LEE & MAN CHEMICAL COMPANY LIMITED
理 文 化 工 有 限 公 司

(Incorporated in the Cayman Islands and its members' liability is limited)
Website: www.leemanchemical.com
(Stock Code: 746)

ANNUAL RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue declined slightly to HK$3,755 million
- Profit increased by 15.8% to HK$558 million benefited by lower costs of certain raw materials and energy
- Gross profit margin recovered by 5 p.p. to 34.5%
- Proposed final dividend of HK14 cents per share; including the interim dividend paid, total dividends for 2025 are HK33.5 cents per share (2024: HK29 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 2025 together with comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Revenue	3, 4	**3,754,768**	3,950,833
Cost of sales		**(2,459,979)**	(2,786,789)
Gross profit		**1,294,789**	1,164,044
Other income	5	**67,859**	62,895
Other gains and losses	6	**(7,223)**	(1,349)
Selling and distribution costs		**(184,501)**	(202,556)
General and administrative expenses		**(271,608)**	(275,183)
Research and development costs		**(169,029)**	(135,796)
Finance costs		**(17,300)**	(21,899)
Net exchange (loss) gain		**(11,937)**	2,354
Share of results of joint ventures and associates		**5,262**	3,688
Profit before taxation		**706,312**	596,198
Income tax expense	7	**(148,054)**	(113,914)
Profit for the year	8	**558,258**	482,284
Other comprehensive income (expense)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**121,807**	(114,983)
Item that may be reclassified subsequently to profit or loss:			
Share of other comprehensive expense of joint ventures		**–**	(332)
Other comprehensive income (expense) for the year		**121,807**	(115,315)
Total comprehensive income for the year		**680,065**	366,969
Earnings per share	9		
Basic *(HK cents)*		**67.7**	58.5
Diluted *(HK cents)*		**66.6**	58.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,265,230**	5,134,140
Investment properties		**212,088**	212,903
Right-of-use assets		**716,230**	194,051
Intangible assets		**78,529**	79,461
Deposits paid for the acquisition of property, plant and equipment		**34,800**	41,900
Interests in joint ventures		**102,535**	99,881
Interests in associates		**28,821**	25,180
Deferred tax assets		**18,885**	18,980
Goodwill		**2,593**	2,537
		6,459,711	5,809,033
CURRENT ASSETS			
Inventories	11	**590,818**	600,940
Properties held for sale		**8,449**	8,267
Trade, bills and other receivables	12	**481,081**	467,907
Tax recoverable		**185**	3,463
Amounts due from joint ventures		**139**	139
Amount due from an associate		**2,911**	2,329
Amounts due from related companies		**14,899**	12,616
Derivative financial instrument		**–**	1,089
Short-term bank deposits with original maturity more than three months		**–**	67,879
Bank balances and cash		**162,832**	222,781
		1,261,314	1,387,410
CURRENT LIABILITIES			
Trade, bills and other payables	13	**487,146**	493,417
Contract liabilities		**45,720**	41,446
Amount due to a joint venture		**714**	514
Amounts due to related companies		**15,184**	9,310
Taxation payable		**8,966**	11,244
Lease liabilities		**46,838**	2,308
Bank borrowings		**410,319**	587,937
		1,014,887	1,146,176

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
AT 31 DECEMBER 2025

	Notes	**2025** **HK$'000**	2024 HK$'000
NET CURRENT ASSETS		**246,427**	241,234
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,706,138**	6,050,267
NON-CURRENT LIABILITIES			
Other payables	13	**18,244**	21,798
Lease liabilities		**226,004**	2,378
Deferred tax liabilities		**26,441**	29,680
Bank borrowings		**104,011**	60,441
		374,700	114,297
NET ASSETS		**6,331,438**	5,935,970
CAPITAL AND RESERVES			
Share capital		**82,500**	82,500
Reserves		**6,248,938**	5,853,470
TOTAL EQUITY		**6,331,438**	5,935,970

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 HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as 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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard 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 HKFRS Accounting Standards in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards 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. HKFRS 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.

