



长安仁恒

**Zhejiang Chang'an Renheng Technology Co., Ltd.\***  
**浙江长安仁恒科技股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 8139)**

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

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED**  
**(THE "STOCK EXCHANGE")**

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**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the "**Directors**") of Zhejiang Chang'an Renheng Technology Co., Ltd.\* (the "**Company**", together with its subsidiaries, the "**Group**", "**we**", "**our**" or "**us**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**the GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purpose only

## **RESULTS HIGHLIGHTS**

- Revenue increased by 6.5% to approximately RMB207,439,000 (2024: RMB194,863,000).
- Gross profit decreased by 1.7% to approximately RMB78,741,000 (2024: RMB80,098,000).
- Gross profit margin was approximately 38.0% (2024: 41.1%).
- Profit before taxation decreased by 67.0% to approximately RMB472,000 (2024: RMB1,429,000).
- Loss attributable to the equity holders of the Company for the year ended 31 December 2025 was approximately RMB76,000 (2024: Profit of RMB1,270,000).
- Basic losses per share was approximately RMB0.00 (2024: Earnings of RMB0.03).
- The Board resolved not to recommend the payment of any final dividends for the year ended 31 December 2025 (2024: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Zhejiang Chang’an Renheng Technology Co., Ltd.\* (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present the audited annual results of the Group for the year ended 31 December 2025 (the “**Year Under Review**”) and selected explanatory notes, together with the comparative figures for the year ended 31 December 2024 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME**  
for the year ended 31 December 2025

		<b>Year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
	<i>Note</i>	<i>RMB</i>	<i>RMB</i>
<b>Revenue</b>	3	<b>207,438,775</b>	194,863,577
Cost of sales	6	<u>(128,697,724)</u>	<u>(114,765,162)</u>
<b>Gross profit</b>		<b>78,741,051</b>	80,098,415
Selling expenses	6	<b>(38,322,664)</b>	(34,469,490)
Administrative expenses	6	<b>(27,344,985)</b>	(23,168,438)
Research and development expenses	6	<b>(13,739,744)</b>	(15,542,097)
Reversal of/(provision for) impairment on financial assets	6	<b>1,482,148</b>	(30,034)
Other income	4	<b>1,503,077</b>	2,310,666
Other gains/(losses) – net	5	<u><b>5,643,859</b></u>	<u>(1,263,775)</u>
<b>Operating profit</b>		<b>7,962,742</b>	7,935,247
Finance income	7	<b>33,801</b>	109,858
Finance costs	7	<u><b>(7,524,306)</b></u>	<u>(6,616,542)</u>
Finance costs – net	7	<u><b>(7,490,505)</b></u>	<u>(6,506,684)</u>
<b>Profit before income tax</b>		<b>472,237</b>	1,428,563
Income tax expense	8	<u><b>(548,589)</b></u>	<u>(158,625)</u>
<b>(Loss)/profit for the year attributable to the equity holders of the Company</b>		<b>(76,352)</b>	1,269,938
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		<u><b>13,780</b></u>	<u>(5,355)</u>
<b>Total comprehensive (loss)/income for the year attributable to the equity holders of the Company</b>		<u><b>(62,572)</b></u>	<u>1,264,583</u>
<b>(Losses)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year (expressed in RMB per share)</b>			
– Basic and diluted	9	<u><b>(0.00)</b></u>	<u>0.03</u>

## CONSOLIDATED BALANCE SHEET

as at 31 December 2025

		As at 31 December	
		2025	2024
	Note	RMB	RMB
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		97,868,373	106,342,049
Right-of-use assets		6,362,513	6,926,943
Leasehold improvements and other non-current assets		43,541,836	30,481,050
Deferred income tax assets		<u>2,782,144</u>	<u>3,205,870</u>
		<u>150,554,866</u>	<u>146,955,912</u>
<b>Current assets</b>			
Inventories	10	71,884,352	72,915,022
Trade and other receivables, prepayments and other current assets	11	89,302,429	84,016,939
Financial assets at fair value through other comprehensive income (FVOCI)		10,372,236	7,979,375
Financial assets at fair value through profit or loss (FVPL)		51,307	7,781,394
Restricted cash	12	28,725	2,002,696
Cash and cash equivalents	12	<u>38,056,286</u>	<u>16,330,972</u>
		<u>209,695,335</u>	<u>191,026,398</u>
<b>Total assets</b>		<u><b>360,250,201</b></u>	<u><b>337,982,310</b></u>
<b>EQUITY</b>			
<b>Capital and reserve attributable to equity holders of the Company</b>			
Share capital	13	38,400,000	38,400,000
Other reserves		50,355,830	50,342,050
Retained earnings		<u>29,875,868</u>	<u>29,952,220</u>
<b>Total equity</b>		<u><b>118,631,698</b></u>	<u><b>118,694,270</b></u>

		<b>As at 31 December</b>	
		<b>2025</b>	2024
	<i>Note</i>	<b>RMB</b>	<b>RMB</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred government grants		<b>1,601,388</b>	1,882,358
Provisions for environmental rehabilitation		<b>3,169,585</b>	3,169,585
Borrowings		<b>8,465,300</b>	14,766,000
Lease liabilities		<b>1,121,390</b>	1,456,180
		<u><b>14,357,663</b></u>	<u>21,274,123</u>
<b>Current liabilities</b>			
Deferred government grants		<b>280,970</b>	280,970
Trade and other payables	<i>14</i>	<b>38,238,420</b>	39,221,460
Borrowings		<b>188,408,750</b>	158,191,669
Lease liabilities		<b>332,700</b>	319,818
		<u><b>227,260,840</b></u>	<u>198,013,917</u>
<b>Total liabilities</b>		<u><b>241,618,503</b></u>	<u>219,288,040</u>
<b>Total equity and liabilities</b>		<u><b>360,250,201</b></u>	<u>337,982,310</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2025

## 1 GENERAL INFORMATION

Zhejiang Chang'an Renheng Technology Co., Ltd. (浙江長安仁恒科技股份有限公司, the "Company") and its subsidiaries (together, the "Group") are principally engaged in the business of development, production and sale of bentonite fine chemicals. The Group uses bentonite as its basic raw materials to manufacture papermaking bentonite chemicals, bentonite for metallurgy pellet, quality calcium-bentonite and other products.

The Company was established as a company with limited liability under the name of ChangXingRenheng Refined Bentonite Co., Ltd. (長興仁恒精製膨潤土有限公司) in the People's Republic of China (the "PRC") on 4 December 2000. Mr. Zhang Youlian (張有連) is the controlling shareholder of the Company (the "Controlling Shareholder").

