operation management (including trading), geographical layout, capital market, environmental protection, digitalization and research & development (“**R&D**”) during the Reporting Period and up to the date of this announcement are described as follows:

Coke

The Group persistently focused on the expansion of its coke production capacity by either organic growth in self-construction of coke production facilities or merger and acquisition of other coke enterprises. In the past, the Group successfully completed the acquisition of a group of coke enterprises in Shandong Province in December 2020 and established the coke enterprise in Sulawesi, Indonesia in December 2021 with the shortest time for a smooth integration into the Group's overall business and operation.

During the Year, the construction of new Pingxiang Production Base in Pingxiang, Jiangxi Province with an annual coke production capacity of 1.8 million tons was completed and commenced for operation. This new production base included two 65-hole, 6.78m tamping coke ovens, a coal and coke system, a coal gas purification system, and auxiliary production facilities. It was also equipped with a 260 tons/hour dry quenching coke oven and an ultra-high-pressure steam electricity generator. The Group utilized numerous advanced domestic and international equipment and technologies, such as rammed-coal coking, and Pingxiang was currently one of the most automated coke oven production facilities in China.

Moreover, the Group was providing operation management services for third-party coke enterprises with plants producing and processing annual coke capacity of 6.3 million tons in different provinces in China.

Refined chemicals

The Group maintained three production chains of refined chemicals and further refined and produced hydrogen-energy products. The classification of these four products is as follows:

1) *Carbon material chemicals:*

Coal tar pitch, industrial-naphthalene-based phthalic anhydride, carbon black oil

2) *Alcohol-ammonia chemicals:*

Methanol, synthetic ammonia, 2-Amino-2-methyl-1-propanol

3) *Aromatic chemicals:*

Benzene hydrogenation, cyclohexane, cyclohexanone, styrene, caprolactam, polyamide 6

4) *Hydrogen-energy products:*

High purified hydrogen, liquid hydrogen

During the Year, making use of the initiative of leading position, advanced production technology and R&D experience over the decade, the Group developed amino alcohol of 5,000 tons per annum for the first time in the PRC by using its production facility in Dingzhou Production Base. The Group became the world's second largest producer and supplier of amino alcohol, which enhanced the Group's value in the refined chemicals industry through economic of scale, industry chain integration and innovation. Amino alcohol is widely used in high-end paint additives, cosmetics, pharmaceuticals, pesticide, metal processing, carbon dioxide absorption etc. This initiative further consolidated the Group's market position in high-end refined chemicals and supported the Group's sustainable development through technological advancements and global resource allocation. Amino alcohol was also successfully passed the REACH registration in European Union ("EU") and could be sold to customers in the EU market. This was another achievement of the Group's strategic breakthrough following development of first domestic amino alcohol of 5,000 tons per annum in the Group's Dingzhou Production Base.

The overall market for caprolactam was improved, with average selling prices steadily climbing to RMB9,850/ton. The Group led the transformation of caprolactam and achieved breakthroughs in cost control and production efficiency through its continuous R&D innovation and capacity expansion. Currently, the Group's total caprolactam production capacity has reached 810,000 tons/year (510,000 tons/year and 300,000 tons/year in Cangzhou and Dongming Production Bases, respectively), with a stable market share at a relatively high level of approximately 7.5%.

Based on the first amino alcohol and existing caprolactam production facilities, the Group will optimize its refined chemicals industry production chain, continuously create profit growth opportunities and support the transformation of fundamental chemicals towards innovation-driven high-end refined chemicals. Other than amino alcohol, the Group will continue to develop new type of refined chemicals and materials polyamide 6 and high-temperature nylon – a special material for many consumables with its characteristic of strength and heat resistance.

Hydrogen-energy products

Apart from four existing business segments, the Group intends to actively participate in the hydrogen industrialization plans in Dingzhou (Hebei Province), Hohhot (Inner Mongolia) and Xingtai (Hebei Province), China. The Group aimed at becoming a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to developing from hydrogen production, storage, transportation, hydrogenation to usage and by deploying advanced technology and more customer-oriented services, to extending a smart hydrogen supply network to the whole country.

During the Year, Dingzhou Risun Hydrogen Energy Co., Ltd.* (定州旭陽氫能有限公司) ("**Risun Hydrogen Energy**") successfully completed the procedures to add new categories to its hazardous chemicals business license, expanding the scope of hazardous chemicals business from 5 categories to 18 categories. This marked an important step forward in the field of hazardous chemicals trade and operations, further enriching the product line and enhancing competitiveness. Also, Risun Hydrogen Energy passed the 2025 Clean Hydrogen Certification of the National Hydrogen Energy and Fuel Cell Vehicle Demonstration Evaluation Platform. This not only demonstrated the Group's technological strength in the field of clean and low-carbon hydrogen-energy production, but also provided critical support for the Group's high-purity hydrogen-energy products entering international markets.

Also, the Group's 5-ton daily liquid hydrogen demonstration project successfully passed the preliminary review and public announcement by the Hebei Provincial Development and Reform Commission and was selected for the fifth batch of the proposed recommendation list for the first major technological equipment in the energy sector in the PRC. Liquid hydrogen is a key means of achieving efficient storage and transportation of hydrogen energy, and promoting strategic energy transformation and green, low-carbon development.