3. REVENUE

Disaggregation of revenue from contracts with customers

	2025	2024
	HK$'000	*HK$'000*
Caustic soda	**1,679,245**	1,612,206
Chloromethane products	**778,967**	921,461
Fluorochemical products	**306,734**	317,382
Hydrogen peroxide	**281,396**	352,491
Liquified chlorine	**5,362**	13,662
Polymers	**365,639**	409,537
Styrene acrylic latex surface sizing agent	**68,162**	85,037
Lithium-ion battery additives	**59,154**	3,898
Others	**206,855**	206,586
Manufacture and sale of chemical products	**3,751,514**	3,922,260
Sale of properties	**–**	24,935
Revenue from contracts with customers	**3,751,514**	3,947,195
Rental income	**3,254**	3,638
Total revenue	**3,754,768**	3,950,833

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 2025 and 2024:

- 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 2025

	Chemical *HK$'000*	**Property** *HK$'000*	**Consolidated** *HK$'000*
Revenue from external customers	**3,751,514**	**3,254**	**3,754,768**
Segment results	**725,368**	**(1,205)**	**724,163**
Unallocated head office and corporate expenses			**(54,512)**
Other income			**67,859**
Other gains and losses			**(7,223)**
Finance costs			**(17,300)**
Net exchange loss			**(11,937)**
Share of results of joint ventures and associates			**5,262**
Profit before taxation			**706,312**

For the year ended 31 December 2024

	Chemical *HK$'000*	Property *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	3,922,260	28,573	3,950,833
Segment results	591,182	(201)	590,981
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			3,688
Profit before taxation			596,198

(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 2025 and 2024.

(d) Other segment information

Amounts included in the measure of segment profit or loss:

For the year ended 31 December 2025

	Chemical	**Property**
	HK$'000	***HK$'000***
Depreciation	**85,198**	**1,127**
Amortisation	**2,647**	**–**
Reversal of write-down on inventories	**(1,714)**	**–**
Decrease in fair value of investment properties	**–**	**5,495**

For the year ended 31 December 2024

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

5. OTHER INCOME

	2025	2024
	HK$'000	*HK$'000*
Bank interest income	**6,406**	4,375
Interest income from a joint venture	**–**	210
Government grants	**38,215**	37,484
Scrap sales	**–**	434
Electricity and steam income, net	**15,261**	10,513
Rental income	**3,582**	3,641
Others	**4,395**	6,238
	67,859	62,895

6. OTHER GAINS AND LOSSES

	2025	2024
	HK$'000	*HK$'000*
Net fair value changes on derivative financial instrument	**(373)**	1,089
Net loss on disposal of property, plant and equipment	**(1,355)**	(2,438)
Decrease in fair value of investment properties	**(5,495)**	–
	(7,223)	(1,349)

7. INCOME TAX EXPENSE

	2025	2024
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
PRC Enterprise Income Tax ("EIT")	**123,923**	102,824
PRC Land Appreciation Tax ("LAT")	**–**	2,366
PRC withholding tax on dividend income	**27,454**	18,563
Overprovision in prior years – EIT	**(212)**	(528)
Overprovision in prior years – LAT	**–**	(12,235)
Deferred tax – current year	**(3,111)**	2,924
	148,054	113,914

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% (2024: 25%) except that four (2024: four) of these subsidiaries are entitled to a favourable EIT rate of 15% (2024: 15%) for the year ended 31 December 2025.

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 2025 and 2024.

