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Wuhan Youji Holdings Ltd.

武漢有機控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2881)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

The Group's revenue for the six months ended 30 June 2025 was approximately RMB1,440.2 million, representing a decrease of approximately RMB210.9 million or approximately 12.8% compared to the corresponding period in 2024.

The Group's gross profit for the six months ended 30 June 2025 was approximately RMB163.0 million, representing a decrease of approximately RMB23.6 million or approximately 12.7% compared to the corresponding period in 2024.

The Group's net profit for the six months ended 30 June 2025 was approximately RMB38.7 million, representing a decrease of approximately RMB9.4 million or approximately 19.4% compared to the corresponding period in 2024.

For the six months ended 30 June 2025, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent company were approximately RMB0.42, representing a decrease of approximately RMB0.21 or approximately 33.3% compared to the corresponding period in 2024.

RESULTS

The board (the **"Board"**) of directors (the **"Director(s)"**) of Wuhan Youji Holdings Ltd. (the **"Company"** or **"we"**) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the **"Group"**) for the six months ended 30 June 2025 (the **"Reporting Period"**), together with the comparative figures for the corresponding period in 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(unaudited)	(unaudited)
REVENUE	5	1,440,232	1,651,158
Cost of sales		<u>(1,277,195)</u>	<u>(1,464,482)</u>
Gross profit		163,037	186,676
Other income and gains		28,355	30,746
Selling and distribution expenses		(12,307)	(13,414)
Administrative expenses		(50,146)	(60,205)
Research and development expenses		(72,737)	(58,855)
Reversal of/(impairment losses) on financial assets		128	(440)
Other expenses		(1,859)	(7,291)
Finance costs		(17,487)	(21,134)
Share of profits and losses of:			
Joint venture		7,006	3,860
Associate		<u>3,502</u>	<u>3,481</u>
PROFIT BEFORE TAX	6	47,492	63,424
Income tax expense	7	<u>(8,762)</u>	<u>(15,375)</u>
PROFIT FOR THE PERIOD		<u>38,730</u>	<u>48,049</u>
Profit attributable to owners of the parent		<u>38,730</u>	<u>48,049</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (<i>RMB per share</i>)	9	<u>0.42</u>	<u>0.63</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	<u>38,730</u>	<u>48,049</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(51)</u>	<u>26</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(51)</u>	<u>26</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>38,679</u>	<u>48,075</u>
Attributable to owners of the parent	<u>38,679</u>	<u>48,075</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	1,194,136	1,108,176
Right-of-use assets		185,244	178,584
Other intangible assets		4,529	3,288
Investment in a joint venture		29,979	22,973
Investment in an associate		22,296	23,481
Prepayments		71,568	65,019
		<hr/>	<hr/>
Total non-current assets		1,507,752	1,401,521
CURRENT ASSETS			
Inventories		335,803	292,403
Trade and bills receivables	<i>11</i>	335,780	311,415
Prepayments, deposits and other receivables		155,003	147,306
Pledged deposits		81,245	125,397
Cash and cash equivalents		194,413	73,680
		<hr/>	<hr/>
Total current assets		1,102,244	950,201

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
CURRENT LIABILITIES			
Trade and bills payables	12	371,375	360,778
Other payables, accruals, and contract liabilities		263,096	286,028
Interest-bearing bank and other borrowings	13	997,336	922,950
Lease liabilities		9,952	3,912
Income tax payable		—	1,298
		<u>1,641,759</u>	<u>1,574,966</u>
NET CURRENT LIABILITIES		(539,515)	(624,765)
TOTAL ASSETS LESS CURRENT LIABILITIES		968,237	776,756
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	13	205,412	—
Government grants		38,255	41,057
Lease liabilities		1,068	2,680
Deferred tax liabilities		55,987	59,394
		<u>300,722</u>	<u>103,131</u>
Total non-current liabilities		300,722	103,131
Net assets		667,515	673,625
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	61	61
Reserves		667,454	673,564
		<u>667,515</u>	<u>673,625</u>
Total equity		667,515	673,625