Risun Hydrogen Energy was a major player in hydrogen-energy supply in North China and the Group owned four high-purity hydrogen-energy production bases and four hydrogen-energy refueling stations. The hydrogen production and sales exceeded 25 million cubic meters for the Year, which accounted for approximately 21.8% of the North China market share.

Operation management (including trading)

The Group carried out operation management (including trading) of approximately 15.0 million tons of coal, coke and refined chemicals during the Year.

Average selling prices of major products

The average selling prices (net of VAT) of the Group's major products during the Reporting Period are as follows:

	<i>RMB per ton</i>
Coke	1,373.9
Benzene	5,446.6
Coal tar pitch	3,493.4
Caprolactam	8,003.4
2-Amino-2-methyl-1-propanol (per kilogram)	110.4
Methanol	1,553.5
Phthalic anhydride	5,520.7
Synthetic amine	1,734.7
Styrene	6,295.5
Hydrogen-energy products (per cube meter)	2.13

Geographical layout

Apart from setting up subsidiaries/offices in Singapore, Indonesia, Vietnam and India, Brazil, etc. in the past, the Group is exploring more coke, refined chemicals and trading opportunities around the world (especially within Europe, the Asia Pacific and Latin America region).

During the Year, the Group set up an office for trading of raw materials of the coke and refined chemicals industry in Brazil and there were eleven offices and/or branches established by the Group covering over forty countries and areas. This demonstrated the Group's growing influence in the global market, and formed a strong foundation for the Group's continued development in the future.

Capital market

During the Reporting Period, the number of shares of the Company held through Hong Kong Stock Connect was more than 364 million shares. This reflected the market confidence in the Company with regard to its long-term strategy and development. Apart from investors in China, Hong Kong and Asia-Pacific region, the Group also strengthened the team of equity market department to target investors in India, United Arab Emirates and Saudi Arabia within the Middle East and Gulf region. We continuously promote the Company through monthly investors' presentations, roadshows, production bases' visits, press releases, constant announcements on business and operational update in order to enhance the transparency of, and present to the public, the operation of the Group.

The Group communicated with domestic and foreign investment institutions and securities analysts, and organized reverse roadshows, to enhance the capital market's understanding and knowledge of the Company. The Group gained high recognition and praise from the capital market with its stable operational performance and strategic planning. The Company was not only the trading target of Hong Kong Stock Connect, but was also included in several classified index constituent stocks under the Hang Seng Index Series, FTSE Russell Index Series and MSCI Index Series.

During the Year and up to the date of this announcement, the Group granted two batches of share awards in respect of an aggregate of 14,418,000 shares to nearly 800 employees pursuant to the Share Award Plan. This demonstrated the Group's commitment to attracting and retaining talents, strengthening employees' sense of belonging and responsibility, and enhancing the Group's core competitiveness. The Group believed that it could motivate employees to work together diligently and continuously create greater value for the Shareholders.

Environmental protection

Safety, environmental protection and quality are the lifeline of the Group. During the Year, the Group actively promoted the establishment of advanced environmental policies, was committed to building green production bases and green factories, and actively carried out innovation of environmental protection technology.

The Group also independently developed a high-efficiency desulfurization catalyst and explored the optimal desulfurization process and dosage by establishing an industrial side-stream coke oven gas operation. This provided a stronger technical support for environmental protection and cost reduction in coking systems, achieving dual benefits of promoting green and clean production and increasing economic returns to the Group.

Water resources have become a crucial issue for sustainable development. At the Dingzhou Production Base, the Group adhered to a "green, low-carbon and circulation" development model, innovating water-saving technologies, improving water-saving systems and deepening water conservation initiatives. The Group promoted comprehensive water resources management with scientific water allocation, conservation and recycling, and achieved a win-win situation for environmental protection and green development. The Group's Hohhot Production Base was also recognized as one of the first batch of municipal-level water-saving enterprises.

In addition, the Group built a dedicated railway line serving its Pingxiang Production Base. This dedicated railway line connects to the Shanghai-Kunming Railway, part of the national trunk network, which not only reduces transportation costs and improves logistics stability and safety, but also enhances the railway's green collection-and-distribution capacity by making a significant contribution to green and low-carbon development.

Since the establishment in 1995, the Group continuously invested a total of RMB9.6 billion in environmental protection with the goal to achieve the carbon peak and carbon neutrality in 2030 and 2060. The Group focused on promoting environmental protection projects to reach ultra-low emission standards of pollutants such as nitrogen-oxides, sulfur-oxides, VOCs, etc.

Digitalization

The Group was committed to leading the digitalization in the coke and chemicals industry by making continuous innovation throughout the process of sales-transportation-manufacturing-supply-research. The Group continued to promote the construction and improvement of digital or intelligent factories among the production bases of the Group, with the aim of achieving “green, agglomeration, intelligence and high-end” development in the coke and chemicals industry. By doing so, the Group continued to advance along the path of “completely automation and thoroughly automation; completely informatization and thoroughly informatization”, integrating industrial Internet and intelligent manufacturing with the use of automated equipment and automated control systems.

During the Year, the Department of Industry and Information Technology of Hebei Province released the list of the First Batch of Advanced Intelligent Factories for 2025. Hebei Risun Energy Co., Ltd.* (河北旭陽能源有限公司) became, for the first time, the “Coal Coking Full-Process Lean-Management Intelligent Factory”.

R&D

Innovation-driven development supports Risun's continuous growth in business. Since the listing of the Company, the Group has accumulated R&D expenditure of RMB6.38 billion, achieved a total of 46 national, provincial and municipal technological innovation results and obtained a total of 300 provincial and municipal honors.

