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常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 954)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

HIGHLIGHTS

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue	272,278	313,802
Loss for the period attributable to the shareholders of the Company	(25,790)	(18,786)

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025.

* For identification purpose only

The Board hereby present the unaudited results of the Group for the six months ended 30 June 2025 together with the unaudited comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – Unaudited

		For the six months ended 30 June	
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	272,278	313,802
Cost of sales		(259,127)	(297,815)
Gross profit		13,151	15,987
Other income	6	3,282	5,507
Other gains, net	7	496	1,844
Selling expenses		(4,396)	(4,194)
Administrative expenses		(32,018)	(33,716)
Operating loss		(19,485)	(14,572)
Finance income		289	535
Finance costs		(6,043)	(3,405)
Finance costs, net	8	(5,754)	(2,870)
Loss before income tax	9	(25,239)	(17,442)
Income tax expense	10	(748)	(1,134)
Loss and total comprehensive loss for the period		(25,987)	(18,576)
Loss and total comprehensive loss for the period attributable to:			
Shareholders of the Company		(25,790)	(18,786)
Non-controlling interests		(197)	210
		(25,987)	(18,576)
Loss per share for loss attributable to shareholders of the Company – basic and diluted	11	RMB(0.049)	RMB(0.035)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2025 – Unaudited

		30 June 2025 RMB'000	31 December 2024 RMB'000
	Note		
ASSETS			
Non-current assets			
Patents	13	440	506
Property, plant and equipment	14	580,197	604,275
Construction in progress	14	241,614	230,344
Right-of-use assets	14	88,833	90,359
Investment properties	14	3,245	3,424
Deferred income tax assets		150	220
Prepayment		11,249	8,704
Other non-current assets		12,412	13,133
		<u>938,140</u>	<u>950,965</u>
Current assets			
Inventories		136,385	143,354
Trade and bills receivables	15	68,600	63,001
Other receivables, deposits and prepayments		15,542	15,306
Income tax recoverable		742	1,454
Financial assets at fair value through other comprehensive income		7,881	16,602
Derivative financial instruments		–	5
Pledged bank balances	16	3,824	1,108
Cash and bank balances	16	58,581	57,963
		<u>291,555</u>	<u>298,793</u>
Total assets		<u>1,229,695</u>	<u>1,249,758</u>
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	17	52,970	52,970
Reserves	18	504,686	530,476
		<u>557,656</u>	<u>583,446</u>
Non-controlling interests		<u>(304)</u>	<u>(107)</u>
Total equity		<u>557,352</u>	<u>583,339</u>

		30 June 2025	31 December 2024
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		39,821	40,470
Lease liabilities		428	419
Deferred income tax liabilities		717	679
Loans from shareholders		10,500	10,500
Bank borrowings	19	36,400	9,800
		87,866	61,868
Current liabilities			
Trade and bills payables	20	49,724	28,700
Contracted liabilities, other payables and accruals		46,381	60,436
Lease liabilities		411	675
Bank borrowings	19	487,961	514,740
		584,477	604,551
Total liabilities		672,343	666,419
Total equity and liabilities		1,229,695	1,249,758

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 – Unaudited

	Attributable to shareholders of the Company				Non-	
	Share	Other	Retained	Sub-total	controlling	Total
	capital	reserves	earnings		interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	52,970	191,301	407,417	651,688	(99)	651,589
Loss for the period	–	–	(18,786)	(18,786)	210	(18,576)
Others	–	(402)	402	–	–	–
Balance at 30 June 2024	<u>52,970</u>	<u>190,899</u>	<u>389,033</u>	<u>632,902</u>	<u>111</u>	<u>633,013</u>
Balance at 1 January 2025	52,970	191,424	339,052	583,446	(107)	583,339
Loss for the period	–	–	(25,790)	(25,790)	(197)	(25,987)
Others	–	1,360	(1,360)	–	–	–
Balance at 30 June 2025	<u>52,970</u>	<u>192,784</u>	<u>311,902</u>	<u>557,656</u>	<u>(304)</u>	<u>557,352</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025 – Unaudited

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	25,424	(15,802)
Interest paid	(10,133)	(12,036)
Income tax received	72	1,253
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	15,363	(26,585)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(172)	(1,518)
Proceeds from disposal of property, plant and equipment	–	47
Payment for construction in progress	(1,262)	(51,894)
Proceeds from government grants	–	10,000
Interest received	289	535
Investment income received	15	10
	<hr/>	<hr/>
Net cash used in investing activities	(1,130)	(42,820)
	<hr/>	<hr/>
Cash flows from financing activities		
Principal elements of lease payments	(256)	(250)
Proceeds from bank borrowings	131,400	212,969
Repayment of bank borrowings	(144,960)	(171,827)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(13,816)	40,892
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	417	(28,513)
Effect of foreign exchange rate changes	201	988
Cash and cash equivalents at 1 January	57,963	89,554
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	58,581	62,029
	<hr/>	<hr/>

Notes:

1 General information

Changmao Biochemical Engineering Company Limited is a joint stock limited company incorporated in the PRC. The Company listed its H shares on GEM of the Stock Exchange on 28 June 2002 and the listing of its H shares was transferred to the Main Board of the Stock Exchange on 28 June 2013. The principal activities of Group are the production and sale of organic acid products.

The address of the Company's registered office is No.1228 Chang Jiang Bei Road, New North Zone, Changzhou City, Jiangsu Province, 213034, the PRC.

These condensed consolidated interim financial statements are presented in Renminbi, unless otherwise stated.

2 Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information has been prepared in accordance with applicable disclosure provisions of Listing Rules, including compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial statements should be read in conjunction with the 2024 Financial Statements.

This condensed consolidated interim financial information was approved for issue on 18 August 2025. This condensed consolidated interim financial information has not been audited.