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 (note 14)	Merger reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 1 January 2025 (audited)	61	64,802	32,741	1,676	68,712	721	504,912	673,625
Profit for the period	—	—	—	—	—	—	38,730	38,730
Other comprehensive income for the period:								
Exchange differences related to foreign operations	—	—	—	—	—	(51)	—	(51)
Total comprehensive income for the period	—	—	—	—	—	(51)	38,730	38,679
2024 final dividend declared	—	—	—	—	—	—	(44,999)	(44,999)
Equity-settled share-based payment	—	—	—	210	—	—	—	210
At 30 June 2025 (unaudited)	<u>61</u>	<u>64,802*</u>	<u>32,741*</u>	<u>1,886*</u>	<u>68,712*</u>	<u>670*</u>	<u>498,643*</u>	<u>667,515</u>

* These reserve accounts comprise the consolidated reserves of RMB667,454,000 as at 30 June 2025 in the interim condensed consolidated statement of financial position.

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 (note 14)	Merger reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 1 January 2024 (audited)	48	64,802	(32,670)	1,257	68,712	593	426,875	529,617
Profit for the period	—	—	—	—	—	—	48,049	48,049
Other comprehensive income for the period:								
Exchange differences related to foreign operations	—	—	—	—	—	26	—	26
Total comprehensive income for the period	—	—	—	—	—	26	48,049	48,075
Issue of new shares	13	—	91,674	—	—	—	—	91,687
Share issue expenses	—	—	(26,263)	—	—	—	—	(26,263)
Equity-settled share-based payment	—	—	—	210	—	—	—	210
At 30 June 2024 (unaudited)	<u>61</u>	<u>64,802</u>	<u>32,741</u>	<u>1,467</u>	<u>68,712</u>	<u>619</u>	<u>474,924</u>	<u>643,326</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		47,492	63,424
Adjustments for:			
Finance costs		17,487	21,134
Interest income		(1,328)	(1,749)
Depreciation of property, plant and equipment	6	65,131	58,757
Depreciation of right-of-use assets	6	7,658	9,999
Gain on disposal of property, plant and equipment		(3)	—
Amortisation of other intangible assets	6	555	543
Share award scheme expenses	6	210	210
Share of profit of a joint venture		(7,006)	(3,860)
Share of profit of an associate		(3,502)	(3,481)
Reversal of write-down of inventories to net realisable value	6	(111)	(589)
(Reversal of impairment)/impairment of trade receivables to net realisable value	6	(128)	440
		126,455	144,828
(Increase)/decrease in inventories		(43,289)	10,755
Increase in trade and bills receivables		(88,901)	(142,810)
Increase in prepayments, deposits and other receivables		(5,575)	(2,686)
Increase/(decrease) in contract liabilities		11,245	(630)
Increase in trade and bills payables		10,597	109,603
Increase in other payables and accruals		8,067	46,127
Decrease in government grants		(2,802)	(1,327)
Decrease in pledged bank deposits		2,584	—
Cash generated from operations		18,381	163,860
Income taxes paid		(15,880)	(37,736)
Net cash generated from operating activities		2,501	126,124

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(133,079)	(17,115)
Additions to other intangible assets	(1,796)	—
Additions to right-of-use assets	(103)	(11,348)
Proceeds from disposal of property, plant and equipment	657	—
Interest received from bank deposits	1,328	1,260
Loans to related party	—	(8,000)
Received from loans to related party	291	—
Dividend received from an associate	4,654	7,106
	<u>(128,048)</u>	<u>(28,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	—	74,745
Payments for transaction costs for issue of shares	—	(78)
Interest paid	(18,867)	(19,609)
Proceeds from interest-bearing bank loan and other borrowings	793,258	474,950
Repayment of bank loans and other borrowings	(513,460)	(383,520)
Lease payments (including related interest)	(10,169)	(9,795)
Placement of pledged bank deposits	(84,864)	(73,001)
Withdrawal of pledged bank deposits	126,432	40,127
Dividends paid	(45,999)	(60,294)
	<u>246,331</u>	<u>43,525</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	120,784	141,552
Cash and cash equivalents at beginning of period	73,680	65,433
Effect of foreign exchange rate changes	(51)	26
	<u>194,413</u>	<u>207,011</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	194,413	207,011
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>194,413</u>	<u>207,011</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. CORPORATE AND GROUP INFORMATION