As one of the technological pioneers in the domestic chemicals field, the Group has established a three-level R&D system, including an R&D Committee, the Chief Engineer and the Production Technology Department to build a tiered product system from industrial grade to electronic grade, satisfying the customized needs of cutting-edge fields such as coatings, metals processing, new energies, new materials and electronics. The Group's R&D achievements have obtained certifications and recognitions in many countries, including the United States, Japan and South Korea, and have fully passed the EU REACH registration, evidencing the Group's strong R&D capability in the coke and chemicals fields developed over the past several decades.

DEVELOPMENT STRATEGY

Founded in 1995 and up to 2025, the Group has a more than 30-years history of development, where it takes advantage of its leading position, experience, technology and digitalization in the coke and refined chemicals industries to drastically expand its four existing business segments together with hydrogen-energy products business through the following development strategies:

- (i) expansion of business operation and production capacity (including high value-added chemicals products and hydrogen-energy products);
- (ii) capitalization of market opportunities to provide operation management services;
- (iii) development and reinforcement of long-term business relationships with the major customers and suppliers;
- (iv) expansion of domestic and international trading business;
- (v) improvement of its energy-efficiency, environmental protection and operation safety standards; and
- (vi) improvement of its core competitive strengths through automation and information technologies.

The above development strategies are deployed based on the Group's competitive advantageous abilities through integrated business model and are designed to diversify the risks throughout the production bases in China and overseas.

Apart from the above development strategies, the Group believes it possesses nine competitive strengths that enable it to deploy and execute the development strategies effectively in order to enhance the leadership in the coke and refined chemicals industries and hydrogen-energy products business:

1. Economies of Scale Advantage

The Group is the world's largest independent coke producer and supplier by production/processing volume and enjoys economies of scale which enables the Group to become more competitive in terms of costs, product quality and customer relationships among the eight production bases in China and overseas.

2. Vertically Integrated Advantage

The vertically integrated business model helps improving the Group's production efficiency and achieving synergies through centralized and unified management and reducing exposure to market volatility and price fluctuations.

3. Production Base Advantage

All of the production bases are located in industrial parks approved by local government authorities. The production bases are located near most of the major customers and suppliers and transportation infrastructure, such as national railway networks, major highways, expressways and ports, which provide the Group with multiple transportation options.

4. Cost Control Advantage

The Group actively control the expenditures in cost of sales and services, selling and distribution expenses, administrative expenses, finance costs and income tax expenses. The Group formulated a comprehensive and mature coal preparation and blending computer system based on its IT infrastructure and experience so as to widen the price spread between its products and raw materials both in coke and refined chemicals.

5. Centralized Sale and Marketing Advantage

The Group is market-oriented and all the products are sold under the brand “RISUN” via the centralized sale and marketing system operated by the Group. The Group generally maintains low levels of finished product inventories, adopts a “zero inventory” policy and strives to achieve minimal inventory of the Group’s coke products. The Group produces based on the periodical production plans which are adjusted regularly pursuant to the customers’ demands.

6. R&D and Innovation Advantage

The research and technology personnel focuses on the innovation of products and energy and resource efficiency to improve its manufacturing processes and reduce the impact of its production processes on the environment. The Group is also committed to improving product added value and extending the industrial value chain.

7. Automation and Information Technologies Advantage

The production bases are highly automated and the Group has established a centralized system connecting its Manufacturing Execution System (MES), Enterprise Resource Planning (ERP) systems and the BeiDou Navigation Satellite System. The Group also uses the mobile internet, cloud computing, internet of things, big data and intelligent manufacturing technologies in its operations.

8. Environmental Safety Advantage

The Group adopts a number of measures and practices to reduce the impact of its operations on the environment, such as preventing soil pollution, water pollution and air pollution in order to minimize the negative impact on the environment.

Another key environmental measure of the Group is resource recovery and re-utilization. During the coking process, the Group recovers and re-utilizes valuable coking by-products to manufacture refined chemical products. With the vertically integrated business model, the Group also re-utilizes the heat from its production processes and re-uses wastewater and other fluids after appropriate treatment.

9. Risk Mitigation Advantage

The Group monitors the business operations of its customers, including but not limited to their inventory levels, production output and sales volumes, via its on-site customer service personnel. This helps promptly understand the downstream demand for the Group's products, adjust its production plans and mitigate the risks associated with price fluctuations and changes in demand for its products.

BUSINESS PROSPECTS

2026 marks the beginning of the Group's new five-year plan from 2026 to 2030. Looking forward, the Group will make use of different ways of operation management, merger and acquisition, and establish joint ventures with well-known geographical large enterprises, in order to increase the production/processing of coke and refined chemicals and the market share of hydrogen-energy products.

Coke and refined chemicals

The Group will continue to increase its market share in independent coke market and certain refined chemicals market in China and overseas by expanding the annual production/processing capacity for coke and refined chemicals, exploring different potential projects of mergers and acquisitions, focusing on markets for new refined chemicals and new materials with large potential demand and relatively small domestic supply, and rolling out different operation management services, in order to promote deep and instant market influence and pricing power. The Group will use coals from a broader range of countries and deploy new digital technologies with the goal of achieving optimal price spreads for the Group's products.