The accounting policies used in preparing the condensed consolidated interim financial statements are consistent with those used in the 2024 Financial Statements. Other New HKFRSs which have become effective in this period have no material impact on the accounting policies in the Group's condensed consolidated interim financial statements for the period.

Going concern basis

For the year ended 30 June 2025, the Group incurred a net loss of RMB25,987,000. As at 30 June 2025, the Group had net current liabilities of RMB292,922,000 and the total bank borrowings of RMB524,361,000, of which RMB487,961,000 was current bank borrowings, while the Group's cash and bank balances amounted to RMB58,581,000.

As disclosed in the Company's results announcement and annual report for the year ended 31 December 2024, one of the Group's subsidiaries (the "Subsidiary") did not meet the requirement of one of the financial covenants with respect to two project loans (the "Project Loans") regarding the Subsidiary's debt-to-assets ratio. The two Project Loans amounted to RMB245,020,000 as at 30 June 2025. As a consequence, the Project Loans became immediately repayable on request by the banks. No waiver has been obtained from the banks to waive the requirement of the relevant financial covenant. Consequently, the non-current portion of the Project Loans amounting to RMB168,860,000 with the original contractual repayment dates beyond 30 June 2025 was classified as current liabilities.

The above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given due consideration to the liquidity and performance of the Group and available sources of financing to assess whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position:

- Management of the Company discussed with the banks and further understood that the banks have discretion to deem the intercompany advance to the Subsidiary as equity in nature in calculating the debt-to-assets ratio for the purpose of the covenant and therefore may not consider the Subsidiary to be non-compliant with the covenant. Hence, the Directors believe the Project Loans will continue to be advanced by the banks in accordance with the original terms of the Project Loans. The Group may convert the intercompany loans due from the Subsidiary into capital of the Subsidiary so as to enable the Subsidiary to fulfil its financial covenants under the Project Loans as and when necessary;
- The Group had uncommitted revolving bank facilities of RMB407,000,000 out of which approximately RMB112,362,000 was unutilized as at 30 June 2025. The Directors are of the opinion that such bank facilities will be available for drawdown as and when needed to fulfill the Group's financing requirement. The Group will also seek other alternative financing in order to settle its existing financial obligations and meet future operating needs;
- The Group has integrated the production lines of its subsidiaries to streamline the production process to reduce costs and will continue to implement cost reduction measures. The Directors of the Company also expect that, after the second phase production line of the Subsidiary is completed and it reaches the planned production volume and budgeted sales, the Group will be able to gradually improve its profitability and generate net operating cash inflows; and
- The Group has taken measures to monitor and control administrative costs and future capital expenditures, and will continue with measures to reduce cash outflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2025. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2025.

Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis. Notwithstanding the above, a material uncertainty exists as to whether the Group is able to 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's ability to generate adequate financing and operating cashflows and other factors as follows:

- The banks will exercise their discretion in the assessment of compliance of financial covenants and the Project Loans will continue to be advanced in accordance with the original terms. The Group can continue to comply with the terms and conditions of the bank borrowings and, where necessary, convert the intercompany loans due from the Subsidiary to the Company into capital of the Subsidiary to ensure compliance with relevant financial covenants;
- Successful and timely extension and renewal of its bank facilities and its bank borrowings, upon maturity as well as obtaining new financing from financial institutions. The Group's ability to obtain these financing depends on (1) whether the lenders of existing borrowings are agreeable to the terms and conditions for such extension or renewal; and (2) the Group's ongoing ability to comply with the relevant terms and conditions of its bank borrowings;
- Effective implementation of plans to reduce production costs through integration of product lines of its subsidiaries and the improvement of the second phase production line of the Subsidiary to generate net operating cash inflows; and
- Successful implementation of measures to control administrative costs and future capital expenditures.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated interim financial statements.

2.1 New and amended standards

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2025. These new standards and amendments did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

4 Financial risk management

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2024.

There have been no material changes in the risk management policies since year end.

5 Revenue and segment information

Executive Directors are identified as the chief operating decision maker. Management has determined the operating segments based on the information reported to the executive Directors for the purposes of allocating resources and assessing performance.

The Group is engaged in the production and sale of organic acid products. Resources of the Group are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific unit, and the executive Directors consider the performance assessment of the Group should be based on the results of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirement of HKFRS 8.

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Mainland China	196,143	222,042
Asia Pacific	34,287	41,472
Europe	30,713	34,902
America	7,173	9,650
Others	3,962	5,736
	272,278	313,802

Europe region mainly includes the Great Britain, Germany, Demark, Spain and Italy whereas Asia Pacific region mainly includes Hong Kong, Indonesia, Australia, India, Thailand and Japan.

The analysis of sales revenue by geographic location is based on the country area in which the customer is located.

As at 30 June 2025, all of the Group's non-current assets (other than the deferred income tax assets) amounted to RMB937,990,000 (31 December 2024: RMB950,745,000) are located in Mainland China.

6 Other income

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Sales of scrap materials	4	1,704
Government grants	2,472	2,965
Others	806	838
	<u>3,282</u>	<u>5,507</u>

7 Other gains, net

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Fair value gains on financial assets at fair value through profit or loss	10	32
Net exchange gains	575	1,812
Others	(89)	—
	<u>496</u>	<u>1,844</u>

8 Finance costs, net

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest on bank borrowings	9,903	10,678
Interest paid/payable for lease liabilities	22	46
Less: amounts capitalised on qualifying assets	(3,882)	(7,319)
	<u>6,043</u>	<u>3,405</u>
Interest income on bank deposits	(289)	(535)
	<u>5,754</u>	<u>2,870</u>

9 Loss before income tax

Loss before income tax is stated after charging the following:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Amortisation of patents	66	66
Amortisation of right-of-use assets	1,526	1,526
Depreciation	23,153	20,508
	<u>24,745</u>	<u>22,100</u>

10 Income tax expense

PRC CIT is provided for on the basis of the profit for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The Company, being qualified as a High and New Technology Enterprise (“HNTE”), is entitled to a preferential CIT rate of 15% for three years starting from 2023. Other subsidiaries of the Group in Mainland China are subject to a standard tax rate of 25%.

