

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **LEE & MAN CHEMICAL COMPANY LIMITED**

**理文化化工有限公司**

*(Incorporated in the Cayman Islands and its members' liability is limited)*

*Website: [www.leemanchemical.com](http://www.leemanchemical.com)*

**(Stock Code: 746)**

### **ANNUAL RESULTS ANNOUNCEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **FINANCIAL HIGHLIGHTS**

- Revenue broadly stayed at HK\$3,951 million
- Profit increased by 20.4% to HK\$482 million benefited by lower costs of certain raw materials and energy
- Gross profit margin recovered by 3.3 p.p. to 29.5%
- Proposed final dividend of HK15 cents per share; including the interim dividend paid, total dividends for 2024 are HK29 cents per share (2023: HK19 cents per share)

## FINANCIAL RESULTS

The board of directors (the “Directors”) of Lee & Man Chemical Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with comparative figures for the year ended 31 December 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue – Chemical		3,922,260	3,980,919
Revenue – Property		28,573	69,662
Total revenue	3, 4	3,950,833	4,050,581
Cost of sales – Chemical		(2,769,404)	(2,944,692)
Cost of sales – Property		(17,385)	(43,718)
Total cost of sales		(2,786,789)	(2,988,410)
Gross profit		1,164,044	1,062,171
Other income	5	62,895	79,946
Other gains and losses	6	(1,349)	(13,619)
Selling and distribution costs		(202,556)	(209,433)
General and administrative expenses		(275,183)	(258,700)
Research and development costs		(135,796)	(120,751)
Finance costs		(21,899)	(39,282)
Net exchange gain (loss)		2,354	(6,977)
Share of results of joint ventures and associates		3,688	543
Profit before taxation		596,198	493,898
Income tax expense	7	(113,914)	(93,233)
<b>Profit for the year</b>	8	<b>482,284</b>	<b>400,665</b>
<b>Other comprehensive (expense) income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation		(114,983)	(53,825)
Revaluation gain upon transfer of property, plant and equipment to investment properties		–	1,792
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive expense of joint ventures and associates		(332)	(418)
<b>Other comprehensive expense for the year</b>		<b>(115,315)</b>	<b>(52,451)</b>
<b>Total comprehensive income for the year</b>		<b>366,969</b>	<b>348,214</b>
Earnings per share	9		
Basic (HK cents)		58.5	48.6
Diluted (HK cents)		58.5	47.8

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2024**

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,134,140</b>	4,706,893
Investment properties		<b>212,903</b>	217,582
Right-of-use assets		<b>194,051</b>	196,132
Intangible assets		<b>79,461</b>	83,885
Deposits paid for the acquisition of property, plant and equipment		<b>41,900</b>	166,330
Interests in joint ventures		<b>99,881</b>	98,780
Interests in associates		<b>25,180</b>	23,888
Deferred tax assets		<b>18,980</b>	19,908
Goodwill		<b>2,537</b>	2,593
		<b>5,809,033</b>	5,515,991
<b>CURRENT ASSETS</b>			
Inventories	11	<b>600,940</b>	787,749
Properties held for sale		<b>8,267</b>	23,806
Trade, bills and other receivables	12	<b>467,907</b>	408,230
Tax recoverable		<b>3,463</b>	1,321
Amounts due from joint ventures		<b>139</b>	11,140
Amount due from an associate		<b>2,329</b>	1,796
Amounts due from related companies		<b>12,616</b>	15,268
Derivative financial instrument		<b>1,089</b>	–
Short-term bank deposits with original maturity more than three months		<b>67,879</b>	–
Bank balances and cash		<b>222,781</b>	263,666
		<b>1,387,410</b>	1,512,976
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<b>493,417</b>	383,345
Contract liabilities		<b>41,446</b>	59,102
Amount due to a joint venture		<b>514</b>	525
Amount due to a related company		<b>9,310</b>	8,551
Taxation payable		<b>11,244</b>	46,167
Lease liabilities		<b>2,308</b>	2,359
Bank borrowings		<b>587,937</b>	671,767
		<b>1,146,176</b>	1,171,816