Also, the Group will pursue transformation with traditional industries as foundation and drive the transformation in the coke and refined chemicals industries through technological innovation and green development. This will bring new development opportunities to the Group. Leveraging its leading positions in caprolactam and amino alcohol, the Group can further refine caprolactam into polyamide 6 and can further apply amino alcohol in high-end coatings, metal processing, pharmaceutical pesticides and cosmetics, which can greatly improve their overall performance in terms of the color uniformity and reduction of volatile organic compounds.

Hydrogen-energy products

The Group will actively participate into the hydrogen industrialization plans in different cities in China where the Group's production bases are deployed. The Group aims to be a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to developing from hydrogen production, storage, transportation, and hydrogenation to usage and by deploying advanced technology and more customer-oriented services, to extending a smart hydrogen supply network to the whole country. In the future, the Group will explore the opportunities to build up hydrogen-energy mother island and energy integrated station in Beijing-Tianjin-Hebei area.

The 15th Five-Year Plan of China proactively outlines the future of the hydrogen-energy industry, and introduces comprehensive supporting policies, including those supporting the large-scale application of fuel cell vehicles, creating key opportunities for the hydrogen-energy industry, accelerating the transition from demonstration applications to commercialization. The Group believes that the hydrogen-energy business will reach a new horizon for industry growth, especially in the industrialization of liquid hydrogen.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events affecting the Company or any of its subsidiaries that took place subsequent to December 31, 2025.

DEVELOPMENT, PERFORMANCE AND STATUS OF THE BUSINESS OF THE GROUP

The following table sets forth the Group's financial ratios as at the dates and for the years indicated:

	As of and for the year ended December 31,	
	2025	2024
Gross profit margin ⁽¹⁾	7.8%	7.3%
Net profit margin ⁽²⁾	0.3%	0.2%
EBITDA margin ⁽³⁾	9.2%	8.1%
Return on equity ⁽⁴⁾	0.5%	0.2%
Gearing ratio ⁽⁵⁾	2.3	1.9
Debt-to-asset ratio ⁽⁶⁾	75.6%	73.5%

Notes:

- (1) Calculated by dividing gross profit by revenue for the year.
- (2) Calculated by dividing profit by revenue for the year.
- (3) Calculated by dividing earnings before interest, tax, depreciation and amortization (“**EBITDA**”) by revenue for the year.
- (4) Calculated by dividing profit attributable to owners for the year by equity attributable to owners as of the end of the year.
- (5) Calculated by dividing total interest-bearing borrowings by total equity as of the end of the year.
- (6) Calculated by dividing total liabilities by total assets as of the end of the year.

FINANCIAL REVIEW

The following table sets forth our total revenue and gross profit by business segment (excluding the inter-segment revenue):

	For the year ended December 31, 2025					
	Coke and coking chemicals manufacturing <i>RMB'000</i>	Refined chemicals manufacturing <i>RMB'000</i>	Operation management services <i>RMB'000</i>	Trading <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	13,515,076	17,796,457	1,804,127	5,956,004	214,819	39,286,483
Gross profit	1,671,497	805,524	89,091	389,921	108,247	3,064,280

	For the year ended December 31, 2024					
	Coke and coking chemicals manufacturing <i>RMB'000</i>	Refined chemicals manufacturing <i>RMB'000</i>	Operation management services <i>RMB'000</i>	Trading <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	17,642,275	20,729,404	4,225,134	4,740,319	205,607	47,542,739
Gross profit	1,513,691	1,515,668	160,977	286,730	12,496	3,489,562

The following discussion addresses the principal trends that have affected our results of operations during the Reporting Period.

(a) Revenue

Revenue decreased to RMB39,286.5 million for the Year when compared to RMB47,542.7 million for the Last Year.

Revenue from the coke and coking chemicals manufacturing business decreased by RMB4,127.2 million, or 23.4%, from RMB17,642.3 million for the Last Year to RMB13,515.1 million for the Year. This was mainly due to: 1. the price of ferrous industry chain has been on declining phase since 2022, showing clear signs of the bottom-out price level at 2025; 2. the supply of coking chemicals was relatively loosened with the 4.4% period-on-period decrease of crude steel production volume (960.81 million tons) for the year, the coke production volume increase by 2.9% to 504.12 million tons. With the demand for coke decreased while the production volume grew, the coke price for the year declined by a larger extent; 3. the steel price for the year decreased by 8.8% despite the demand for steel material was boosted by infrastructure, equipment manufacturing, steel structures, new energy vehicles and photovoltaic, since it was under the influence of real estate's lower demand for steel material.

Revenue from the refined chemicals manufacturing business decreased by RMB2,932.9 million, or 14.1%, from RMB20,729.4 million for the Last Year, to RMB17,796.5 million for the Year. This was mainly due to "strong supply and weak demand" and price of chemicals product dropped across the board by 6.6%-26.1% year-on-year. The main reasons were: 1. Crude oil was the basic raw material for the chemicals industry, resulting in the

continuous downturn for prices of many chemical products downstream, especially for caprolactam and styrene. 2. Large-scale chemicals projects planned in the previous years commenced operation in the Year and added new chemicals production capacity, which make the supply and demand of chemicals imbalance with oversupply of chemicals in market. 3. The international trade market was affected by the Sino-US trade dispute and escalating tariffs, resulting in continued weak overseas demand to Chinese products as well as their raw materials, such as chemicals.