The amount of income tax charged to consolidated statement of comprehensive income represents:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current income tax	640	632
Deferred income tax	108	502
	<u>748</u>	<u>1,134</u>

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated entities as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Loss before income tax	(25,239)	(17,442)
Calculated at the tax rates applicable to results of the respective consolidated entities	(7,742)	(6,184)
Expenses not deductible for tax purposes	15	8
Tax losses and time differences for which no deferred income tax asset was recognised	10,185	9,059
Tax incentives for research and development expenses (<i>Note (a)</i>)	(1,392)	(1,750)
Others	(318)	1
Income tax expense	748	1,134

- (a) According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2021 onwards, enterprises engaging in research and development activities are entitled to claim 200% (for the six months ended 30 June 2024: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed in ascertaining the assessable profits for the six months ended 30 June 2025 and 2024.

11 Loss per share

The calculation of loss per share is based on the loss attributable to the shareholders of the Company of approximately RMB25,790,000 for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB18,786,000) and 529,700,000 shares (for the six months ended 30 June 2024: 529,700,000 shares) weighted average number of shares in issue during the period.

The Company has no dilutive potential shares in issue during the period (Corresponding period in 2024: Nil).

12 Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (Corresponding period in 2024: Nil).

13 Patents

	<i>RMB'000</i>
Net book value as at 1 January 2025	506
Amortisation	<u>(66)</u>
Net book value as at 30 June 2025	<u><u>440</u></u>

14 Capital Expenditures

	Property, plant and equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Investment properties <i>RMB'000</i>
Net book value as at 1 January 2025	604,275	230,344	90,359	3,424
Transfer from construction in progress	2,657	(2,657)	–	–
Additions	172	10,038	–	–
Transfer to construction in progress	(3,889)	3,889	–	–
Disposal	(44)	–	–	–
Depreciation/amortisation charge	<u>(22,974)</u>	<u>–</u>	<u>(1,526)</u>	<u>(179)</u>
Net book value as at 30 June 2025	<u><u>580,197</u></u>	<u><u>241,614</u></u>	<u><u>88,833</u></u>	<u><u>3,245</u></u>

The land use right of Changmao Dalian was used as collateral for bank facilities/borrowings (Note 19) in Dalian factory.

15 Trade and bills receivables

	30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Trade receivables	47,898	43,010
Bills receivables	<u>20,702</u>	<u>19,991</u>
	<u>68,600</u>	<u>63,001</u>

- (a) The credit terms of trade receivables range from 30 days to 210 days and the aging analysis which is based on the invoice date of the trade receivables is as follows:

	30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
0 to 3 months	43,998	40,841
4 to 6 months	4,691	3,216
Over 6 months	<u>341</u>	<u>85</u>
	49,030	44,142
Less: Loss allowance	<u>(1,132)</u>	<u>(1,132)</u>
	<u>47,898</u>	<u>43,010</u>

- (b) The maturity dates of bills receivables are normally within 6 months.

16 Pledged bank balances and cash and bank balances

	30 June 2025 RMB'000	31 December 2024 RMB'000
Cash and cash equivalents	58,581	57,963
Pledged bank balances	3,824	1,108
Total	62,405	59,071
	30 June 2025 RMB'000	31 December 2024 RMB'000
Denominated in:		
– RMB	55,230	52,968
– USD	6,906	5,748
– Hong Kong Dollars	269	355
	62,405	59,071

The conversion of Renminbi denominated balances into foreign currencies and the remittance of these funds out of the Mainland China is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

17 Share capital

Registered, issued and fully paid

	Share capital	
	Number of shares at RMB0.10 each	Nominal value RMB'000
At 30 June 2025 and 31 December 2024	529,700,000	52,970

As at 30 June 2025 and 31 December 2024, the share capital of the Company comprised 2.5 million Domestic Shares, 343.5 million promoter Foreign Shares and 183.7 million H Shares. The H Shares rank pari passu with the Domestic Shares and promoter Foreign Shares in all aspects and rank equally for all dividends or distributions declared, paid or made except that all dividends in respect of H Shares are to be paid by the Company in Hong Kong dollars and H Shares may only be subscribed by legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC.

18 Reserves

	Share premium <i>RMB'000</i>	Statutory common reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Special reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	102,559	87,233	461	6	1,042	407,417	598,718
Loss for the period	–	–	–	–	–	(18,786)	(18,786)
Others	–	–	–	–	(402)	402	–
At 30 June 2024	<u>102,559</u>	<u>87,233</u>	<u>461</u>	<u>6</u>	<u>640</u>	<u>389,033</u>	<u>579,932</u>

	Share premium <i>RMB'000</i>	Statutory common reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Special reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	102,559	87,233	461	7	1,164	339,052	530,476
Loss for the period	–	–	–	–	–	(25,790)	(25,790)
Others	–	–	–	–	1,360	(1,360)	–
At 30 June 2025	<u>102,559</u>	<u>87,233</u>	<u>461</u>	<u>7</u>	<u>2,524</u>	<u>311,902</u>	<u>504,686</u>