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AT 31 DECEMBER 2024**

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
<b>NET CURRENT ASSETS</b>		<b>241,234</b>	341,160
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,050,267</b>	5,857,151
<b>NON-CURRENT LIABILITIES</b>			
Other payables	13	<b>21,798</b>	24,897
Lease liabilities		<b>2,378</b>	4,789
Deferred tax liabilities		<b>29,680</b>	27,710
Bank borrowings		<b>60,441</b>	–
		<b>114,297</b>	57,396
<b>NET ASSETS</b>		<b>5,935,970</b>	5,799,755
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>82,500</b>	82,500
Reserves		<b>5,853,470</b>	5,717,255
<b>TOTAL EQUITY</b>		<b>5,935,970</b>	5,799,755

*Notes:*

**1. GENERAL**

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate controlling party is Mr. Lee Man Yan, who is the chief executive officer and executive director of the Company. The address of the registered office and principal place of business of the Company are disclosed in the section “Corporate Information” to the annual report.

The functional currency of the Company is Renminbi (“RMB”), while the consolidated financial statements are presented in Hong Kong dollars (“HK dollars”) as the Company is listed in Hong Kong.

**2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs 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 HKFRSs in issue but not yet effective**

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### ***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* (“HKAS 1”). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

## **3. REVENUE**

### **Disaggregation of revenue from contracts with customers**

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Caustic soda	1,612,206	1,585,516
Chloromethane products	921,461	887,382
Fluorochemical products	317,382	201,559
Hydrogen peroxide	352,491	423,419
Liquified chlorine	13,662	13,690
Polymers	409,537	543,872
Styrene acrylic latex surface sizing agent	85,037	85,990
Lithium-ion battery additives	3,898	12,818
Others	206,586	226,673
	<hr/>	<hr/>
Manufacture and sale of chemical products	3,922,260	3,980,919
Sale of properties	24,935	67,552
	<hr/>	<hr/>
Revenue from contracts with customers	3,947,195	4,048,471
Rental income	3,638	2,110
	<hr/>	<hr/>
Total revenue	<u>3,950,833</u>	<u>4,050,581</u>

All of the Group’s revenue from contracts with customers is recognised at a point in time and most of the revenue is derived from the PRC.

#### 4. OPERATING SEGMENTS

The Group manages its different businesses by their unique attributes. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, below describes the operations in each of the Group's identified reportable operating segments as at 31 December 2024 and 2023:

- Chemical: manufacture and sale of chemical products
- Property: development and sale of properties, properties held for rental, and supply of related properties services

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenue directly generated by those segments and the expenses directly incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before other income, other gains and losses, finance costs, net exchange gain (loss), share of results of joint ventures and associates, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses.

Assets and liabilities are centrally-managed and assessed by the Group's most senior executive management. No segment information on assets and liabilities is therefore presented.

For "chemical" operations, the information reported to the Group's most senior executive management is further categorised into different locations within the PRC, each of which is considered as a separate operating segment by the Group's most senior executive management. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they share similar economic characteristics. For "property" operation, no operating segment has been aggregated in arriving at the reportable segment.

Segment information below is presented in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

(a) **Segment revenues and results**

*For the year ended 31 December 2024*

	<b>Chemical</b> <i>HK\$'000</i>	<b>Property</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
Revenue from external customers	<u>3,922,260</u>	<u>28,573</u>	<u>3,950,833</u>
Segment results	<u>591,182</u>	<u>(201)</u>	<u>590,981</u>
Unallocated head office and corporate expenses			(40,472)
Other income			62,895
Other gains and losses			(1,349)
Finance costs			(21,899)
Net exchange gain			2,354
Share of results of joint ventures and associates			<u>3,688</u>
Profit before taxation			<u>596,198</u>

*For the year ended 31 December 2023*

	<b>Chemical</b> <i>HK\$'000</i>	<b>Property</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
Revenue from external customers	<u>3,980,919</u>	<u>69,662</u>	<u>4,050,581</u>
Segment results	<u>522,112</u>	<u>4,522</u>	<u>526,634</u>
Unallocated head office and corporate expenses			(53,347)
Other income			79,946
Other gains and losses			(13,619)
Finance costs			(39,282)
Net exchange loss			(6,977)
Share of results of joint ventures and associates			<u>543</u>
Profit before taxation			<u>493,898</u>



**(b) Geographical information**

The Group's operations of the two segments are both located in the PRC. Most of the Group's revenue from external customers is derived from the PRC and most of the Group's non-current assets are located in the PRC for both years.