Revenue from operations management services decreased by RMB2,421.0 million, or 57.3%, from RMB4,225.1 million for the Last Year, to RMB1,804.1 million for the Year. This was mainly due to the completion of the management agreements for three operation management projects, resulting in a year-on-year revenue decrease of RMB1,600 million. Meanwhile, revenue from operation management project in Jilin Province decreased by RMB800 million due to price declines in Aniline.

Revenue from trading business increased by RMB1,215.7 million, or 25.6%, from RMB4,740.3 million for the Last Year, to RMB5,956.0 million for the Year. This was mainly due to an increase of 1.55 million tons in the Group's trading volume for the Year.

Other business increased by RMB9.2 million or 4.5% from RMB205.6 million for the Last Year to RMB214.8 million for the Year. This was mainly due to a decrease of RMB90.5 million in sales revenue from residential properties in the real estate business compared to the same period last year, and an increase of RMB106.2 million in rental income from Risun Plaza compared to the Last Year.

(b) Cost of sales

Cost of sales decreased to RMB36,222.2 million for the Year, compared to RMB44,053.2 million for the Last Year.

Cost of sales for the coke and coking chemicals manufacturing business decreased by RMB4,285.0 million, or 26.6%, from RMB16,128.6 million for the Last Year, to RMB11,843.6 million for the Year, mainly due to a decline in upstream coking coal prices, resulting in a corresponding reduction in coal blending costs.

Cost of sales for the refined chemicals manufacturing business decreased by RMB2,222.8 million, or 11.6%, from RMB19,213.7 million for the Last Year, to RMB16,990.9 million for the Year, mainly due to market price fluctuations, with raw material prices for various production lines decreasing to varying degrees compared to the Last Year.

Cost of sales for operation management services decreased by RMB2,349.1 million, or 57.8%, from RMB4,064.1 million for the Last Year, to RMB1,715.0 million for the Year, primarily due to the completion of three management agreements, resulting in lower costs year-on-year.

Cost of sales for trading business increased by RMB1,112.5 million, or 25.0%, from RMB4,453.6 million for the Last Year, to RMB5,566.1 million for the Year, mainly due to increased trading volume leading to higher costs.

Cost of sales for other business decreased by RMB86.5 million, or 44.8%, from RMB193.1 million for the Last Year, to RMB106.6 million for the Year, primarily due to lower costs in the real estate business compared to the Last Year.

(c) Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB425.3 million, or 12.2%, from approximately RMB3,489.6 million for the Last Year to approximately RMB3,064.3 million for the Year. The gross profit margin increased from 7.3% for the Last Year to 7.8% for the Year.

The gross profit from the coke and coking chemicals manufacturing business increased by RMB157.8 million, or 10.4%, from RMB1,513.7 million for the Last Year to RMB1,671.5 million for the Year. The gross profit margin from the coke and coking chemicals manufacturing business increased from 8.6% for the Last Year to 12.4% for the Year. This was mainly due to the effectiveness of the Group's cost reduction and efficiency improvement policies, as well as compliance of environmental protection investments with national policies, and changes in accounting estimates for the depreciation period of certain assets, resulting in a decrease in depreciation expenses, an increase in gross profit, and an increase in gross profit margin.

Gross profit from the refined chemicals manufacturing business decreased by RMB710.1 million, or 46.8%, from RMB1,515.7 million for the Last Year, to RMB805.6 million for the Year. The gross profit margin of the refined chemicals manufacturing business decreased from 7.3% for the Last Year to 4.5% for the Year, mainly due to tighter price spreads in the caprolactam product line and styrene product line, leading to a decrease in both gross profit and gross profit margin. Benefiting from the rigid cost advantage brought about by the process of coke oven gas-produced methanol, methanol production line can still retain an approximate 17% gross profit margin. As the by-product, ammonium sulfate benefited from the robust demand for agricultural nitrogenous fertilizer, and its contribution to the increase in gross profit as a result.

Gross profit of trading segment increased by RMB103.2 million, or 36.0%, from RMB286.7 million for the Last Year, to RMB389.9 million for the Year, primarily due to the increase of trading business volume which resulted in the increase of gross profit.

Gross profit from the operation management services decreased by RMB71.9 million, or 44.7%, from RMB161.0 million for the Last Year, to RMB89.1 million for the Year. The gross profit margin of the operation management services increased from 3.8% for the Last Year to 4.9% for the Year, mainly due to the completion of the management agreements for three operation management projects and a tightening of price spreads, resulting in a decrease in both gross profit.

Gross profit from other business increased by RMB95.7 million, or 766.2%, from RMB12.5 million for the Last Year, to RMB108.2 million for the Year. The gross profit margin increased from 6.1% to 50.4% for the Year. This was mainly due to the addition of leasing business in Risun Plaza during the Year, which led to the increase in gross profit margin.

(d) Other income

The Group's other income mainly includes interest income, sales income of production waste, value-added tax concessions and government grants received from various government agencies as subsidies for the Group's contribution to environmental protection, energy conservation and recycling of resources, relocation, purchase of land use rights and infrastructure construction.

Other income increased by RMB69.9 million or 11.9% from RMB586.1 million for the Last Year to RMB656.0 million for the Year, mainly due to an increase of RMB151.6 million in government subsidies and a decrease of RMB 92.2 million in interest income when compared to that for the Last Year.