19 Bank borrowings

	30 June 2025			31 December 2024		
	Current <i>RMB'000</i>	Non-current <i>RMB'000</i>	Total <i>RMB'000</i>	Current <i>RMB'000</i>	Non-current <i>RMB'000</i>	Total <i>RMB'000</i>
Secured bank borrowings	245,020	–	245,020	282,634	–	282,634
Unsecured bank borrowings	242,941	36,400	279,341	232,106	9,800	241,906
	<u>487,961</u>	<u>36,400</u>	<u>524,361</u>	<u>514,740</u>	<u>9,800</u>	<u>524,540</u>

As at 30 June 2025, the Group's bank borrowings are repayable as follows:

	30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Repayable within 1 year and Between 1 and 2 years	<u>487,961</u> <u>36,400</u>	<u>514,740</u> <u>9,800</u>
	<u>524,361</u>	<u>524,540</u>

- (a) As at 30 June 2025, the secured bank borrowings are secured by the Group's land use rights in Dalian with the carrying value of RMB68,961,000 (31 December 2024: RMB69,715,000) and property, plant and equipment with carrying value of RMB76,315,000 (31 December 2024: RMB78,298,000) and guaranteed by the Company.
- (b) Under the terms of the secured bank borrowings, the subsidiary of the Company, Changmao Dalian, is required to maintain a debt-to-assets ratio of not more than 60% and 70% at the end of each annual period (the "Covenants"). If Changmao Dalian fails to meet these requirements, the banks have the right to require early repayment of the secured bank borrowings at any time. The debt-to-assets ratio of Changmao Dalian exceeded 70% as at 31 December 2024 and 30 June 2025 and therefore did not meet the covenant requirement. As a result, the non-current portion of the secured bank borrowings amounting to RMB168,860,000 (31 December 2024: RMB206,474,000) with the original contractual repayment dates beyond 30 June 2025 was reclassified as current liabilities. As disclosed in Note 2 to the condensed consolidated interim financial statements, management of the Company discussed with the banks and understood that the banks have discretion to deem the intercompany advance to the Changmao Dalian as equity in determining debt-to-assets ratio for the purpose of the covenant. Therefore, the banks can consider Changmao Dalian to be compliant with the covenant. The Company has accordingly considered that the repayment for these bank borrowings would follow the original repayment schedule as set out as below. The Group may convert the intercompany loans due from Changmao Dalian to capital so as to enable the Subsidiary to fulfil the debt-to-assets ratio requirement as and when necessary.

	30 June 2025 RMB'000	31 December 2024 RMB'000
Repayable within 1 year and	76,160	76,160
Between 1 and 2 years	83,031	77,976
Between 2 and 5 years	85,829	128,498
	245,020	282,634

Save as disclosed above, the Group has complied with other covenants of its bank borrowings during both periods presented.

- (c) The bank borrowings are all denominated in RMB.
- (d) As at 30 June 2025, the fair value of the non-current borrowings approximate RMB36,400,000 (31 December 2024: RMB9,422,000). The carrying amount of the Group's current borrowings approximate their fair value.
- (e) As at 30 June 2025, the effective interest rate of the secured bank borrowings was 4.4% (31 December 2024: 4.4%) and the effective interest rate of the unsecured bank borrowings was 3.1% (31 December 2024: 3.1%).

20 Trade and bills payables

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade payables	30,604	23,158
Bills payables	19,120	5,542
	49,724	28,700

(a) The ageing analysis of trade payables which is based on the invoice date is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
0 to 6 months	29,468	22,565
7 to 12 months	2	163
Over 12 months	1,134	430
	30,604	23,158

(b) The maturity dates of bills payables are normally within 6 months.

21 Contingent liabilities

As at 30 June 2025 and 31 December 2024, the Group did not have any material contingent liabilities.

22 Commitments

Capital commitment for property, plant and equipment of the Group are as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Contracted but not provided for	47,133	34,719

BUSINESS REVIEW AND OUTLOOK

Results for the Half-Year

The Group's sales revenue for the six months ended 30 June 2025 was approximately RMB272,278,000, representing a decrease of approximately 13% compared to that of RMB313,802,000 for last year; the net loss attributable to Shareholders of the Company was approximately RMB25,790,000, representing an increase of approximately 37% compared to a loss of RMB18,786,000 for the corresponding period last year.

The main factors affecting the decline in the performance of the Group in the first half of 2025 are: (1) external disruptions including geopolitical conflicts and uncertainties in tariff policies; additionally, downstream demand for maleic anhydride was below expectations, and the release of new capacity altered the supply-demand pattern, indirectly impacting the prices and profitability of the Group's main products; and (2) increase in interest expenses in the consolidated statement of comprehensive income caused by a reduction in capitalised interest on qualifying assets.

The Group closely monitors market supply and demand changes, dynamically adjusts production and sales, and fully serves customers to minimise adverse impacts from market factors.

Business Review

In the first half of 2025, the production and sales volume of the Group remained balanced. The sales volume of major products of the Changzhou factory increased compared with last year, but the gross profit margin level slightly decreased year-on-year due to the impact of the unit selling prices. The production and sales performance of the Dalian factory was lower than the corresponding period last year. Some production lines at the Lianyungang factory have been relocated to Dalian and commenced production, which positively impacted the Group's overall operations.

In the first half of 2025, the Group focused on enhancing product quality and industrial upgrading, actively advancing various system constructions, and obtained certifications such as the Jiangsu Advanced Intelligent Factory (蘇省先進級智慧工廠認證) and "Jiangsu Premium" (「江蘇精品」). Meanwhile, combined with daily management, the Group continuously improved factory management levels and employee working conditions, strengthening product competitiveness based on quality improvement and cost reduction.

The Group continues to promote the improvement of safety and environmental protection in all factories, and integrates the culture of safe production and green environmental protection into each post and each work link, and carries out in-depth energy conservation and emission reduction work.