On 31 December 2008, the Company was converted into a joint stock company with limited liability and changed to its current name.

The address of the Company is Laoyatang, Si'an, Changxing, Zhejiang Province, PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 31 March 2026.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and derivative liability at fair value through profit or loss or through other comprehensive income, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

### *2.1.1 Going concern*

The Group incurred a net loss of RMB76,352 for the year ended 31 December 2025 and, as of that date, its current liabilities exceeded its current assets by RMB17,565,505. As of 31 December 2025, the Group had short-term bank borrowings of RMB188,408,750 due for repayment within one year, and cash balance of RMB38,056,286.

The above circumstances may cast significant doubt on the Group's capability of continuing as a going concern. In preparation of the consolidated financial statements, the Board of Directors have given careful consideration of the following management plans and measures to properly manage and improve the liquidity of the Group:

- The Group will continue to generate cash inflows from its operations by increasing sales volume while maintaining gross profit margin and working capital turnover;
- The Group will make efforts to renew its borrowings and its bank credit quota under which new borrowings will be made by the Group when the short-term bank borrowings fall due; and
- The Group's controlling shareholder, Mr. Zhang Youlian (Mr. Zhang), will continue to provide financial support to the Group so as to enable the Group to meet its anticipated working capital requirements and other payment obligations in the next 12 months from 31 December 2025, pursuant to a financial support letter issued by Mr. Zhang dated 27 March 2026.

The directors have reviewed cash flow projections prepared by management covering at least twelve months from 31 December 2025 and concluded that the Group will have sufficient funds to finance its operations and to meet financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the accompanying financial statements are prepared on a going concern basis.

Notwithstanding the plans and measures taken by management, material uncertainty exists as to whether the Group can achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon:

- The Group will be able to generate cash inflows from its operations by increasing sales volume while maintaining gross profit margin and working capital turnover;
- The Group will be able to renew its borrowings or bank credit quota and make new borrowings when its short-term borrowings fall due; and/or
- The Group will be able to obtain timely and sufficient financial support from Mr. Zhang, its controlling shareholder, when needed.

Should the Group be unable to achieve management's plans and measures and operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

## 2.2 Changes in accounting policy and disclosures

### (a) Amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2025:

	<b>Amended standards</b>	<b>Effective date</b>
Amendments to IAS 21	Lack of exchangeability	1 January 2025

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (b) New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for the year ended 31 December 2025 and have not been early adopted by the Group. Except for IFRS 18 which will mainly impact the presentation of statement of profit and loss, these amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	<b>New/amended standards</b>	<b>Effective date</b>
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendment to IFRS 9 and IFRS 7 Volume 11	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 19	Presentation and Disclosure in Financial Statements	1 January 2027
Amendment to IAS 21	Subsidiaries without Public Accountability	1 January 2027
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Translation to a Hyperinflationary Presentation Currency	1 January 2027
	Disclosures about Uncertainties in the Financial Statements	Not applicable

The Group has already commenced an assessment of the impact of these new or amended standards, interpretations, and amended improvements, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

### 3 REVENUE

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
– Recognised at a point in time		
Organic bentonite	<b>117,209,046</b>	110,744,455
Papermaking chemicals series	<b>35,818,325</b>	34,776,758
Inorganic gel	<b>28,848,037</b>	28,159,855
Dry strength agent	<b>12,433,034</b>	12,888,074
Putty powder	<b>6,849,221</b>	2,598,201
Quality calcium-bentonite	<b>3,068,921</b>	2,347,323
Other chemicals ( <i>i</i> )	<b>3,212,191</b>	3,348,911
	<b><u>207,438,775</u></b>	<b><u>194,863,577</u></b>

For the years ended 31 December 2025 and 2024, no single external customers contributed 10% or above of the Group's revenue.

(i) Other chemicals mainly comprise flocculating agent, which are principally applied in the sewage purification.

#### (a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value-added tax.

#### *Sales of goods*

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the designated place, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been transferred to the designated place, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### 4 OTHER INCOME

	Year ended 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Government grants		
– Relating to assets	280,970	280,970
– Relating to costs ( <i>i</i> )	292,676	455,534
– Additional deduction of value-added tax	929,431	1,574,162
	<u>1,503,077</u>	<u>2,310,666</u>

- (i) The government grants relating to costs were certain cost-related unconditional subsidies which were granted to award the Group's effort on environmental production, product development, contribution of tax payment and innovation.

#### 5 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Gains/(losses) on disposal of financial assets at FVPL	5,471,222	(30,376)
Fair value gains/(losses) of financial assets at FVPL	670	(1,040,817)
Donations	(45,000)	(51,200)
Net losses on disposal of property, plant and equipment	(45,248)	(4,417)
Net foreign exchange losses	(142,828)	(87,293)
Others	405,043	(49,672)
	<u>5,643,859</u>	<u>(1,263,775)</u>

## 6 EXPENSES BY NATURE

	Year ended 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Changes in finished goods	(543,281)	(6,967,518)
Raw materials and consumables used	90,040,132	90,099,617
Employee benefit expenses	36,628,835	35,703,993
Utilities	21,536,754	17,477,820
Transportation expenses	20,433,161	18,375,652
Depreciation	9,800,158	7,703,866
Amortisation of leasehold improvements and other non-current asset	6,208,730	4,831,072
Marketing and promotion expenses	5,069,897	4,186,521
Travelling and communication expenses	4,352,782	4,354,712
Entertainment and hospitality expense	3,798,601	3,604,847
Taxes and levies	2,870,724	2,244,267
Maintenance expenses	2,247,695	1,593,946
Professional service fees	1,556,325	1,013,361
Auditor' remuneration		
– Audit services	1,150,000	1,200,000
Depreciation of right-of-use assets	564,430	500,645
Expense relating to short-term leases	468,416	552,975
(Reversal of)/provision for impairment on financial assets	(1,482,148)	30,034
Miscellaneous	1,921,758	1,469,411
	<hr/>	<hr/>
Total cost of sales, selling expenses, administrative expenses, research and development expenses and (reversal of)/provision for impairment on financial assets	<b>206,622,969</b>	<b>187,975,221</b>
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## 7 FINANCE COSTS – NET

	Year ended 31 December	
	2025	2024
	RMB	RMB
Finance income		
– Interest income derived from bank deposits	<u>33,801</u>	<u>109,858</u>
Finance costs		
– Interest expenses on borrowings	(7,433,421)	(6,680,827)
– Interest expenses on lease liabilities	(56,796)	(29,432)
– Foreign exchange (losses)/gains on borrowings and cash and cash equivalents – net	<u>(34,089)</u>	<u>93,717</u>
	<u>(7,524,306)</u>	<u>(6,616,542)</u>
Finance costs – net	<u>(7,490,505)</u>	<u>(6,506,684)</u>

## 8 INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense and shows how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

### (a) Income tax expense

	Year ended 31 December	
	2025	2024
	RMB	RMB
Current income tax expense	(124,863)	(284,743)
Deferred income tax (expense)/credit	<u>(423,726)</u>	<u>126,118</u>
	<u>(548,589)</u>	<u>(158,625)</u>

### *PRC corporate income tax*

The Group's subsidiaries established and operated in Mainland China are subject to the EIT on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law (“**EIT Law**”). Pursuant to the EIT Law, the Group's subsidiaries established in Mainland China are generally subject to EIT at the statutory rate of 25%.