**(c) Revenue from major customers**

None of the corresponding revenue from customers contribute over 10% of the total revenue of the Group for the years ended 31 December 2024 and 2023.

**(d) Other segment information**

Amounts included in the measure of segment profit or loss:

***For the year ended 31 December 2024***

	<b>Chemical</b> <b>HK\$'000</b>	<b>Property</b> <b>HK\$'000</b>
Depreciation	75,019	1,410
Amortisation	2,663	–
Write-down on inventories	6,442	1,252

***For the year ended 31 December 2023***

	<b>Chemical</b> <b>HK\$'000</b>	<b>Property</b> <b>HK\$'000</b>
Depreciation	57,033	4,622
Amortisation	2,724	–
Write-down on inventories	7,203	–

**5. OTHER INCOME**

	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
Bank interest income	4,375	4,048
Interest income from a joint venture	210	488
Government grants	37,484	64,660
Scrap sales	434	1,278
Electricity and steam income, net	10,513	5,085
Rental income	3,641	3,032
Others	6,238	1,355
	<b>62,895</b>	<b>79,946</b>

## 6. OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Net fair value changes on derivative financial instrument	1,089	(2,109)
Net loss on disposal of property, plant and equipment	(2,438)	(2,667)
Decrease in fair value of investment properties	—	(8,843)
	<u>(1,349)</u>	<u>(13,619)</u>

## 7. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
The charge comprises:		
Current tax		
PRC Enterprise Income Tax ("EIT")	102,824	80,294
PRC Land Appreciation Tax ("LAT")	2,366	5,101
PRC withholding tax on dividend income	18,563	39,577
Hong Kong Profits Tax	—	538
Overprovision in prior years – EIT	(528)	(2,644)
Overprovision in prior years – LAT	(12,235)	—
Deferred tax – current year	2,924	(29,633)
	<u>113,914</u>	<u>93,233</u>

The Group's major business is in the PRC. Under the Law of the PRC on EIT and its Implementation Regulation, the Group's subsidiaries in the PRC are subject to corporate income tax at the rate of 25% (2023: 25%) except that four (2023: four) of these subsidiaries are entitled to a favourable EIT rate of 15% (2023: 15%) for the year ended 31 December 2024.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sale proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land use rights, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sale of the properties, followed by final ascertainment of the gain at the completion of the properties development.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 December 2024 and 2023.

## 8. PROFIT FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	16,288	17,629
Other staff costs (excluding directors):		
Salaries and other benefits	353,378	328,430
Retirement benefit schemes contributions	19,108	18,968
	<hr/>	<hr/>
Total staff costs	388,774	365,027
Capitalised in inventories	(205,251)	(212,228)
	<hr/>	<hr/>
	<b>183,523</b>	<b>152,799</b>
	<hr/>	<hr/>
Finance costs:		
Interest on bank borrowings	21,719	39,224
Lease liabilities	180	58
	<hr/>	<hr/>
	<b>21,899</b>	<b>39,282</b>
	<hr/>	<hr/>
Auditors' remuneration		
– Audit services	1,905	2,020
– Non-audit services	522	460
	<hr/>	<hr/>
Cost of inventories recognised as expenses (including write-down of inventories and properties held for sale of HK\$6,442,000 and HK\$1,252,000, respectively (2023: HK\$7,203,000 and nil, respectively))	2,786,789	2,988,410
	<hr/>	<hr/>
Depreciation of property, plant and equipment	391,062	389,580
Depreciation of right-of-use assets	7,042	6,640
Amortisation of intangible assets	2,663	2,724
	<hr/>	<hr/>
Total depreciation and amortisation	400,767	398,944
Capitalised in inventories	(321,675)	(334,564)
	<hr/>	<hr/>
	<b>79,092</b>	<b>64,380</b>
	<hr/>	<hr/>
Gross rental income from investment properties	(3,638)	(2,110)
Less: direct operating expenses incurred for investment properties that generate rental income during the year	2,103	1,254
	<hr/>	<hr/>
	<b>(1,535)</b>	<b>(856)</b>
	<hr/>	<hr/>

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK\$482,284,000 (2023: HK\$400,665,000) and 825,000,000 (2023: 825,000,000) shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year and the weighted average number of ordinary shares in issue after adjusting for the potential dilutive effect caused by the share options granted under the share option scheme.