Research and Development

In the first half of 2025, the Group's research projects progressed steadily. Several self-developed and outsourced research and development projects were carried out as planned, including new product research and development and production process improvement of existing products.

The pharmaceutical business unit and the sales department focused on the promotion of active pharmaceutical ingredients (APIs) and pharmaceutical adjuvants. As at 30 June 2025, the Group has deployed a total of 12 varieties of APIs and pharmaceutical adjuvants as high-end extensions of food additive products. Among them, 7 varieties have obtained status A in the “simultaneous review and approval with formulations” (「與製劑共同審評審批結果」), allowing direct supply to pharmaceutical companies for drug production, while another new pharmaceutical adjuvant is undergoing quality stability evaluation, with plans to submit to the National Medical Products Administration's Drug Evaluation Center within the year. These pharmaceutical adjuvant products are updates and upgrades of the Group's existing products and can effectively increase added value.

OUTLOOK AND PROSPECTS

In the future, the Group will adhere to the technology innovation for its development and promote its work according to customer needs. The Group will always focus on economic benefits and rely on the supporting advantages of the product chain to maintain its leading position in the industry. The Group will continue to reduce costs and increase efficiency and expand the scale effect, continuously to improve product quality and service, and firmly establish the image of Changmao brand, and will focus on the following aspects:

1. Continuing transformation and upgrading to promote the business development of new production plant

The Group will fully support the development of the Dalian factory. The Dalian factory has a good foundation with new equipment and can produce in large scale. It conforms with policy trends, and is supported by the local government. The Dalian factory has put into production the second phase of products and the production lines moved from the Lianyungang factory. The trial production is in good condition, with excellent product quality and strong competitiveness. In the future, it will be the main production base of the Group's chemical products, which combines the advantages of existing product chain and the industrialisation process of scientific research results. It will expand its product range to new materials, APIs and new feed additives, etc. to create new economic benefits for the Group.

2. Accelerating technology innovation and promoting product upgrade

The Group insists that technological innovation is the driving force for long-term development of an enterprise. The Group always maintains a continuous increase in investment in research and development. In the future, the Group will actively integrate existing resources and the research and development team, increase investment, attract talents, focus on tackling key problems, continue to improve the competitiveness of existing products and by relying on technological advancement and speeding up the research and development, it will cultivate new products which are safe, environmentally friendly and with strong competitiveness. Moreover, it will promote the upgrading and extension of existing product chains, and to seek new profit source.

3. Enhancing safety and environmental protection standards and strengthening risk control

With the laws and regulations related to safety and environmental protection have becoming stricter, and with the domestic policy trend of shutting down obsolete production capacity and reducing involution competition, small and medium-sized enterprises that failed to meet those standards will be eliminated at a faster pace, leaving the industry to further concentrate on strong enterprises that complied with the relevant requirements. The Group has strictly complied with various safety and environmental regulations and transformed it into a competitive advantage. In terms of safety, the Group will continue to strengthen the control of safety risks, improve the safety of the production environment, reduce and eliminate safety accidents. In terms of environmental protection, the Group will continue to promote clean production and implement pollution prevention to fulfill its social responsibility. The Group endeavors to become a resource-saving and environment-friendly enterprise to cope with national policies by enhancing energy saving, carbon neutral level, and reduces emissions of wastes.

4. Focusing on market expansion and develop markets of high-end customers

The Group's sales team is customer-oriented and is dedicated to explore and develop superior customers and end-users. By meeting customer needs through the improvement of product quality and service, enhancing the reputation and adding value to the Changmao brand, the overall competitive advantages are enhanced. The Group strives to meet the needs of high-standard customers and sell import-substituting products to avoid low-price competition. In addition, the Group will also focus on the development of the international market, and enhance the international reputation and influence of Changmao through collaboration with new international customers in new products and technologies.

There will be opportunities and challenges in the future. The Group will continue the production of food additives as its core business, increase the competitiveness of its existing products, accelerate the launch of new products at the same time and actively explore new markets and new application areas. The Group will capitalise its research and production strengths, develop new functional food additives, new materials and APIs, etc. and extend its production chains, to become bigger and stronger to achieve better results.

REVIEW OF FINANCIAL STATEMENTS

The audit committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 in conjunction with the Directors.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025.

SEGMENTAL INFORMATION

Part of the Group's products are exported to Asia Pacific, Europe and America. In terms of percentage, export sales (excluding sales through import-export agents in the PRC) accounted for approximately 28% (for the six months ended 30 June 2024: 29%) of the Group's revenue while domestic sales in the PRC accounted for approximately 72% (for the six months ended 30 June 2024: 71%) of the Group's revenue for the six months ended 30 June 2025.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group mainly operates in the PRC. Substantially all of its assets, liabilities and capital expenditure were located or incurred in Mainland China. Sales are made to customers in the PRC as well as overseas customers while purchases are mainly from suppliers in the PRC. The Group is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Management periodically monitors foreign currency exposures and considers hedging significant foreign currency exposure should the need arises. During the period, the Group used certain forward contracts to hedge its foreign currency exposure in USD.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group had total outstanding bank borrowings of RMB524,361,000 (31 December 2024: RMB524,540,000), details of which are set out in Note 19 to the condensed consolidated interim financial statements.

Except for the bank borrowings disclosed above, as at 30 June 2025 and 31 December 2024, the Group did not have any committed borrowing facilities. The Group generally finances its operations with equity fundings and bank borrowings. Excess cash held by the Group is generally placed at banks to earn interest income or invest in wealth management products with banks of low risks.

As at 30 June 2025, the Group had capital commitments for property, plant and equipment amounting to approximately RMB47,133,000 (31 December 2024: RMB34,719,000). These capital commitments are mainly for the new production plant in Dalian City and the modification of production lines. The Group intends to finance the capital commitment by cash flows generated from the Group's operations and/or bank financings.