The Company renewed the certificates of High and New Tech Enterprises from the Ministry of Science and Technology, Ministry of Finance and office of the State Administration of Taxation and local taxation bureau of Zhejiang province, which granted tax preferential rate of 15% for three years from 8 December 2023 to 7 December 2026.

The subsidiary Yangyuan Renheng Fine Clay Co., Ltd. (“**Renheng Refined Clay**”) obtained the certificates of High and New Tech Enterprises from the Ministry of Science and Technology, Ministry of Finance and office of the State Administration of Taxation and local taxation bureau of Hebei province, which granted tax preferential rate of 15% for three years from 11 November 2024 to 10 November 2027.

The subsidiary Zhejiang Chang’an Renheng Chemical Co., Ltd. (“**Renheng Chemicals**”) are subject to “small and thin profit enterprises” under the CIT Law, and accordingly, a preferential income tax rate of 20% for the years ended 31 December 2025 (2024: 20%). As a result, such PRC subsidiary were eligible for a preferential enterprise income tax rate for its respective tax holiday.

***Other countries***

Corporate income tax in other jurisdictions mainly represented the income tax on profit arising from the United States, which had been calculated on the estimated assessable profit for the year at the rate of 21% (2024: 21%) prevailing in the relevant jurisdictions.

**(b) Numerical reconciliation of income tax expense to prima facie tax payable**

The difference between the actual income tax charge in the consolidated statement of comprehensive (loss)/income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b>RMB</b>	<b>RMB</b>
Profit before tax	<u>472,237</u>	<u>1,428,563</u>
Tax calculated at applicable corporate income tax rate	<b>(118,059)</b>	(357,141)
Different tax jurisdiction	<b>(101,314)</b>	(41,014)
Expenses not deductible for tax purposes and income tax settlement adjustment	<b>(750,006)</b>	(448,512)
Additional deduction for research and development expenses (i)	<b>2,004,343</b>	2,221,792
Unused tax losses for which no deferred tax asset has been recognized (ii)	<b>(2,192,252)</b>	(2,038,015)
Preferential income tax benefits	<u><b>608,699</b></u>	<u>504,265</u>
Income tax expense	<u><b>(548,589)</b></u>	<u>(158,625)</u>

(i) Pursuant to the Corporate Income Tax Law, the Company can enjoy an additional tax deduction calculated at 100% of the actual research and development expenses recognised under PRC GAAP. The tax deduction can be charged to the profit or loss after obtaining approval from tax authorities.

(ii) Tax losses

	Year ended 31 December	
	2025	2024
	RMB	RMB
Unused tax losses for which no deferred tax asset has been recognized will be expired		
2025	–	2,002,270
2026	4,226,249	4,226,249
2027	3,489,780	3,489,780
2028	3,391,936	3,391,936
2029	3,307,786	5,060,544
2030	3,103,182	–
After 2030	14,308,718	6,920,220
	<u>31,827,651</u>	<u>25,090,999</u>

As at 31 December 2025, the Group had unused tax losses of approximately RMB31,827,651 (31 December 2024: RMB25,090,999) that can be carried forward against future taxable income. Deferred income tax asset has not been recognized in respect of such tax losses due to the unpredictability of future taxable income.

The Group principally conducted its business in the PRC, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expirations of unused tax losses of the High and New Tech Enterprises issued in August 2018, the accumulated tax losses of the Company and Renheng Refined Clay will expire within 10 years.

## 9 (LOSSES)/EARNINGS PER SHARE

### (a) Basic

Basic (losses)/earnings per share is calculated by dividing the (losses)/earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 December 2025 and 2024.

	Year ended 31 December	
	2025	2024
	RMB	RMB
(Loss)/profit attributable to the equity holders of the Company	(76,352)	1,269,938
Weighted average number of ordinary shares in issue	<u>38,400,000</u>	<u>38,400,000</u>
Basic (losses)/earnings per share (RMB per share)	<u>(0.00)</u>	<u>0.03</u>

**(b) Diluted**

The fully diluted earnings per share for the years ended 31 December 2025 and 2024 are the same as the basic earnings per share as there were no dilutive potential ordinary share.

**10 INVENTORIES**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
Raw materials	<b>50,932,116</b>	52,616,988
Finished goods	<b>17,779,345</b>	17,236,064
Low value consumables	<b>3,869,576</b>	3,758,655
	<b>72,581,037</b>	73,611,707
Less: provision for write-down	<b>(696,685)</b>	(696,685)
	<b><u>71,884,352</u></b>	<b><u>72,915,022</u></b>

The cost of inventories recognised as cost of sales amounted to RMB125,827,800 and RMB112,520,895 for the years ended 31 December 2025 and 2024, respectively.

## 11 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Trade receivables (a)	85,768,493	77,868,421
Less: provision for impairment	<u>(5,044,516)</u>	<u>(6,262,187)</u>
	<u>80,723,977</u>	<u>71,606,234</u>
<i>Other receivables</i>		
– Deposits	968,729	949,866
– Staff advances	104,580	224,084
– Related party borrowing	28,665	28,665
– Receivable from loaning to an employee (b)	–	1,410,433
– Others(c)	<u>226,593</u>	<u>303,952</u>
	<u>1,328,567</u>	<u>2,917,000</u>
Less: provision for impairment	<u>(38,272)</u>	<u>(202,749)</u>
	<u>1,290,295</u>	<u>2,714,251</u>
<i>Prepayments</i>		
– Purchase of raw materials	4,864,597	7,197,774
– Service fees	<u>1,677,337</u>	<u>1,700,487</u>
	<u>6,541,934</u>	<u>8,898,261</u>
<i>Other current assets</i>		
– Value-added tax recoverable	707,580	565,399
– Prepaid income tax	<u>38,643</u>	<u>232,794</u>
	<u>746,223</u>	<u>798,193</u>
Trade and other receivables, prepayments and other current assets-net	<u><u>89,302,429</u></u>	<u><u>84,016,939</u></u>

As at 31 December 2025 and 2024, the fair values of the trade and other receivables of the Group, except for the prepayments and other current assets which are not financial assets, approximated their carrying amounts.