8. PROFIT FOR THE YEAR

	2025	2024
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	**22,596**	16,288
Other staff costs (excluding directors):		
Salaries and other benefits	**341,521**	353,378
Retirement benefit schemes contributions	**17,671**	19,108
Total staff costs	**381,788**	388,774
Capitalised in inventories	**(194,798)**	(205,251)
	186,990	183,523
Finance costs:		
Interest on bank borrowings	**17,190**	21,719
Lease liabilities	**110**	180
	17,300	21,899
Auditors' remuneration		
– Audit services	**2,010**	1,905
– Non-audit services	**555**	522
Cost of inventories recognised as expenses (including reversal of write-down of inventories of HK$1,714,000 (2024: write-down of inventories and properties held for sale of HK$6,442,000 and HK$1,252,000, respectively))	**2,459,979**	2,786,789
Depreciation of property, plant and equipment	**418,868**	391,062
Depreciation of right-of-use assets	**7,302**	7,042
Amortisation of intangible assets	**2,647**	2,663
Total depreciation and amortisation	**428,817**	400,767
Capitalised in inventories	**(338,595)**	(321,675)
	90,222	79,092
Gross rental income from investment properties	**(3,254)**	(3,638)
Less: direct operating expenses incurred for investment properties that generate rental income during the year	**2,229**	2,103
	(1,025)	(1,535)

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK$558,258,000 (2024: HK$482,284,000) and 825,000,000 (2024: 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

	2025	2024
	'000	*'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	**13,003**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**838,003**	825,000

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

	2025	2024
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
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
Final dividend of HK15 cents per share for the year ended 31 December 2024	**123,750**	–
Interim dividend of HK19.5 cents per share for the year ended 31 December 2025	**160,875**	–
	284,625	231,000

A final dividend of HK14 cents (2024: HK15 cents) per share amounting to HK$115,500,000 (2024: HK$123,750,000) in respect of the year ended 31 December 2025 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. INVENTORIES

	2025	2024
	HK$'000	*HK$'000*
Raw materials and consumables	**394,654**	428,461
Work in progress	**23,285**	25,647
Finished goods	**172,879**	146,832
	590,818	600,940

12. TRADE, BILLS AND OTHER RECEIVABLES

The Group allows its trade customers a credit period ranged from 7 to 120 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:

	2025	2024
	HK$'000	*HK$'000*
Not exceeding 30 days	**137,533**	121,035
31–60 days	**54,087**	23,790
61–90 days	**21,102**	8,893
91–120 days	**10,759**	8,434
Over 120 days	**41,380**	47,469
Trade receivables at amortised cost *(Note i)*	**264,861**	209,621
Not exceeding 30 days	**107,177**	123,944
31–60 days	**7,766**	12,635
61–90 days	**2,259**	6,130
91–120 days	**2,298**	1,571
Over 120 days	**2,805**	2,205
Bills receivable at FVTOCI *(Note ii)*	**122,305**	146,485
Prepayments and deposits to suppliers	**40,533**	43,034
Value-added tax receivables	**32,260**	56,529
Other receivables *(Note iii)*	**21,122**	12,238
Total trade, bills and other receivables	**481,081**	467,907

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.

Notes:

(i) At 31 December 2025, trade receivables (excluding bills receivable) of HK$88,369,000 (2024: HK$77,274,000) was past due. The Group does not hold any collateral over the overdue balance.

(ii) During the year ended 31 December 2025, the Group endorsed bills to suppliers to settle the accounts payable of same amounts and discounted bills to banks. As at 31 December 2025, the amounts of immature endorsed bills and discounted bills were HK$410,499,000 (2024: HK$485,992,000) and HK$445,510,000 (2024: HK$448,429,000), respectively. In accordance to the relevant laws in the PRC, the holders of the relevant bills have a right of recourse against the Group if the issuing banks default payment. In the opinion of the directors, the fair values of the Group's obligations relating to the recourse are insignificant.

(iii) Included in other receivables is a loan receivable which is unsecured, bears interest at 3.3% per annum, and matures in 2026. The loan agreement was entered into during the financial year ended 31 December 2025.