Save for that disclosed in Note 19 to the condensed consolidated interim financial statements, the Group did not have any charge on its assets as at 30 June 2025. The liabilities-to-assets ratio (calculated based on total liabilities divided by total assets) was 54.7% and 53.3% as at 30 June 2025 and 31 December 2024 respectively. As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB58,581,000 (31 December 2024: RMB57,963,000).

EMPLOYEES

Including the Directors and Supervisors, as at 30 June 2025, the Group had a total of 533 staff (30 June 2024: 647). Total amount of staff costs for the six months ended 30 June 2025 was approximately RMB40,605,000 (for the six months ended 30 June 2024: RMB42,389,000). The decrease in staff cost was mainly due to the decrease in number of staff and change of employee structure. Employees are remunerated in accordance with the nature of the job and also on individual merit. The Company has formulated a staff incentive scheme under which for each of the year ending 31 December 2028, so long as the audited profits (or, where applicable, combined or consolidated profits) attributable to the shareholders (after taxation and non-controlling interest (if any) but before payment of the bonuses referred to below) amount to not less than RMB40 million (the "Target Profit"):

- (a) a sum equivalents to 5% of the amount in excess of the Target Profit will be payable to Mr. Rui Xin Sheng (the Chairman) as a bonus for the relevant year;
- (b) a sum equivalents to 5% of the amount in excess of the Target Profit will be payable to the general manager and all the Directors (other than Mr. Rui Xin Sheng and the independent non-executive Directors) for the time being of the Company as a bonus for the relevant year; and

- (c) a sum equivalent to 5% of the amount in excess of the Target Profit will be payable as bonus to all the employees (including supervisors, but excluding the Directors and the independent supervisors) of the Company and its subsidiaries (if any) from time to time, the basis of apportionment of which will be determined by the Board at its discretion.

There was no profit-based incentive bonus for the 6 months ended 30 June 2025 and 2024.

SIGNIFICANT INVESTMENTS

There are no significant investments held by the Group as at 30 June 2025 and 31 December 2024.

The Group's capital commitments are set out in Note 22 to the condensed consolidated interim financial statements which is mainly related to the capital expenditure of the Group's Dalian Factory. Save for that, the Group has no plans for material investments or capital assets.

CHANGES IN THE COMPOSITION OF THE GROUP DURING THE PERIOD

There was no material acquisitions and disposals of subsidiaries and affiliated companies by the Group during the six months ended 30 June 2025.

CONTINGENT LIABILITIES

As at 30 June 2025 and 31 December 2024, the Group did not have any material contingent liabilities.

GOING CONCERN

For the six months ended 30 June 2025, the Group incurred a net loss of RMB25,987,000. As at 30 June 2025, the Group had net current liabilities of RMB292,922,000 and the total bank borrowings of RMB524,361,000, of which RMB487,961,000 was current bank borrowings, while the Group's cash and bank balances amounted to RMB58,581,000.

Due to the reason stated in Note 2 to the condensed consolidated interim financial statements in this announcement, the non-current portion of the Project Loans amounting to RMB168,860,000 with the original contractual repayment dates beyond 30 June 2025 was classified as current liabilities.

All of the above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given due consideration to the liquidity and performance of the Group and available financing to assess whether the Group will have sufficient financial resources to continue as a going concern. Plans and measures ("Plans and Measures") as set out in Note 2 to the condensed consolidated interim financial statements in this announcement have been taken to mitigate the liquidity pressure and to improve the Group's financial position.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2025. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the Plans and Measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2025.

Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis. Notwithstanding the above, a material uncertainty exists as to whether the Group is able to 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's ability to generate adequate financing and operating cashflows through the Plans and Measures.

Please refer to Note 2 to the condensed consolidated interim financial statements in this announcement for further details.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS OR CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests (including interests in shares and short positions) of the Directors, the Supervisors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) Section 352 of the SFO to be entered in the register referred to in that section; or (c) Appendix C3 of the Listing Rules relating to securities transactions by Directors; or (d) the Hong Kong Companies Ordinance (Cap. 622), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares:

		Number of Domestic Shares	Approximate percentage shareholding in the Domestic Shares (Note (g))	Number of Foreign Shares	Approximate percentage shareholding in the Foreign Shares (Note (h))	Number of H Shares	Approximate percentage shareholding in the H Shares (Note (i))
Capacity							
<i>Director</i>							
Mr. Rui Xin Sheng ("Mr. Rui")	Beneficial owner, interest of spouse and interest of controlled corporation (Note (a))	2,500,000	100%	135,000,000	39.30%	12,236,000	6.66%
Ms. Leng Yi Xin ("Ms. Leng")	Beneficial owner, interest of spouse and interest of controlled corporation (Note (b))	2,500,000	100%	135,000,000	39.30%	12,236,000	6.66%
Mr. Pan Chun	(Note (c))	–	–	(Note (c))	(Note (c))	–	–
Mr. Yu Xiao Ping	Interest of spouse and interest of controlled corporation (Note (d))	–	–	66,000,000	19.21%	3,774,000	2.05%
<i>Supervisor</i>							
Ms. Zhou Rui Juan	(Note (e))	–	–	(Note (e))	(Note (e))	–	–
Mr. Zhang Jun Peng	(Note (f))	–	–	(Note (f))	(Note (f))	–	–

Notes:

- (a) Mr. Rui is the registered holder and beneficial owner of 96,500 Class "A" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. Mr. Rui is also the registered holder and beneficial owner of 70% of the registered capital of Changzhou Xinsheng, which is the registered holder and beneficial owner of 2,500,000 Domestic Shares. Mr. Rui is the beneficial owner of 12,184,000 H Shares and Ms. Leng, a Director and spouse of Mr. Rui, is the beneficial owner of 52,000 H Shares. Ms. Leng is also interested in HK Xinsheng and Changzhou Xinsheng, details of which are set out in Note (b) below.