### Number of shares

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	825,000	825,000
Effect of deemed issue of shares under the Company's share option scheme	—	13,289
	<u>825,000</u>	<u>838,289</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>825,000</u>	<u>838,289</u>

For the year ended 31 December 2024, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for the shares during the year.

## 10. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividends recognised as distributions during the year:		
Final dividend of HK17 cents per share for the year ended 31 December 2022	—	140,250
Interim dividend of HK5 cents per share for the year ended 31 December 2023	—	41,250
Final dividend of HK14 cents per share for the year ended 31 December 2023	115,500	—
Interim dividend of HK14 cents per share for the year ended 31 December 2024	115,500	—
	<u>231,000</u>	<u>181,500</u>

A final dividend of HK15 cents (2023: HK14 cents) per share amounting to HK\$123,750,000 (2023: HK\$115,500,000) in respect of the year ended 31 December 2024 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 11. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials and consumables	428,461	531,468
Work in progress	25,647	41,057
Finished goods	146,832	215,224
	<u>600,940</u>	<u>787,749</u>

## 12. TRADE, BILLS AND OTHER RECEIVABLES

The Group allows its trade customers a credit period ranged from 7 to 90 days.

The ageing analysis of trade receivables and bills receivable based on invoice date/the date of revenue recognition at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Not exceeding 30 days	121,035	112,991
31–60 days	23,790	31,498
61–90 days	8,893	11,728
91–120 days	8,434	13,587
Over 120 days	47,469	20,049
Trade receivables at amortised cost	<u>209,621</u>	<u>189,853</u>
Not exceeding 30 days	123,944	52,405
31–60 days	12,635	35,303
61–90 days	6,130	2,467
91–120 days	1,571	3,050
Over 120 days	2,205	995
Bills receivable at FVTOCI	<u>146,485</u>	<u>94,220</u>
Prepayments and deposits to suppliers	43,034	88,716
Value-added tax receivables	56,529	22,578
Other receivables	<u>12,238</u>	<u>12,863</u>
Total trade, bills and other receivables	<u>467,907</u>	<u>408,230</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating its historical credit record and then defines its credit limit. Trade receivables that are neither past due nor impaired are considered to be recovered based on historical data adjusted by forward-looking information.

At 31 December 2024, trade receivables (excluding bills receivable) of HK\$77,274,000 (2023: HK\$29,981,000) was past due. The Group does not hold any collateral over the overdue balance.

### 13. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period obtained for trade purchases is 7 to 45 days.

The ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Not exceeding 30 days	101,822	88,893
31–60 days	20,842	28,398
61–90 days	9,386	6,846
Over 90 days	25,536	34,696
	<hr/>	<hr/>
Trade payables	157,586	158,833
Construction costs payable and accruals	185,835	129,550
Other payables	126,370	90,474
Value-added tax accruals	13,773	658
Other accruals	31,651	28,727
	<hr/>	<hr/>
Total trade and other payables	<b>515,215</b>	408,242
	<hr/>	<hr/>
Analysed for reporting purposes as:		
Non-current liabilities	21,798	24,897
Current liabilities	493,417	383,345
	<hr/>	<hr/>
	<b>515,215</b>	408,242
	<hr/>	<hr/>

As at 31 December 2024, the balance of other payables included a non-current deferred income, amounting to HK\$17,289,000 (2023: HK\$19,061,000), received from the PRC government for an innovative technology project. The amounts will be utilised to the relevant research and development expenses.

## **FINAL DIVIDEND**

The Directors have proposed a final dividend of HK15 cents per share for the year ended 31 December 2024 to shareholders whose names appear on the Register of Members on 19 May 2025. The final dividend is subject to approval by the shareholders in the forthcoming annual general meeting. It is expected that the final dividend will be paid around 3 June 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

### **In relation to the AGM**

The annual general meeting (the “AGM”) of the Company is scheduled to be held on 8 May 2025. For ascertaining shareholders’ right to attend and vote at the AGM, the register of members of the Company will be closed from 2 May 2025 to 8 May 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 30 April 2025.

### **In relation to the proposed final dividend**

The board of directors of the Company has resolved to recommend the payment of a final dividend of HK15 cents per share in cash for the year ended 31 December 2024 to shareholders whose names appear on the register of members of the Company on 19 May 2025 subject to the approval of the shareholders of the Company at the AGM. For ascertaining shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed from 14 May 2025 to 19 May 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 13 May 2025.