13. TRADE, BILLS AND OTHER PAYABLES

Trade, bills 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:

	2025	2024
	HK$'000	*HK$'000*
Not exceeding 30 days	**79,878**	101,822
31–60 days	**25,793**	20,842
61–90 days	**8,574**	9,386
Over 90 days	**23,085**	25,536
Trade payables	**137,330**	157,586
Not exceeding 30 days	**15,393**	–
31–60 days	**6,267**	–
61–90 days	**6,049**	–
Over 90 days	**30,020**	–
Bills payables	**57,729**	–
Construction costs payable and accruals	**108,052**	185,835
Other payables	**146,499**	126,370
Value-added tax accruals	**18,108**	13,773
Other accruals	**37,672**	31,651
Total trade, bills and other payables	**505,390**	515,215
Analysed for reporting purposes as:		
Non-current liabilities	**18,244**	21,798
Current liabilities	**487,146**	493,417
	505,390	515,215

As at 31 December 2025, the balance of other payables included a non-current deferred income, amounting to HK$13,823,000 (2024: HK$17,289,000), 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 HK14 cents per share for the year ended 31 December 2025 to shareholders whose names appear on the Register of Members on 11 May 2026. 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 22 May 2026.

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 29 April 2026. For ascertaining shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from 24 April 2026 to 29 April 2026, 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 23 April 2026.

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 HK14 cents per share in cash for the year ended 31 December 2025 to shareholders whose names appear on the register of members of the Company on 11 May 2026 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 6 May 2026 to 11 May 2026, 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 5 May 2026.

BUSINESS REVIEW

For the year ended 31 December 2025, the Group recorded total revenue of HK$3,755 million, down 5.0% year-on-year, with profit for the year totaling HK$558 million, up 15.8% year-on-year. The Group's gross profit margin was 34.5%, representing an increase of 5.0 percentage points compared with the same period last year, while net profit margin rose by 2.7 percentage points year-on-year to 14.9%.

Regarding the Group's **Chemical operations**, the operating conditions of China's manufacturing industry and market sentiment remained cautious during the year, prompting modest price declines for most of the Group's chemical products. However, owing to a significant drop in energy costs and a decline in raw material prices, growth in gross profit was achieved. As for the **Property operations**, leasing revenue amounted to approximately HK$3.3 million.

After the Group raised its dividend payout ratio to 49.6% last year, its financial position has remained robust, with a net gearing ratio of 5.6% for the year ended 31 December 2025.

PROSPECTS

In the face of China's steady and progressive economic development in 2026, the Group will steadfastly implement a high-quality development strategy, actively addressing challenges and seizing opportunities through forward-looking business deployment. The Group will accelerate the automation and intelligent upgrade of its factories, while continuing to optimize cost structures and boost production efficiency to consolidate its market competitiveness. Under the synergistic drive of national policies, technological innovation and market upgrade, the chemical manufacturing industry is rapidly advancing into a new phase of high-end, green, and intelligent development.

The Group has also entered into a land sublease contract at the end of 2025, with plans to build its first overseas production facility in Ho Chi Minh City, Vietnam, mainly for the production of chloride-related products. The new plant is expected to be completed and commence trial production at the end of 2027, allowing the Group to seize business opportunities from sustained demand growth in Southeast Asia.

Separately, the vinylene carbonate ("VC") production line at the Group's Jiangsu Changshu plant has started operation, contributing to the Group's profit growth during the year. Meanwhile, the high-end fluoropolymer production line at the new site in Jiangxi is under construction. Together, these two projects will underpin the Group's future sales growth.

In addition to seizing the aforementioned opportunities, the Group will uphold its commitment to offering high-quality products, which it regards as the foundation of its brand value, and strive to maintain reasonable profitability. The Group will also actively implement a range of sustainable development plans, including initiatives to optimize energy efficiency, conserve water, expand the use of green energy, reduce carbon emissions, and develop green factories. The Group strives to achieve sustainable development while delivering robust long-term returns for 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 2025 was HK$3,755 million and HK$558 million respectively, representing a decrease of 5.0% and an increase of 15.8%, as compared to HK$3,951 million and HK$482 million respectively for the last year.