(e) Other gains and losses

During the Year, the Group's other gains and losses amounted to RMB375.4 million, primarily due to the following reasons:

- 1) Certain construction parties agreed to enter into a debt restructure arrangement to expedite project settlement and receipt of payment, resulting in a debt restructuring gain of RMB231.5 million;
- 2) To focus on core business development and recover funds to support investment in main business, the Company conducted a centralized review and revitalization of assets. Through the orderly disposal of right of use assets, gains of RMB30.6 million were realized, and through disposal of non-core subsidiary, gains of RMB33.8 million were obtained;
- 3) Gain on insurance claims of RMB45.0 million;
- 4) the Group reasonably assessed and accrued asset impairment provisions of RMB15.8 million for fixed assets showing signs of impairment. Simultaneously, affected by macroeconomic market environment and industry cycle fluctuations, the Group incurred a fair value change loss of RMB13.2 million on investment properties.

(f) Impairment (recognized) reversed under ECL model, net

The amount for the Year primarily includes the reversal of impairment losses on previously recognized trade receivables. This amount decreased by 93.5% from RMB61.6 million reversed for the Last Year, to RMB 4.0 million reversed for the Year.

(g) Selling and distribution expenses

Selling and distribution expenses decreased by RMB56.1 million, or 3.8%, from RMB1,488.9 million for the Last Year to RMB1,432.8 million for the Year. This was mainly due to:

- 1) Improvements in the Group's maritime vessel management, resulting in increased loading and unloading efficiency, reduced vessel waiting times, and lower demurrage fees, leading to a reduction of RMB21.1 million in port fees;
- 2) Optimization of railway transportation methods and improved efficiency in entering and leaving the factory, reducing delay costs, resulting in a reduction of RMB11.5 million in railway operating expenses;
- 3) Optimization of personnel structure, resulting in a reduction of RMB20.4 million in employee costs.

(h) Administrative expenses

The Group's administrative expenses increased by approximately RMB1.6 million or 0.1% from approximately RMB1,142.8 million for the Last Year to approximately RMB1,144.4 million for the Year, remaining generally consistent with the Last Year.

(i) Finance costs

Financing costs mainly include bank loan interest expenses, other loan interest expenses, and financial expenses related to discounted notes receivable. The Group's financial costs decreased by RMB19.9 million, or 1.4%, from RMB1,410.4 million for the Last Year to RMB1,390.5 million for the Year. This was mainly due to:

- 1) Although the Company's bank borrowings increased year-on-year during the Reporting Period, the overall borrowing rates declined due to market conditions and financing policies, resulting in a limited increase in overall interest expenses of only RMB6.9 million;
- 2) The new borrowings were mainly used for engineering construction, with a capitalization increase of RMB26.8 million,

(j) Share of results of associates

Share of revenue of associates of RMB13.6 million was primarily the result of the salient cost advantage of the coke oven gas-produced methanol process and the continuously optimistic outlook of methanol industry. Hebei Jinniu Risun Chemicals Limited has contributed a gain of RMB46.6 million. Yangmei Group Shouyang Jingfu Coal Co., Ltd. experienced a loss of RMB19.4 million; Kinxiang New Energy Technology Co., Ltd experienced a loss of RMB21.3 million.

(k) Share of results of joint ventures

Share of revenue of joint ventures of RMB37.7 million were mainly the contribution of RMB34.6 million from Hebei China Coal Risun Energy Limited.

(l) Profit before taxation

As a result of the above factors, profit before tax increased by approximately RMB73.8 million or 67.5% from approximately RMB109.4 million for the Last Year to approximately RMB183.2 million for the Year.

(m) Income tax expense

The Group incurred income tax expenses of RMB11.6 million and RMB48.6 million for the Last Year and the Year, respectively, with effective tax rates of 10.6% and 26.5%. The increase in income tax expenses was mainly due to an increase in income tax expense of RMB18.5 million resulting from an increase in profit before taxation, and an increase in income tax expense of RMB13.7 million resulting from a decrease in non-taxable income.

(n) Profit for the year

For the Year, the Group recorded a net profit of RMB134.7 million, an increase of RMB36.9 million or 37.7% compared with a net profit of RMB97.8 million for the Last Year.

(o) Earnings per share – Basic

Basic earnings per share were RMB1.3 cents and RMB0.5 cents for the Year and the Last Year respectively. The increase in basic earnings per share was mainly due to the increase in net profit for the Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily uses cash to fund operating costs, capital expenditures and repayment of debts in the PRC. To date, the Group has principally funded the investments and operations through cash generated from operations and debt financing from banks and other financial institutions. The Group believes that the liquidity requirements will be satisfied through a combination of cash flows generated from the operating activities, bank loans and other borrowings, and the net proceeds from its fund-raising activities. Any significant decrease in the demand for, or pricing of, the products and services, or a significant decrease in the availability of bank loans, may adversely impact the liquidity. As at December 31, 2025, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in RMB and deposits denominated in RMB that are readily convertible into cash.

The following table sets forth the cash flows for the periods indicated:

	For the year ended	
	December 31,	
	2025	2024
	RMB'000	RMB'000
Net cash generated from operating activities	3,464,900	1,436,267
Net cash used in investing activities	(3,405,873)	(3,643,745)
Net cash (used in)/generated from financing activities	(570,235)	3,050,875
	<hr/>	<hr/>
Net (decrease)/ increase in cash and cash equivalents	(511,208)	843,397
Cash and cash equivalents at the beginning of the year	2,087,992	1,239,270
Effect of foreign exchange rate changes	2,040	5,325
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>1,578,824</u>	<u>2,087,992</u>

(a) Net cash generated from operating activities

During the Year, the net cash flow from operating activities was approximately RMB3,464.9 million, an increase of approximately RMB2,028.6 million compared to the Last Year. This was mainly due to the Group's continued efforts to strengthen the management of trade and other receivables collection, accelerate cash recovery, and effectively improve the level of cash flow from operating activities.