## **BUSINESS REVIEW**

For the year ended 31 December 2024, the Group recorded total revenue of HK\$3,951 million, down 2.5% year-on-year, and profit for the year was HK\$482 million, up 20.4% year-on-year. The gross profit margin of the chemical operations was 29.4%, representing a 3.4 percentage point increase compared to last year, while the Group's net profit margin rose by 2.3 percentage points year-on-year to 12.2%.

Regarding the Group's Chemical operations, changes in geopolitical situations and high interest rates prevailing have kept the manufacturing industry in mainland China on its toes. Prices of the Group's chemical products moved on different paths, but stayed steady at large. Thanks to the Group strengthening cost control and production automation bearing fruit, the Group's gross profit and profit increased during the year. As for Property operations, the Group sold 17 residential units at RIVERDALE during the year, with only 11 units remaining. Including leasing revenue, the total revenue of property operations amounted to approximately HK\$29 million during the year.

## **PROSPECTS**

In 2025, the global economy remains uncertain, with the operating environment full of challenges. To tackle this difficult situation, the Group will continue to promote production automation at its three factories to improve cost-effectiveness and production efficiency. At the drive of national policies, technological innovation and market demand, the chemical industry is expected to gradually develop and move towards high-end, green and intelligent production.

While striving to guard its existing business, the Group will continue to invest resources in developing diversified high-value-added chemical products, strengthen its product portfolio, achieve vertical integration of its production chain, and focus on maintaining the high quality of various products, thereby build its unique competitive advantage. We firmly believe that stable and high product quality is critical to strengthening the foundation of the brand and boost the Group's profitability.

The Group completed the construction of the vinylene carbonate ("VC") production line at the Changshu plant and the optimization of fluoroethylene carbonate ("FEC") capacity at the Zhuhai plant by the end of 2024. Trial production and sales will begin respectively this year, expected to help bolster cost-effectiveness. Moreover, the Group is actively planning to develop a high-end fluoropolymer production line at the new site in Jiangxi and to expand overseas sales channels to support future sales growth.

The Group will also continue to implement various sustainable development plans, including initiatives to improve energy efficiency, conserve water resources and adopt green energy. It will strive to reduce carbon emissions and build green factories to achieve sustainable development, while bringing satisfactory returns to shareholders.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OF OPERATION

Revenue and net profit attributable to equity holders of the Group for the year ended 31 December 2024 was HK\$3,951 million and HK\$482 million respectively, representing a decrease of 2.5% and an increase of 20.4%, as compared to HK\$4,051 million and HK\$401 million respectively for the last year.

The basic earnings per share was HK58.5 cents for the year ended 31 December 2024 (2023: HK48.6 cents).

#### Revenue

##### *Chemical operations*

During the year under review, the Group recorded a revenue from Chemical operations of approximately HK\$3,922 million, representing a decrease of HK\$59 million or 1.5% as compared to last year.

During the year under review, the average selling price per ton (including value-added tax, similarly hereinafter) of the products of the Group as compared to last year, the average selling price per ton of Chloromethane (“CMS”) products (methylene chloride and chloroform) was about RMB2,850 and RMB2,640, increased by approximately 4% and 7% respectively. Caustic soda was at about RMB940, similar to last year. Polytetrafluoroethylene (“PTFE”) was at about RMB44,960, decreased by approximately 5%, while hydrogen peroxide was at about RMB860, decreased by approximately 16%.

The actual production volume of our primary products for the year (including self-consumption) was approximately 400,000 tons for CMS products, 590,000 tons for 100% dry basis caustic soda, 9,000 tons for polytetrafluoroethylene and 410,000 tons for hydrogen peroxide.

In 2024, the manufacturing industry faced intense “involution” competition, leading to demand fluctuations in downstream chemicals. The prices of chemical products mixed while overall remained stable. Benefiting from the results of cost control and implementation of intelligent transformation management, the Group saw a slight increase in gross profit. During the year under review, the Group maintains a stable full-load production of the existing product line-ups while taking opportunities to improve efficiency and enhance processes of the production lines for improved efficiency and improve processes. With production efficiency advantages, the Group has established a solid foundation to seize market demand and future development opportunities.