- (b) Ms. Leng is the registered holder and beneficial owner of 73,500 Class “A” shares and 53,000 Class “B” shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class “A” shares and 100,000 Class “B” shares. Ms. Leng is also the registered holder and beneficial owner of 30% of the registered capital of Changzhou Xinsheng, which is the registered holder and beneficial owner of 2,500,000 Domestic Shares. Ms. Leng is the beneficial owner of 52,000 H Share and Mr. Rui (a Director and spouse of Ms. Leng) is the beneficial owner of 12,184,000 H Shares. Mr. Rui is also interested in HK Xinsheng and Changzhou Xinsheng, details of which are set out in Note (a) above.
- (c) Mr. Pan Chun is the registered holder and beneficial owner of 2,000 “B” shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class “A” shares and 100,000 Class “B” shares. He is also the registered holder and beneficial owner of 200,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.
- (d) Mr. Yu Xiao Ping and his spouse (who is not a Director) taken together are interested in the entire issued capital of Jomo Limited which is the registered holder and beneficial owner of 66,000,000 Foreign Shares. Mr. Yu Xiao Ping’s spouse, Ms. Lam Mau, is also the beneficial owner of 3,774,000 H shares.
- (e) Ms. Zhou Rui Juan is the registered holder and beneficial owner of 220,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.
- (f) Mr. Zhang Jun Peng is the registered holder and beneficial owner of 800 Class “B” shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class “A” shares and 100,000 Class “B” shares. He is also the registered holder and beneficial owner of 120,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.
- (g) The percentage is calculated based on the 2,500,000 Domestic Shares in issue as at 30 June 2025.
- (h) The percentage is calculated based on the 343,500,000 Foreign Shares in issue as at 30 June 2025.
- (i) The percentage is calculated based on the 183,700,000 H Shares in issue at 30 June 2025.

Save as disclosed above, as at 30 June 2025, none of the Directors, Supervisors or chief executives of the Company have interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporations (within the meaning of Part XV of the SFO) (including interests in shares and short positions) which were required to notify the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) Section 352 of the SFO to be entered in the register referred to in that section; or (c) Appendix C3 of the Listing Rules relating to securities transactions by Directors; or (d) the Hong Kong Companies Ordinance (Cap. 622), to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as known to the Directors, as at 30 June 2025, the followings, not being a Director, Supervisor or chief executive of the Company, had interests or short positions in the shares or underling shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were substantial shareholders as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares:

Name of Shareholder	Capacity	Number of Foreign Shares	Approximate percentage shareholding in the Foreign Shares (Note (e))	Number of H Shares	Approximate percentage shareholding in the H Shares (Note (f))
Hong Kong Xinsheng Pioneer Investment Company Limited	Beneficial owner	135,000,000	39.30%	–	–
Hong Kong Bio-chemical Advanced Technology Investment Company Limited	Beneficial owner	67,500,000	19.65%	–	–
Jomo Limited	Beneficial owner	66,000,000	19.21%	–	–
Ms. Lam Mau	Interest of spouse, interest of controlled corporation and beneficial owner	66,000,000 (Note (a))	19.21%	3,774,000 (Note (a))	2.05%
Kehai Venture Capital (Hong Kong) Limited	Beneficial owner	62,500,000	18.20%	–	–

Name of Shareholder	Capacity	Number of Foreign Shares	Approximate percentage shareholding in the Foreign Shares (Note (e))	Number of H Shares	Approximate percentage shareholding in the H Shares (Note (f))
上海科技創業投資股份有限公司 (Shanghai S&T Investment Company Limited*, formerly 上海科技投資股份有限公司)	Interest of controlled corporation	62,500,000 (Note (b))	18.20%	–	–
上海科技創業投資有限公司 (Shanghai Technology Entrepreneur Investment Company*, formerly 上海科技投資公司)	Interest of controlled corporation	62,500,000 (Note (c))	18.20%	–	–
上海科技創業投資(集團)有限公司 (Shanghai S&T Venture Capital (Group) Co., Ltd*)	Interest of controlled corporation	62,500,000 (Note (d))	18.20%	–	–

Notes:

- (a) Ms. Lam Mau and her spouse, Mr. Yu Xiao Ping (who is a Director) taken together are interested in the entire issued capital of Jomo Limited which is the registered holder and beneficial owner of 66,000,000 Foreign Shares. Ms. Lam Mau is also the beneficial owner of 3,774,000 H shares.
- (b) Shanghai S&T Investment Company Limited is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited, which is the registered holder and beneficial owner of 62,500,000 Foreign Shares.
- (c) Shanghai Technology Entrepreneur Investment Company is the beneficial owner of 62.3% of the issued share capital of Shanghai S&T Investment Company Limited, which is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited. Kehai Venture Capital (Hong Kong) Limited is the registered holder and beneficial owner of 62,500,000 Foreign Shares.

- (d) Shanghai S&T Venture Capital (Group) Co., Ltd. is the beneficial owner of 100% of the issued capital of Shanghai Technology Entrepreneur Investment Company. Shanghai Technology Entrepreneur Investment Company is the beneficial owner of 62.3% of the issued capital of Shanghai S&T Investment Company Limited, which is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited. Kehai Venture Capital (Hong Kong) Limited is the registered holder and beneficial owner of 62,500,000 Foreign Shares.
- (e) The percentage is calculated based on the 343,500,000 Foreign Shares in issue at 30 June 2025.
- (f) The percentage is calculated based on the 183,700,000 H Shares in issue at 30 June 2025.