The basic earnings per share was HK67.7 cents for the year ended 31 December 2025 (2024: HK58.5 cents).

Revenue

Chemical operations

During the year under review, the Group recorded a revenue from Chemical operations of approximately HK$3,752 million, representing a decrease of HK$171 million or 4.4% 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 RMB2,370 and RMB2,140, decreased by approximately 17% and 19% respectively. Caustic soda was at about RMB990, increased by approximately 5%. Polytetrafluoroethylene ("PTFE") was at about RMB43,600, decreased by approximately 3%, while hydrogen peroxide was at about RMB710, decreased by approximately 17%.

The actual production volume of our primary products for the year (including self-consumption) was approximately 400,000 tons for CMS products, 610,000 tons for 100% dry basis caustic soda, 8,000 tons for polytetrafluoroethylene and 390,000 tons for hydrogen peroxide.

In 2025, amidst multiple adverse factors including persistently weak domestic consumption growth, tariff-related pressure on exports, and overcapacity in certain industries, the Group's chemical product prices (particularly CMS products) experienced notable declines, driven by the dual pressures of continuously intensifying supply-side pressure and insufficient demand-side support. 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 recorded a revenue from Property operations of approximately HK$3.3 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$1,295 million, an increase of HK$131 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$185 million, decreased by approximately HK$18 million as compared to HK$203 million of the last year. The decrease in expenses during the year under review was mainly due to reduction in packaging and transportation costs. The selling and distribution costs represented approximately 4.9% of total revenue for the year, as compared to 5.1% for the last year.

Administrative expenses

During the year under review, administrative expenses amounted to approximately HK$272 million, similar to last year of HK$275 million. The administrative expenses represented approximately 7.2% of total revenue for the year, as compared to 7.0% for the last year.

Research and development cost

During the year under review, research and development costs amounted to approximately HK$169 million and representing 4.5% of total revenue for the year. During the year under review, Jiangxi Chemical has self-developed a modified suspension resin and is expanding into new product lines in the fluorine chemical sector; in addition, 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$17 million, decreased by approximately HK$5 million compared to HK$22 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 loss

During the year under review, the net exchange loss was approximately HK$12 million. The net exchange loss of the Group is mainly driven by the fluctuations of Renminbi in 2025.

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover of the Group for the year ended 31 December 2025 was 87 days, decreased by 3 days as compared to 90 days of the last year.

The Group's debtors' turnover days was controlled at 36 days for the year ended 31 December 2025 as compared to 29 days for the last year, which is in line with the normal credit period of 7 days to 120 days granted to customers of the Group.

The Group's creditors' turnover days was 26 days for the year ended 31 December 2025 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 2025 was HK$6,331 million (2024: HK$5,936 million). As at 31 December 2025, the Group had current assets of HK$1,261 million (2024: HK$1,387 million) and current liabilities of HK$1,015 million (2024: HK$1,146 million). The current ratio was 1.24 as at 31 December 2025 as compared to 1.21 at 31 December 2024.

The financial resources of the Group remain strong. As at 31 December 2025, the Group's bank deposit, bank balances and cash was HK$163 million (2024: HK$291 million) and the net debt amounted to HK$351 million (2024: HK$358 million). The net debt to equity ratio of the Group as at 31 December 2025 was 5.55% (2024: 6.03%).

During the year under review, the Group is actively optimizing financing cost structure through balancing borrowings denominated in Renminbi and Hong Kong Dollars. 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 2025, 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$118 million.

HUMAN RESOURCES

At 31 December 2025, 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 2025, 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 2025.

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 2025 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 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 10 March 2026. 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 29 April 2026. 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, 10 March 2026

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.