Wuhan Youji Holdings Ltd. was incorporated in the Cayman Islands as an exempted company with limited liability on 23 September 2016. The registered address of the office of the Company is PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. The principal place of business in Hong Kong of the Company is Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company is an investment holding company. The major subsidiaries of the Company were principally engaged in the manufacture and sales of toluene oxidation products and toluene chlorination products and their derivatives in the People's Republic of China (the “**PRC**”).

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) effective from 18 June 2024.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for each of the years ended 31 December 2024.

Basis of going concern assumption

Despite that the Group had net current liabilities of approximately RMB540 million and capital commitments of approximately RMB39 million as at 30 June 2025, the directors of the Company is of the opinion that the Group will have adequate funds available to enable it to operate as a going concern after taking into account the historical operating performance and future forecasted operating cash inflow of the Group and its available credit facilities of approximately RMB650 million (total credit facilities of RMB1,940 million) to meet its financial obligations as they fall due for the following twelve months. Accordingly, these financial statements has been prepared on the going concern basis.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Accountants' Report, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKFRS 21 *Lack of Exchangeability*

The nature and impact of the revised HKFRSs are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable.

4. OPERATING SEGMENT INFORMATION

Operating Segment information

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of the resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical Information

- (a) Details of the revenue from external customers by geographical market are included in note 5 to the Interim Condensed Consolidated Financial Information.
- (b) Non-current assets.

As at 30 June 2025 and 31 December 2024, all of the Group's non-current assets were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8.

Information about a major customer

During the six months ended 30 June 2024 and 2025, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue from contracts with customers	<u>1,440,232</u>	<u>1,651,158</u>

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Types of goods or services		
Toluene oxidation products	894,653	1,025,415
Toluene chlorination products	348,943	335,685
Trading of products	<u>196,636</u>	<u>290,058</u>
Total	<u>1,440,232</u>	<u>1,651,158</u>

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Geographical markets		
Mainland China	1,100,924	1,219,025
Asia (Excluding Mainland China)	158,832	171,413
European Union	107,574	135,583
America	64,930	111,118
Other countries/regions	<u>7,972</u>	<u>14,019</u>
Total	<u>1,440,232</u>	<u>1,651,158</u>

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition	(unaudited)	(unaudited)
Goods transferred at a point in time	<u>1,440,232</u>	<u>1,651,158</u>

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/ (crediting):

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of inventories sold	1,277,195	1,464,482
Reversal of write-down of inventories to net realisable value	(111)	(589)
(Reversal of impairment)/impairment of trade receivables to net realisable value	(128)	440
Research and development costs (current year expenditures)	72,737	58,855
Depreciation of property, plant and equipment	65,131	58,757
Amortisation of other intangible assets*	555	543
Depreciation of right-of-use assets	7,658	9,999
Listing expenses	—	9,481
Additional deductions for input VAT	(1,024)	(11,486)
Foreign exchange differences, net	(4,506)	(5,881)
Government grants related to income	(9,708)	(3,705)
Government grants related to assets	(2,802)	(2,735)
Employee benefit expense (including directors' emoluments):		
Salaries, allowances and benefits in kind	49,689	41,436
Share award scheme expenses	210	210
Performance-based bonuses	1,162	2,205
Pension scheme contributions**	10,742	7,272
	<u>61,803</u>	<u>51,123</u>

- * The amortisation of other intangible assets for the period is included in “Administrative expenses” in profit or loss.
- ** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current — Hong Kong	38	92
Current — Mainland China	12,132	6,371
Deferred income tax	(3,408)	8,912
	<hr/>	<hr/>
Total tax charge for the period	<u>8,762</u>	<u>15,375</u>

Cayman Islands and British Virgin Islands

Under the current tax laws of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and its subsidiaries incorporated in the Cayman Islands and BVI are not subject to tax on income or capital gains.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law, except for Wuhan Youji Industry Co., Ltd. and Qianjiang Xinyihong Organic Chemical Co., Ltd., which were qualified as a High and New Technology Enterprise to enjoy a preferential income tax rate of 15% during the reporting period.