### ***Property operations***

During the year under review, the Group further sold of 17 residential units of *RIVERDALE*, recorded a revenue from Property operations of approximately HK\$29 million. At the year end, over 90% of residential units of *RIVERDALE* has been sold with 11 unsold units.

### **Gross profit**

During the year under review, gross profit amounted to HK\$1,164 million, an increase of HK\$102 million. The increase in gross margin was mainly attributable to the decline in raw material prices and energy costs.

### **Selling and distribution costs**

During the year under review, selling and distribution costs amounted to approximately HK\$203 million, similar to last year of HK\$209 million. The selling and distribution costs represented approximately 5.1% of total revenue for the year, as compared to 5.2% for the last year.

### **Administrative expenses**

During the year under review, administrative expenses amounted to approximately HK\$275 million, increased by approximately HK\$16 million as compared to HK\$259 million of the last year. The increase in administrative expenses during the year under review was mainly due to salary adjustment during the year. The administrative expenses represented approximately 7.0% of total revenue for the year, as compared to 6.4% for the last year.

### **Research and development cost**

During the year under review, research and development costs amounted to approximately HK\$136 million and representing 3.4% of total revenue for the year. During the year under review, the Group focused on optimizing the process technology of its main products, investing resources to further improve product quality and enhance competitiveness in the market.

### **Finance costs**

During the year under review, the interest expenses incurred was approximately HK\$22 million, decreased by approximately HK\$17 million compared to HK\$39 million of the last year. The decrease in finance costs during the year under review was mainly due to the interests saved from repaying the bank borrowings during the year.

### **Net exchange gain**

During the year under review, the net exchange gain was approximately HK\$2 million. The net exchange gain of the Group is mainly driven by the fluctuations of Renminbi in 2024.

## **INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER**

The inventory turnover of the Group for the year ended 31 December 2024 was 90 days, decreased by 10 days as compared to 100 days of the last year.

The Group's debtors' turnover days was controlled at 29 days for the year ended 31 December 2024 as compared to 22 days for the last year, which is in line with the normal credit period of 7 days to 90 days granted to customers of the Group.

The Group's creditors' turnover days was 21 days for the year ended 31 December 2024 as compared to 21 days for the last year, which is in line with the normal credit terms of 7 days to 45 days granted by the suppliers to the Group.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The total shareholders' equity of the Group as at 31 December 2024 was HK\$5,936 million (2023: HK\$5,800 million). As at 31 December 2024, the Group had current assets of HK\$1,387 million (2023: HK\$1,513 million) and current liabilities of HK\$1,146 million (2023: HK\$1,172 million). The current ratio was 1.21 as at 31 December 2024 as compared to 1.29 at 31 December 2023.

The financial resources of the Group remain strong. As at 31 December 2024, the Group's bank deposit, bank balances and cash was HK\$291 million (2023: HK\$264 million) and the net debt amounted to HK\$358 million (2023: HK\$408 million). The net debt to equity ratio of the Group as at 31 December 2024 was 6.03% (2023: 7.04%).

During the year under review, the Group is actively optimizing financing cost structure through moderately increasing borrowings denominated in Renminbi. The Group would continue to maintain sufficient cash and available banking facilities to meet its capital commitments, working capital requirements and future investments for expansion.

## **CAPITAL AND OTHER COMMITMENTS**

As at 31 December 2024, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment in amounts of approximately HK\$149 million.

## **HUMAN RESOURCES**

At 31 December 2024, the Group had a workforce of around 1,900 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2024.

## **AUDIT COMMITTEE**

The Audit Committee, comprising all the independent non-executive directors of the Company, has reviewed the results of the Group for the year ended 31 December 2024 and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

## **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 31 December 2024 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 6 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 8 May 2025. The Notice of the Annual General Meeting will be published in the company's website and sent to the shareholders of the Company in due course.

On behalf of the Board  
**Lee & Man Chemical Company Limited**  
**Wai Siu Kee**  
*Chairman*

Hong Kong, 6 March 2025

*As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely, Ms. Wai Siu Kee, Mr. Lee Man Yan and Mr. Yang Zuo Ning, one non-executive director, namely Professor Chan Albert Sun Chi JP, and three independent non executive directors, namely Mr. Wan Chi Keung, Aaron BBS JP, Mr. Heng Victor Ja Wei and Mr. Wong King Wai Kirk.*