Save as disclosed above, as at 30 June 2025, the Directors are not aware of any person, not being a Director, Supervisor or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES OR DEBT SECURITIES

At no time during the period was the Company, of its subsidiaries or its other associated corporation a party to any arrangement (including share option scheme) to enable the Directors, Supervisors and chief executives of the Company or any of their spouses or children under eighteen years of age to hold any interests or short position in the shares or underlying shares in or debentures of the Company or its specific undertaking or other associated corporation.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2025.

SHARE CAPITAL STRUCTURE

As at 30 June 2025, the category of the issued shares of the Company is as follows:

	No. of Shares
H Shares (<i>Note (a)</i>)	183,700,000
Domestic Shares (<i>Note (b)</i>)	2,500,000
Foreign Shares (<i>Note (c)</i>)	343,500,000
	<u>529,700,000</u>

Notes:

- (a) Overseas listed foreign shares in the capital of the Company, with a RMB-denominated par value of RMB0.10 each, which were credited as fully paid up in a currency other than RMB and are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange.
- (b) Ordinary shares in the capital of the Company, with a RMB-denominated par value of RMB0.10 each, which were credited as fully paid up in RMB and issued to the promoters of the Company.
- (c) Ordinary shares in the capital of the Company, with a RMB-denominated par value of RMB0.10 each, which were credited as fully paid up in a currency other than RMB and issued to the promoters of the Company.

The H Shares of the Company were listed on the GEM on 28 June 2002. The listing of the H Shares of the Company was subsequently transferred from GEM to the Main Board of the Stock Exchange on 28 June 2013.

Although the 到境外上市公司章程必備條款 (the Mandatory Provisions of the Articles of Association of Companies Seeking a Listing Outside the PRC) promulgated on 27 August 1994 by the Securities Commission of the State Council of the PRC and the State Commission for Restructuring the Economic System of the PRC provide for the definitions of “domestic shares”, “foreign shares” and “overseas listed foreign shares” (which definitions have been adopted in the Articles of Association of the Company), the rights attached to Foreign Shares (which are subject to certain restrictions on transfer and may become H Shares upon obtaining the requisite approvals from, among other bodies, the China Securities Regulatory Commission and the Stock Exchange) have not yet been expressly dealt with under the existing PRC laws or regulations. However, the creation by the Company and the subsistence of the Foreign Shares do not contravene any PRC laws or regulations.

At present, there are no applicable PRC laws and regulations governing the rights attached to the Foreign Shares. Jingtian & Gongcheng, the legal adviser to the Company as to PRC Law, have advised the Company that until new laws or regulations are introduced in this respect, holders of Foreign Shares shall have the same rights and obligations as those of the holders of Domestic Shares (in particular, in respect of the right to attend and vote in the general meetings and class meetings and to receive notice of such meetings in the same manner applicable to holders of Domestic Shares), except that holders of Foreign Shares shall enjoy the following rights:

- (a) to receive dividends declared by the Company in foreign currencies;
- (b) in the event of the winding up of the Company, to participate in the distribution of surplus assets (if any) of the Company in foreign currencies and transfer such assets out of PRC, subject however to the applicable foreign exchange control regulations;

- (c) disputes between holders of Domestic Shares and Foreign Shares may upon agreement between them may be resolved by way of arbitration and in case no such agreement is reached, any of the disputing parties could submit the dispute to the courts with competent jurisdiction for determination. These methods of dispute resolution apply equally to disputes between holders of Foreign Shares and overseas listed foreign shares; and
- (d) upon all necessary approvals from the relevant regulatory authorities in the PRC and the Stock Exchange being obtained, the Foreign Shares may be converted into overseas listed foreign shares and shall thereafter carry the same rights and obligations attaching to overseas listed foreign shares.

COMPLIANCE WITH CODE PROVISIONS OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2025.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors.

The Company had also made specific enquiry of all Directors in relation to the compliance of the Model Code. The Company was not aware of any non-compliance with the Model Code for the six months ended 30 June 2025.

By order of the Board
Rui Xin Sheng
Chairman

The PRC, 18 August 2025

As at the date hereof, Mr. Rui Xin Sheng (Chairman), Mr. Pan Chun and Ms. Rui Xiao Qian are the executive Directors, Mr. Yu Xiao Ping, Ms. Leng Yi Xin and Mr. Lin Ze Yu are the non-executive Directors, Mr. Zhou Zhi Wei, Mr. Shu Rong Xin and Ms. Cheng Mun Wah are the independent non-executive Directors.

GLOSSARY

2024 Financial Statements	The Group's annual financial statements for the year ended 31 December 2024
Board	Board of Directors of the Company
Changmao or the Company	Changmao Biochemical Engineering Company Limited
Changzhou Xinsheng	常州新生生化科技開發有限公司 (Changzhou Xinsheng Biochemical Technology Development Company Limited*)
CIT	Corporate Income Tax
Director(s)	Director(s) of the Company
Domestic Shares	Domestic shares of the Company
Foreign Shares	Foreign shares of the Company
GEM	GEM operated by the Stock Exchange
Group	The Company and its subsidiaries
H Shares	H shares of the Company
HK Bio	Hong Kong Bio-chemical Advanced Technology Investment Company Limited
HK Xinsheng	Hong Kong Xinsheng Pioneer Investment Company Limited
Lianyungang Changmao	Changmao Biochemical Lianyungang Company Limited, a subsidiary of the Company
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
New HKFRSs	New standards, amendments and interpretations of Hong Kong Financial Reporting Standards
PRC	The People's Republic of China

RMB	Renminbi
SFO	Securities and Futures Ordinance
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	Supervisor(s) of the Company
USD	United States Dollars

* *For identification purpose only*