The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables mentioned above.

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b>RMB</b>	<b>RMB</b>
RMB	<b>77,429,981</b>	69,478,736
USD	<b>4,584,291</b>	4,841,749
	<b><u>82,014,272</u></b>	<b><u>74,320,485</u></b>

(a) The aging analysis of trade receivables is as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b>RMB</b>	<b>RMB</b>
– Within 180 days	<b>65,886,950</b>	54,627,569
– Over 180 days and within 1 year	<b>14,607,046</b>	12,961,088
– Over 1 year and within 2 years	<b>1,408,185</b>	6,699,565
– Over 2 years and within 3 years	<b>361,065</b>	262,213
– Over 3 years	<b>3,505,247</b>	3,317,986
	<b><u>85,768,493</u></b>	<b><u>77,868,421</u></b>

The credit period granted to customers is normally between 90 days to 180 days. No interest is charged on the trade receivables. Provision for impairment of trade receivables has been made for estimated irrecoverable amounts from the sales of goods. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(b) The Company entered into a short-term loan agreement with its employee in 2024, of which the interest rate is 6% per annum. The Company fully collected the loan receivable in 2025.

(c) In September 2025, the Company executed a margin trading agreement with a financial institution. Pursuant to which, the Company established a margin account and deposited collateral using its existing securities or cash to engage in leveraged securities trading, while maintaining the required margin ratio with reference to the agreement.

As at 31 December 2025, all equity securities have been disposed and there was no outstanding margin loans or unreleased collateral. The remaining account balance of RMB89,529, representing the cash surplus of RMB134,293 in the margin account net of interests of RMB44,764 accrued on previous margin loans, was recorded and included in “other receivable - others”.

## 12 CASH AND BANK BALANCES

	As at 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Cash at bank and on hand	38,085,011	18,333,668
Less: Restricted cash (a)	<u>(28,725)</u>	<u>(2,002,696)</u>
Cash and cash equivalents	<u><b>38,056,286</b></u>	<u><b>16,330,972</b></u>

Cash at bank and in hand are denominated in:

	As at 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
– RMB	36,349,348	17,924,076
– USD	1,712,507	408,850
– EUR	23,103	–
– HKD	<u>53</u>	<u>742</u>
	<u><b>38,085,011</b></u>	<u><b>18,333,668</b></u>

- (a) As at 31 December 2025 and 2024, restricted cash were denominated in RMB, which primarily represented guaranteed deposits pledged to bank for issuance of notes payable and time deposits with initial term over 3 months.

## 13 SHARE CAPITAL

	Number of shares	Share capital <i>RMB</i>
At 31 December 2025 and 2024	<u>38,400,000</u>	<u>38,400,000</u>

## 14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Trade payables	16,964,427	18,994,736
Other payables	11,721,199	11,612,247
Staff salaries and welfare payables	6,837,075	7,395,042
Accrued taxes other than income tax	<u>2,715,719</u>	<u>1,219,435</u>
	<u><b>38,238,420</b></u>	<u><b>39,221,460</b></u>

As at 31 December 2025 and 2024, all trade and other payables of the Group were non-interest bearing, and their fair value, except for the advance from customers, staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximate their carrying amounts due to their short maturities.

As at 31 December 2025 and 2024, trade and other payables were all denominated in RMB.

The aging analysis of the trade payables is as follows:

	As at 31 December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Trade payables		
– Within 180 days	14,468,232	15,225,818
– Over 180 days and within 1 year	710,732	99,152
– Over 1 year and within 2 years	116,038	75,116
– Over 2 years and within 3 years	46,394	22,291
– Over 3 years	<u>1,623,031</u>	<u>3,572,359</u>
	<u><b>16,964,427</b></u>	<u><b>18,994,736</b></u>

## 15 DIVIDENDS

The Board resolved not to recommend the payment of any final dividends for the year ended 31 December 2025 (2024: Nil).

## INDUSTRY REVIEW

The Group's main business is the research, development, production and sale of bentonite fine chemicals. The products are used in many fields such as paint coatings, paper manufacturing, water treatment and oil field.

China is a major producer of non-metallic mineral resources, and has maintained the global top position in both production and consumption volume for years. In recent years, national industrial policies have steered the sector to shift its development focus from scale expansion to quality improvement. Governments at all levels have tightened mineral resource planning, advanced mine consolidation, raised access criteria for mining activities, phased out small-scale, scattered and highly polluting mines, and encouraged large-scale and intensive development of the industry. The comprehensive promotion of green mine construction and intelligent upgrading has imposed higher requirements on enterprises, which are now expected to achieve energy conservation, consumption reduction, emission abatement and ecological restoration of mines throughout the mining and processing processes. Meanwhile, the ESG philosophy has gained growing prominence in the industry, and the unprecedentedly stringent mine safety requirements have driven enterprises to increase investment in safety and advance technological upgrading.

The bentonite industry has reached a general consensus on prioritizing deep processing and value enhancement, shifting its development model from the sale of raw ores and primary processed products (e.g., calcium-based bentonite and primary sodium-based bentonite) to the production of high-value-added products such as modified bentonite (including organic, lithium-based and acid-activated bentonite, among others), purified bentonite and nanocomposites. Escalating environmental pressures have forced enterprises to optimize mining methods, reduce dust pollution and carry out ecological restoration of mines. In the processing phase, wastewater treatment and comprehensive resource utilization have become standard industry practices. Enterprises are also placing greater emphasis on the stability of product quality, taking an active part in the formulation of national and industrial standards, and building their own brand advantages. The core of competition in the industry will lie in the R&D and development of customized functional mineral materials with specific properties (such as reinforcement, adsorption, catalysis and thixotropy), which are closely tailored to the actual demands of downstream industries.

China has remained the world's largest producer and consumer of coatings for consecutive years. Nevertheless, the growth rate of coating production has slowed significantly in recent years, with the industry transitioning from a stage of rapid expansion to a phase of steady growth at a moderate to low speed. The market scale of China's coating industry is estimated to range from approximately RMB300 billion to RMB400 billion.

Under the impetus of the "double carbon" goals and mandatory national standards such as the Technical Requirements for Low VOCs Content Coatings Products, the proportion of environmentally friendly coatings (green coatings) such as water-based, powder, high-solid and radiation-cured coatings has continued to increase rapidly.

The market share of solvent-based coatings has been continuously squeezed, especially in the fields of construction, furniture and industrial anti-corrosion. Water-based coatings have become an irreversible mainstream trend.