(b) Net cash used in investing activities

During the Year, the net cash used in investing activities decreased to approximately RMB3,405.9 million from approximately RMB3,643.7 million for the Last Year, mainly due to a decrease of RMB256 million in expenditures on the construction of fixed assets during the Reporting Period.

(c) Net cash used in/generated from financing activities

During the year, the net cash outflow from financing activities was RMB570.2 million, compared to a net cash inflow of RMB3,050.9 million for the Last Year. This was mainly due to in line with the company's operational pace and capital structure optimization needs, the scale of new financing this period decreased by RMB1,589.8 million compared to the same period last year.

INDEBTEDNESS

(a) Borrowings

Most of our borrowings are denominated in RMB. The following table shows our bank borrowings as of the dates indicated:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loan, secured	8,464,583	10,290,136
Bank loan, unsecured	13,487,167	9,846,666
	21,951,750	20,136,802
Other loans, secured	5,513,530	4,828,736
Other loans, unsecured	511,689	704,250
	6,025,219	5,532,986
Discounted bills financing	6,449,439	4,702,122
Total	34,426,408	30,371,910

	2025		2024	
	<i>RMB in million</i>	%	<i>RMB in million</i>	%
Fixed rate bank and other borrowings	24,437.0	1.70~8.50	18,681.6	1.70 ~ 8.50
Floating rate bank and other borrowings	9,989.4	2.65~8.50	11,690.3	2.66 ~ 8.50
Total	34,426.4		30,371.9	

Total borrowings increased by approximately RMB4 billion, or 13.2%, from RMB30.4 billion at the end of the Last Year, to approximately RMB34.4 billion at the end of the Year, primarily due to an increase in bank loans and bill discounting.

The borrowings denominated in currencies other than the functional currencies of respective entities are set out below:

	As at December 31,	
	2025	2024
	<i>RMB in million</i>	<i>RMB in million</i>
USD	<u>622.8</u>	<u>620.3</u>

(b) Lease liabilities

The Group had the following total future minimum lease payments as of the dates indicated:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities	<u>2,134</u>	<u>3,574</u>

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2025, the Group did not have any significant outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements. The Group does not engage in trading activities involving non-exchange traded contracts. In the course of its business operations, the Group has not entered into transactions with, or otherwise established relationships with, unconsolidated entities, or with financial counterparties established for the purpose of facilitating off-balance sheet arrangements or other narrowly defined or limited contractual purpose.

PLEDGES OF ASSETS

During the Year, the Group's certain assets were pledged as security for bank and other loans, bills payable and other financing facilities granted to the Group. Details of pledge of the Group's assets are disclosed in note 21 to the consolidated financial statements in this announcement.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group maintained some of the capital denominated in foreign currency, mainly U.S. dollar, Japanese Yen and Hong Kong dollar. Fluctuations in exchange rate would influence the reserve in foreign currencies to a certain extent, and the Company is exploring and taking measures to address to foreign exchange risk. As the exchange differences arising from the translation of foreign operations during the Year were credited to the foreign currency transaction reserve, the Company's exposure to fluctuations in exchange rates is limited.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a written resolution passed by the Shareholders on February 21, 2019 for the primary purpose of providing the people and the parties acting for the interests of the Group with an opportunity to acquire an equity interest in the Company, thus aligning their interest with those of the Group and providing them with incentives to work proactively for the interests of the Group.

Up to December 31, 2025, no options were granted to Directors, eligible employees and other external third parties under the Share Option Scheme.

SHARE AWARD PLAN

The Company's Share Award Plan was adopted pursuant to an ordinary resolution passed by the Shareholders on May 30, 2025 for the primary purposes of recognizing and rewarding certain eligible participants for their contributions to the growth and development of the Group, giving incentives to retain them for the continued operation and development of the Group, and attracting suitable personnel for further development of the Group.

Up to December 31, 2025, share awards in respect of 9,915,000 shares were granted to 197 eligible participants (including Directors and employees of the Group) under the Share Award Plan. On January 22, 2026, share awards in respect of 4,503,000 shares were granted to 600 eligible participants under the Share Award Plan.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company nor their respective associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**")) had any interest in a business that competes or may compete with the business of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at December 31, 2025, we had 7,131 full-time employees (as at December 31, 2024: 7,389). Most of the Group's senior management members and employees are based in Beijing and Hebei Province.

The Group entered into a standard employment contract with each of its full-time employees. Remuneration for the Group's employees includes basic wages, variable wages, bonuses, share-based payments and other benefits. For the years ended December 31, 2025 and 2024, the staff costs were RMB1,217.2 million and RMB1,269.7 million, respectively.