Industrial coatings are the biggest highlight. Particularly, the rapid growth of new energy vehicles has driven the demand for automotive coatings (electrophoretic paint, topcoat) and coatings for related components; the construction of new energy infrastructure such as wind power and photovoltaic has boosted the demand for high-performance anti-corrosion coatings; high-end equipment manufacturing, container, rail transit and other fields require coatings with higher performance. The demand for functional coatings is on the rise, such as antibacterial and antiviral coatings, thermal insulation coatings, self-cleaning coatings and artistic coatings, etc., to meet the needs of consumption upgrade and specific scenarios.

## **BUSINESS REVIEW**

In 2025, the business focus of the Group was to promote products such as bentonite for paints and coatings, bentonite for oil fields and grease mortar. The Group's bentonite for oilfield use is made of bentonite modified by sodium modification and compounded. The product is suitable for oil drilling and geothermal drilling with excellent plugging and wall protection, and have the advantages of high slurry rate, good thixotropy and excellent lubrication and support properties. In 2025, the Group established a subsidiary in the USA, focusing on the promotion of bentonite for oilfield use and bentonite for paints and coatings.

In 2025, Yangyuan Renheng Fine Clay Co., Ltd. (陽原縣仁恒精細黏土有限責任公司), a subsidiary of the Group, successfully passed the review of and applied for the mining license for each five-year. The Group attaches great importance to the investment in research and development of new products. In 2025, the Group's research and development expenses amounted to approximately RMB13,740,000.

In 2025, the Group applied for and was recognized with two new products at provincial level, namely,

1. Additives for harmless treatment and recycling of waste paints and coatings;
2. Environmentally friendly high-solid pesticide dispersant.

During the year ended 31 December 2025, the Company also made investments in listed equity securities, which were fully disposed as at 31 December 2025 and a gain on disposal of such financial assets at FVPL of approximately RMB5,471,000 was recorded in "other gains/(losses) – net".

## FINANCIAL REVIEW

### 1. Revenue

The following table sets out revenue by product categories and the corresponding percentage of total revenue for the Year Under Review:

Product	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Organic bentonite	117,209	56.5	110,744	56.8
Papermaking chemicals series	35,819	17.3	34,777	17.9
Inorganic gel	28,848	13.9	28,160	14.5
Dry strength agent	12,433	6.0	12,888	6.6
Putty powder	6,849	3.3	2,598	1.3
Quality calcium-bentonite	3,069	1.5	2,347	1.2
Other chemicals (i)	<u>3,212</u>	<u>1.5</u>	<u>3,349</u>	<u>1.7</u>
Total	<u>207,439</u>	<u>100.0</u>	<u>194,863</u>	<u>100.0</u>

(i) Other chemicals mainly comprise flocculating agent which are principally applied in the sewage purification.

Total revenue was approximately RMB207,439,000 for the year ended 31 December 2025 (2024: approximately RMB194,863,000), representing an increase of approximately RMB12,576,000 or 6.5% as comparing the revenue of the Year Under Review with that of last year. The increase in revenue was mainly due to the increase in sales volume of organic bentonite and putty powder during the Year Under Review as compared to the year ended 31 December 2024.

## 2. Cost of sales

The cost of sales mainly comprised cost of raw materials, direct labour costs and manufacturing overhead costs such as depreciation and utility charges. The following table sets out the breakdown of the cost of sales of the Group for the Year Under Review:

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Cost of raw materials and consumable	<b>101,801</b>	<b>79.1</b>	90,099	78.5
Direct labour costs	<b>12,998</b>	<b>10.1</b>	11,268	9.8
Manufacturing overhead costs	<b>10,939</b>	<b>8.5</b>	10,536	9.2
Others	<b>2,960</b>	<b>2.3</b>	2,862	2.5
Total	<b><u>128,698</u></b>	<b><u>100.0</u></b>	<u>114,765</u>	<u>100.0</u>

The cost of sales increased by approximately RMB13,933,000 or 12.1% from approximately RMB114,765,000 for the year ended 31 December 2024 to approximately RMB128,698,000 for the year ended 31 December 2025.

Cost of raw materials and consumable accounted for approximately 79.1% and 78.5% of cost of sales for the year ended 31 December 2025 and 2024, respectively. The cost of raw materials and consumable increased by approximately RMB11,702,000 or 13.0% from approximately RMB90,099,000 for the year ended 31 December 2024 to approximately RMB101,801,000 for the year ended 31 December 2025 was mainly due to the increase in production volume and average unit cost of CPAM. CPAM was the major raw material for a kind of product in papermaking chemicals with a relatively high unit cost. As the average unit cost of CPAM increased for the year ended 31 December 2025, the overall cost of sales increased accordingly.

Direct labour costs accounted for approximately 10.1% and 9.8% of cost of sales for the year ended 31 December 2025 and 2024, respectively. Direct labour costs increased by approximately RMB1,730,000 or 15.4% from approximately RMB11,268,000 to RMB12,998,000 during the comparative years.

Manufacturing overhead costs accounted for approximately 8.5% and 9.2% of cost of sales for the year ended 31 December 2025 and 2024, respectively. Manufacturing overhead costs increased by approximately RMB403,000 or 3.8% from approximately RMB10,536,000 for the year ended 31 December 2024 to approximately RMB10,939,000 for the year ended 31 December 2025.

### **3. Gross profit and gross profit margin**

The gross profit decreased by approximately RMB1,357,000 or 1.7% from approximately RMB80,098,000 for the year ended 31 December 2024 to approximately RMB78,741,000 for the Year Under Review. The decrease was mainly due to the decrease in the gross profit margin.

Gross profit margin for the Year Under Review was 38.0%, representing a decrease of 3.1% points as compared to 41.1% for the previous year. The increase in gross profit margin was mainly due to the change in sale mix.

### **4. Selling expenses**

The selling expenses for the year ended 31 December 2025 and 2024 amounted to approximately RMB38,323,000 and RMB34,469,000, respectively. The selling expenses increased by approximately RMB3,854,000 or 11.2% mainly because of the increase in transportation expenses, marketing and promotion expenses, travelling expenses and staff costs during the Year Under Review.

### **5. Administrative expenses**

The administrative expenses increased by approximately RMB4,177,000 or 18.0% from approximately RMB23,168,000 for the year ended 31 December 2024 to approximately RMB27,345,000 for the year ended 31 December 2025. The increase was mainly due to the increase in depreciation and staff costs.

### **6. Reversal of/(provision for) impairment on financial assets**

The reversal of impairment on financial assets was approximately RMB1,482,000 for the year ended 31 December 2025, while there was a provision for impairment of approximately RMB30,000 for the year ended 31 December 2024.

### **7. Research and development expenses**

The research and development expenses decreased by approximately RMB1,802,000 or 11.6% from approximately RMB15,542,000 for the year ended 31 December 2024 to approximately RMB13,740,000 for the year ended 31 December 2025. The decrease was mainly due to the decrease in scale of the research and development project for the environmental protection field with Jilin Design and Research Institute for petrochemical engineering.

### **8. Other income and gains, net**

Other income and gains, net for the year ended 31 December 2025 and 2024 amounted to approximately RMB7,147,000 and RMB1,047,000, respectively. The increase in other income and gains, net was mainly due to the gains from disposal of financial assets at FVPL of approximately RMB5,471,000 for the year ended 31 December 2025.

## 9. Finance costs – net

The finance costs - net increased by approximately RMB984,000 or 15.1% from approximately RMB6,507,000 for the year ended 31 December 2024 to approximately RMB7,491,000 for the year ended 31 December 2025. The increase was mainly due to the increase of interest expenses on borrowings as a result of the increase in average bank borrowings. The bank borrowings were financed for working capital and capital investments in the production facilities.

## 10. Income tax expense

The income tax expense for the year ended 31 December 2025 and 2024 amounted to approximately RMB549,000 and RMB159,000, respectively. The income tax expense increased by approximately RMB390,000 or 245.3% mainly due to the increase in deferred income tax. The details are set out in Note 8 to the consolidated financial statements.

The effective tax rates were 116.3% and 11.1% for the years ended 31 December 2025 and 2024, respectively.

## 11. (Loss)/profit for the year attributable to the equity holders of the Company

As a result of the foregoing, the loss for the year attributable to the equity holders of the Company was approximately RMB76,000 for the year ended 31 December 2025, while there was profit of approximately RMB1,270,000 for the year ended 31 December 2024.

## ANALYSIS OF MAJOR BALANCE SHEET ITEMS

### 1. Inventories

The inventories comprise raw materials, finished goods and low-value consumables. The following table sets out the inventories as at balance sheet dates indicated:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials	50,932	52,617
Finished goods	17,779	17,236
Low-value consumables	3,870	3,759
Less: provision for write-down	(697)	(697)
Total	<u>71,884</u>	<u>72,915</u>

Raw materials mainly comprised bentonite and CPAM. Finished goods are bentonite fine chemicals mainly applied in the papermaking industries. The Group customizes the formulas for bentonite fine chemicals based on customers' requirements and makes enhancement in response to customers' production conditions.

### ***Provision for impairment of inventories***

The Group has established policies to evaluate the amount of provision required for impairment of inventories. The Group inspects and reviews the aging and conditions of inventories on a regular basis. If the Group considers that the inventories have become obsolete or damaged, provision for impairment of inventories will be provided against these inventories to reflect the net realisable value of these inventories.

The amount of the provision for impairment of inventories was approximately RMB697,000 at 31 December 2025 (31 December 2024: RMB697,000).

### ***Inventory turnover***

The following table sets out the average inventory turnover days for the year indicated:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Average inventory turnover days ( <i>note</i> )	<b><u>205</u></b>	<b><u>221</u></b>

#### *Note:*

Average inventory turnover days are equal to the average inventory divided by cost of sales and multiplied by 365 days. Average inventory equals inventory at the beginning of the financial year plus inventory at the end of the financial year and divided by 2.

The average inventory turnover days decreased from 221 days for the year ended 31 December 2024 to 205 days for the year ended 31 December 2025. The decrease in average inventory turnover days in 2025 was primarily due to the increase in cost of sales.

## 2. Trade and other receivables, prepayments and other current assets

The following table sets out an analysis of the trade and other receivables, prepayments and other current assets as at the balance sheet dates indicated:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade receivables	<b>85,768</b>	77,868
Less: provision for impairment	<u>(5,044)</u>	<u>(6,262)</u>
Trade receivables – net	<u><b>80,724</b></u>	<u>71,606</u>
Other receivables	<b>1,328</b>	2,917
Less: provision for impairment	<u>(38)</u>	<u>(203)</u>
Other receivables – net	<u><b>1,290</b></u>	<u>2,714</u>
Prepayments	<u><b>6,542</b></u>	<u>8,898</u>
Other current assets	<u><b>746</b></u>	<u>799</u>
Trade and other receivables, prepayments and other current assets	<u><b>89,302</b></u>	<u>84,017</u>

### *Trade receivables*

Trade receivables as at 31 December 2025 and 2024 mainly represented the outstanding amounts of receivable from customers less any provision for impairment of trade receivables. The following table sets out an analysis of the trade receivables as at the balance sheet dates indicated:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade receivables	<b>85,768</b>	77,868
Less: provision for impairment	<u>(5,044)</u>	<u>(6,262)</u>
Trade receivables – net	<u><b>80,724</b></u>	<u>71,606</u>

The customers are normally required to make payment pursuant to the credit terms which is determined by the length of the customers' relationship with the Group and the contract value. The Group generally provides a credit term normally from 90 days to 180 days to its customers.

The table below sets out the aging breakdown of trade receivables as at the balance sheet dates indicated:

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 180 days	<b>65,887</b>	54,628
Over 180 days and within 1 year	<b>14,607</b>	12,961
Over 1 year and within 2 years	<b>1,408</b>	6,699
Over 2 years and within 3 years	<b>361</b>	262
Over 3 years	<b>3,505</b>	3,318
<b>Total</b>	<b><u>85,768</u></b>	<b><u>77,868</u></b>

The Group's trade receivables increased by approximately RMB7,900,000 or 10.1% from approximately RMB77,868,000 as at 31 December 2024 to approximately RMB85,768,000 as at 31 December 2025. The trade receivables due over 180 days decreased by approximately RMB3,359,000 or 14.5% from approximately RMB23,240,000 as at 31 December 2024 to approximately RMB19,881,000 as at 31 December 2025. The decrease was mainly due to the decrease in trade receivables due over 1 years and within 2 years during the Year Under Review.

#### ***Trade receivables turnover days***

The following table sets out the Group's trade receivables turnover days for the year indicated:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Trade receivables turnover days ( <i>note</i> )	<b><u>144</u></b>	<b><u>140</u></b>

#### ***Note:***

The number of trade receivables turnover days is calculated as average trade receivables (trade receivables at the beginning of the year plus trade receivables at the end of the year then divided by 2) divided by total revenue for the year multiplied by 365.

The Group's trade receivables turnover days for the years ended 31 December 2025 and 2024 was approximately 144 days and 140 days respectively. The increase of turnover days was mainly due to the increase in average trade receivables.