The Company's remuneration policy was formulated by the Remuneration Committee on the basis of the employees' performance, qualifications and competence. The emoluments of the Directors are set by the Remuneration Committee, having regard to, among others, salaries paid by comparable companies as well as the time commitment and responsibilities and employment conditions of the Group.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Year, the Company repurchased 80,253,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at the total consideration of approximately HK\$196,822,000. All of the shares repurchased during the Year were held as treasury shares. Details of the share repurchases by the Company are included in note 20 to this announcement. As at December 31, 2025, the Company had 180,074,000 treasury shares and intended to resell these treasury shares on the Stock Exchange for cash or use them in employees’ share scheme in the future.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the Year.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance for purposes of enhancing the value for Shareholders and protecting their interests. The Company has adopted all code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The Company has established and optimized the corporate governance structure in accordance with the Listing Rules and the Corporate Governance Code and has set up a series of corporate governance systems. During the Year, the Company has complied with all mandatory code provisions as stipulated in the Corporate Governance Code, except for the provisions under paragraph C.2.1 of Part 2.

In accordance with paragraph C.2.1 of Part 2 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. Mr. Yang Xuegang is the chairman and chief executive officer of the Company. With extensive experience in the coke, coking chemicals and refined chemicals industries, Mr. Yang is responsible for the overall management and business development, the operations of the subsidiaries of the Company and their corresponding production facilities and human resources of the Group, and has been instrumental to the Group’s business growth and expansion since its establishment in 1995. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises of six executive Directors (including Mr. Yang) and three independent non-executive Directors and therefore has a strong independence element in its composition.

The Board will examine and review, from time to time, the Company’s corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules and Corporate Governance Code to protect the Shareholders’ interests. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Since the listing of the Company on the Stock Exchange, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its model code for securities transactions by the Directors.

Upon specific enquiry conducted by the Company, all the Directors have confirmed that during the Reporting Period, they fully complied with the Model Code.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. The Company has not been aware of any incident of any employee’s non-compliance with the Model Code during the Reporting Period and up to the date of this announcement.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS

On October 31, 2025, Risun Group, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Xingtai Xuyang New Energy Technology Co., Ltd.* (邢台旭陽新能源科技有限公司) (“**Xuyang New Energy**”), an indirect wholly-owned subsidiary of Xuyang Holding Limited* (旭陽控股有限公司), which is wholly owned by Mr. Yang Xuegang and his spouse, Ms. Lu Xiaomei, pursuant to which Risun Group agreed to dispose of and Xuyang New Energy agreed to acquire 100% equity interest in Xingtai Risun Material for a consideration of RMB54.6862 million.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisition or disposal of subsidiaries, associated companies and joint ventures during the Year and up to the date of this announcement. As at December 31, 2025, the Board has not authorized any plan for other significant investments or additions of capital assets.

CONTINGENT LIABILITIES

As at December 31, 2025, the maximum liabilities of the Group under guarantees in favor of banks in respect of banking facilities granted to joint ventures and associates were RMB6,640.8 million (as at December 31, 2024: RMB5,727.6 million).

FUTURE PLANS AND USE OF PROCEEDS

The Company placed 52,000,000 new shares at the placing price of HK\$3.00 per share through a top-up share placement (the “**Placing**”) in December 2024.

The net proceeds from the Placing were approximately HK\$153.6 million. During the Year, the net proceeds had been applied according to the intended use previously disclosed by the Company as follows:

	Proposed use of net proceeds <i>(HK\$ million)</i>	Actual use of net proceeds during the Year <i>(HK\$ million)</i>	Unused net proceeds as at December 31, 2025 <i>(HK\$ million)</i>	Estimated timetable
Optimization of financial structure	76.8	–	–	–
General working capital	76.8	12.8	–	–
	<u>153.6</u>	<u>12.8</u>	<u>–</u>	

The Placing can help the Company seize the market opportunity to achieve a constant and stable improvement in the Group's results. In addition, the Placing will further enlarge the Shareholders' equity base, optimize the capital structure of the Company, strengthen the financial position and liquidity of the Group and provide support and flexibility for the development of the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the Year as approved by the Board of Directors on March 27, 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Year, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, together with the internal controls and financial reporting matters.

The Audit Committee was established with written terms of reference in compliance with Appendix C1 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group.

The Audit Committee comprises Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng, who are independent non-executive Directors.

FINAL DIVIDEND

The Board recommended a final dividend of RMB0.19 cents per share with a total amount of approximately RMB8,130,000 for the Year, representing no less than 30% of the profit for the year attributable to owners of the Company. By aggregating the dividends paid since March 2019, the total amount of dividends per share was RMB0.79690 or HK\$0.91776, representing a return of 32.8% on the offering price of HK\$2.80 per share at an initial public offering in March 2019.

THE AGM AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled to be held on Friday, May 29, 2026, the notice of which will be published and dispatched to the Shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules. The register of members of the Company will be closed from Tuesday, May 26, 2026 to Friday, May 29, 2026 (both days inclusive), during which period no transfer of shares of the Company will be effected, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the annual general meeting, Shareholders shall lodge all instruments of transfer accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, May 22, 2026.

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

This announcement is published on the respective website of the Company at www.risun.com and the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the Year will be despatched to the Shareholders of the Company and will also be made available on the above websites in accordance with the Listing Rules in due course.

By order of the Board of
China Risun Group Limited
Yang Xuegang
Chairman

Hong Kong, March 27, 2026

As at the date of this announcement, the executive Directors are Mr. Yang Xuegang, Ms. Lu Xiaomei, Mr. Li Qinghua, Mr. Han Qinliang, Mr. Wang Nianping and Mr. Yang Lu; and the independent non-executive Directors are Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng.

* *For identification purposes only*