### ***Provision for impairment of trade receivables***

Trade receivables is subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates of trade receivables is based on the payment profiles of sales over a period of 60 months before 31 December 2025 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers. The Group has identified the GDP and Producer Price Index to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

### **3. Trade and other payables**

The following table sets out an analysis of the trade and other payables as at the balance sheet dates indicated:

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Trade payables	<b>16,964</b>	18,995
Other payables	<b>11,721</b>	11,612
Staff salaries and welfare payables	<b>6,837</b>	7,395
Accrued taxes other than income tax	<b>2,716</b>	1,219
	<hr/>	<hr/>
Total	<b><u>38,238</u></b>	<b><u>39,221</u></b>

As at 31 December 2025 and 2024, all trade and other payables of the Group were non-interest bearing, and their fair values, except for the advances from customers, staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximate their carrying amounts due to their short maturities.

The trade payables decreased by approximately RMB2,031,000 or 10.7% from approximately RMB18,995,000 as at 31 December 2024 to approximately RMB16,964,000 as at 31 December 2025.

### *Trade payables turnover days*

The following table sets out the Group's trade payables turnover days for the year indicated:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Trade payable turnover days ( <i>note</i> )	<b><u>51</u></b>	<b><u>93</u></b>

*Note:*

The number of trade payables turnover days is calculated as average trade payables (trade payables at the beginning of the year plus trade payables at the end of the year then divided by 2) divided by cost of sales for the year multiplied by 365.

The trade payables turnover days decreased from 93 days for the year ended 31 December 2024 to 51 days for the year ended 31 December 2025, which was due to the decrease in average trade payables and increase in cost of sales for the Year Under Review.

#### **4. Property, plant and equipment**

Our property, plant and equipment comprised (i) buildings, fixtures and facilities; (ii) machinery and equipment; (iii) vehicles; (iv) electronic and office equipment; and (v) construction in progress. The carrying amount of our property, plant and equipment decreased by approximately RMB8,474,000 or 8.0% from approximately RMB106,342,000 as at 31 December 2024 to approximately RMB97,868,000 as at 31 December 2025.

## **CAPITAL STRUCTURE**

### **1. Indebtedness**

The total indebtedness of the Group as at 31 December 2025 was approximately RMB196,874,000 (31 December 2024: approximately RMB172,958,000). During the Year Under Review, the Group did not experience any difficulties in renewing its banking facilities with its lenders.

### **2. Gearing ratio**

As at 31 December 2025, the Group's gearing ratio was approximately 133.9% (31 December 2024: 132.0%), calculated as the total interest-bearing bank borrowings, less cash and cash equivalents, divided by total equity as at the end of relevant year multiplied by 100%. The increase was mainly due to the increase in bank borrowings.

### **3. Pledge of assets**

As at 31 December 2025, the Group had pledged certain land use rights, property, plant and equipment and financial assets at FVOCI with aggregate carrying amount of approximately RMB16,357,000 (31 December 2024: approximately RMB15,463,000).

### **4. Capital expenditures**

The capital expenditures of the Group primarily included purchases of plant and equipment, construction in progress. The Group's capital expenditures amounted to approximately RMB10,701,000 and RMB30,081,000 for the year ended 31 December 2025 and 2024, respectively.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group has met its working capital needs mainly through cash generated from operations and various long and short-term bank borrowings and other borrowings. Other borrowings were obtained from financial institutions by discounting bank acceptance notes. For the Year Under Review, the weighted average effective annual interest rate of secured or guaranteed borrowings was 3.47% and the weighted average effective annual interest rate of unsecured borrowings was 3.50%. The currency of the borrowings is in Renminbi. Taking into account the cash flow generated from operations and the long and short-term bank borrowing facilities available to the Group, the Directors are of the view that the Group has sufficient working capital to meet its current liquidity demand and the liquidity demand within at least 12 months from the date of this announcement.

As at 31 December 2025, the Group had cash and cash equivalents of RMB38,056,000 (31 December 2024: approximately RMB16,331,000) which was mainly generated from operations of the Group.

## **CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS**

As at 31 December 2025, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

## **CAPITAL COMMITMENT**

As at 31 December 2025, the Group had capital commitment of approximately RMB463,000 (31 December 2024: approximately RMB1,672,000).

## **SEGMENT INFORMATION**

The chief operating decision-maker of the Group assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance of production and sales of bentonite clay products and all of the Group's operations are carried out in China. Therefore, management considers there is only one operating segment, under the requirements of IFRS 8, Operating Segments. In this regard, no segment information is presented.

## **MATERIAL ACQUISITION AND DISPOSAL BY THE GROUP**

For the year ended 31 December 2025, the Group had not made any material acquisition or disposal.

## **SIGNIFICANT INVESTMENTS**

During the year ended 31 December 2025, the Company also made investments in listed equity securities, which were fully disposed as at 31 December 2025 and a gain on disposal of such financial assets at FVPL of approximately RMB5,471,000 was recorded in "other gains/(losses) – net".

## **FUTURE OUTLOOK**

The Group develops the following strategic new products based on bentonite mines and their associated mines. The products are divided into three categories: organic bentonite series; water-based bentonite series; and inorganic gel series.

The Group will focus on developing customized functional mineral materials with specific properties (such as reinforcement, adsorption and thixotropy), and closely align with the demands of downstream industries. The Group will research and develop bentonite mineral functional materials and related products to transform bentonite resource advantages into economic advantages, and gradually introduce automation and intelligence technologies in the management and production processes to enhance production efficiency and product consistency.

The Group will focus on niche markets and follow a specialized and differentiated development path. The Group will develop products such as high-solid coating rheological additives and high-solid oil-based pesticide suspension agents, and attach importance to the R&D investment in green and environmental-friendly products.

The Group will develop bentonite products for deep wells, ultra-deep wells and offshore drilling, and strive to establish cooperative relations with R&D institutions in the petroleum industry and jointly develop new products. The Group will also improve resource efficiency and market competitiveness.

In 2026, the Group will focus on developing overseas customer markets, expanding foreign trade business, and focusing on developing sales markets in North America, Europe and Southeast Asia. The Group will continue to adhere to the profit-centered and innovation-driven development strategy, and actively develop new products, open up new markets, and create maximum value for shareholders.

## **HUMAN RESOURCES AND TRAINING**

For the year ended 31 December 2025, the Group had a total of 228 employees, of which 96 worked at the Group's headquarter in Changxing, and 132 stationed in Yangyuan and various regions with main responsibility of production, sales and marketing. The overall gender ratio in the workforce for male to female was male 80.7% to female 19.3%. Total staff cost for the Year Under Review amounted to RMB36,629,000 (2024: RMB35,704,000). The Group releases an annual sales guideline at the beginning of each year, formulates the sales strategies and sets out the sales targets of different sales areas after discussing with sales representatives. At the end of each year, the Group makes performance appraisal for sales personnel based on the review results and the achievement of sales target.

During the Year Under Review, the Group adhered to the "human-oriented" management concept to have its staff closely involved in the development of the Group and provided them with skills training. The Group formulates workflow and service specifications for its employees, conducts periodic performance review on its employees, and revises their salaries and bonuses accordingly.

## **DIVIDENDS**

The Board resolved not to recommend the payment of any final dividends for the year ended 31 December 2025 (2024: Nil).

## **CLOSURE OF THE REGISTER OF MEMBERS OF H SHARES**

### **To be eligible to attend and vote in the forthcoming annual general meeting**

For the purpose of determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 20 May 2026, the register of members of the Company will be closed from Monday, 20 April 2026 to Wednesday, 20 May 2026 (both days inclusive) during which period no transfer of H shares will be registered. To be qualified for attending and voting at the forthcoming annual general meeting, all share transfer documents must be lodged with the Company's H share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Friday, 17 April 2026.

## OTHER CORPORATE INFORMATION

### Directors' and supervisors' service contracts

Each of the Directors and supervisors has entered into a service agreement with the Company for a term of three years. No Director and supervisor has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### Directors', supervisors' and controlling shareholders' interests in transaction, arrangement and contract

None of the Directors, the supervisors, the controlling shareholders, nor their respective associates had a material interest, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the Year Under Review.

### Directors', supervisors' and chief executive's interests in shares, debentures and underlying shares of the company or any associated corporation

As at 31 December 2025, the interests and short positions of the Directors, supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of the Company:

Name of Director/ supervisor	Nature of interest	Number of shares in the Company held	Approximate percentage of Issued Share Capital
Mr. Zhang Youlian	Beneficial owner	19,220,600	50.05%
Ms. Zhang Jinhua	Beneficial owner	398,400	1.04%
Mr. Xu Qinsi <sup>(i)</sup>	Interest of spouse	100,000	0.26%

- (i) Mr. Xu Qinsi, the supervisor of the Company, is deemed (by virtue of the SFO) to be interested in 100,000 domestic shares in the Company held by his spouse. Ms. Ling Weixing.

Save as disclosed above, as at 31 December 2025, none of the Directors, supervisors and chief executive had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

### **Directors' and supervisors' rights to acquire shares or debentures**

During the Year Under Review, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any directors or supervisors or their respective spouse or minor children, or were any such rights exercised by them; nor was the Company, or any of its subsidiaries a party to any arrangement which enabled the directors or supervisors of the Company to acquire such rights in any other body corporate.

### **Substantial shareholders' and other persons' interests in shares and underlying shares**

As at 31 December 2025, so far as the Directors, having made all reasonable enquiries, are aware, the following interests of 5% or more of the issued share capital of the Company (other than the interests of the directors, supervisors and chief executive of the Company as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of shares in the Company held</b>	<b>Interest in Underlying Shares</b>	<b>Total number of shares in the Company held</b>	<b>Approximate percentage of Issued Share Capital</b>
Ms. Yu Hua	Beneficial owner	3,576,000	–	3,576,000	9.31%

### **Corporate Governance**

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its Shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

During the Year Under Review, the Company has complied with the code provisions, other than code provisions C.2.1 and C.1.8 of the CG Code.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Zhang Youlian is the Chairman of the Board and the chief executive officer. The Board is in the opinion that having Mr. Zhang to carry out both roles can bring about strong and consistent leadership for the Group, and can be more effective in planning and implementing long-term business strategies. The Board also considers that since members of the Board include competent and independent non-executive Directors, this structure will not impair the balance of power and authority between the Board and its management in the business of the Group. The Board is in the opinion that the structure described above will be beneficial to the Company and its business.

In addition, according to the code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors and officers. As the Board needed time to consider quotes from different insurers, during the Year Under Review, the Company did not take out directors and officers liability insurance to cover liabilities arising from legal action against its directors.

### **Audit Committee**

The Company established an Audit Committee on 26 March 2014 and has formulated its written terms of reference, which have from time to time been modified in accordance with the prevailing provisions of the CG Code. The Audit Committee has three members, namely Mr. Zhang Lei, Mr. Chen Jianping and Mr. Tang Jingyan, who are Independent Non-executive Directors. Mr. Zhang, who has appropriate professional qualifications and experience in accounting matters, has been appointed as the chairman of the Audit Committee.

The primary duties of the Audit Committee are (among other things) to provide an independent review and supervision of financial reporting, and examine the effectiveness of the internal controls of the Group and to ensure the external auditor is independent and the audit process is effective. The Audit Committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal controls, risk management and financial reporting. The Audit Committee also serves as a channel of communication between the Board and the external auditor. External auditor and the Directors are invited to attend the committee meetings as and when necessary.

During the Year Under Review, the Audit Committee had held two meetings and all the members attended the meetings. Pursuant to the meeting of the Audit Committee held on 31 March 2026, the Audit Committee has, together with the management of the Company and external independent auditor, reviewed the consolidated financial statements for the year ended 31 December 2025, this results announcement, the 2025 annual report and accounting principles and practices adopted for the Group for the Year Under Review, and agreed with the accounting treatments adopted by the Group, and was of the opinion that the preparation of the financial statements in this announcement complies with the applicable accounting standards and the requirements under the GEM Listing Rules and adequate disclosures have been made.

## **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as its own code governing securities transactions of the Directors. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the Year Under Review.

## **Public Float**

According to the information disclosed publicly and as far as the Directors are aware, during the Year Under Review and up to the date of this announcement, at least 25% of the issued shares of the Company was held by public shareholders.

## **Purchases, Sale or Redemption of the Company’s Listed Securities**

For the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **Events After the Reporting Period**

There is no material events after the reporting period as at the date of this announcement.

## **Disclosure of Information**

This announcement of results has been published on our website at [www.renheng.com](http://www.renheng.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report of our Company for the year ended 31 December 2025 containing all the information required by the GEM Listing Rules will be dispatched to the Shareholders of our Company and published on our website at [www.renheng.com](http://www.renheng.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) in due course.

By order of the Board  
**Zhejiang Chang’an Renheng Technology Co., Ltd.\***  
**Zhang Youlian**  
*Chairman*

Zhejiang, PRC, 31 March 2026

*As at the date of this announcement, the executive Directors are Mr. Zhang Youlian, Mr. She Wenjie and Mr. Fan Fang; the non-executive Director is Ms. Zhang Jinhua and the independent non-executive Directors are Mr. Tang Jingyan, Mr. Chen Jianping and Mr. Zhang Lei.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication.*