8. DIVIDENDS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Final dividend declared and paid — RMB0.4823 (2024: Nil) per ordinary share	44,999	—

On 15 May 2025, the Company's shareholders at annual general meeting approved and declared 2024 final dividend of RMB0.4823 (six months ended 30 June 2024: Nil) per ordinary share, amounting to a total of approximately RMB44,999,000 (six months ended 30 June 2024: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 93,300,000 (2024: 76,307,143) outstanding during the period.

The Company had no potentially dilutive options or other financial instruments relating to the ordinary shares in issue during the six months ended 30 June 2025 and 2024.

The calculation of basic earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent	38,730	48,049
	Number of shares	
Shares:		
Weighted average number of ordinary shares outstanding during the period	93,300,000	76,307,143
Earnings per share (basic, RMB per share)	0.42	0.63

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB151,745,000 (for the six months ended 30 June 2024: RMB90,654,000).

Assets with a net book value of RMB654,000 were disposed of by the Group during the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB49,000), resulting in a net gain on disposal of RMB27,000 (for the six months ended 30 June 2024: Nil).

During the six months ended 30 June 2025 and 2024, no impairment loss was recognised during the periods.

At 30 June 2025, certain of the Group's buildings with an aggregate carrying amount of RMB133,337,000 (31 December 2024: RMB122,242,000) were pledged to secure the Group's bank loans and other borrowings (note 13).

11. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade receivables	152,059	154,044
Bills receivable	185,003	158,781
	<hr/>	<hr/>
	337,062	312,825
Impairment	(1,282)	(1,410)
	<hr/>	<hr/>
	335,780	311,415
	<hr/> <hr/>	<hr/> <hr/>

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Within 4 months	127,556	133,608
Over 4 months but within 6 months	20,084	13,839
Over 6 months but within 12 months	3,137	5,188
	<u>150,777</u>	<u>152,634</u>

The maturity date analysis for bills receivable is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Within 3 months	85,624	101,203
Over 3 months but within 6 months	99,379	57,578
	<u>185,003</u>	<u>158,781</u>

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Within 1 year	371,354	360,695
1 year to 2 years	—	61
Over 2 years	21	22
	<u>371,375</u>	<u>360,778</u>

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2025			31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000 (unaudited)	Effective interest rate (%)	Maturity	RMB'000 (audited)
Current						
Bank loans — secured	3-4	2025-2026	288,500	3-5	2025	98,500
Bank loans — unsecured	3-4	2025-2026	668,408	3-5	2025	709,950
Current portion of long-term bank loans — secured	3	2025-2026	10,428	5	2025	42,000
Current portion of long-term bank loans — unsecured			—	4	2025	23,500
Other borrowings — unsecured		2025	30,000		2025	49,000
			<u>997,336</u>			<u>922,950</u>
Non Current						
Bank loans — secured	LPR5Y-0.35%	2026-2029	157,412			—
Bank loans — unsecured	3	2026-2027	48,000			—
			<u>205,412</u>			<u>—</u>
			<u>1,202,748</u>			<u>922,950</u>
				30 June 2025	31 December 2024	
				RMB'000	RMB'000	
				(unaudited)	(audited)	
Analysed into:						
Bank loans repayable:						
Within one year				967,336		922,950
After one year but within two years				205,412		—
				<u> </u>		<u> </u>
Other borrowings repayable:						
Within one year				30,000		—
				<u> </u>		<u> </u>
				1,202,748		922,950
				<u> </u>		<u> </u>

Notes:

- (a) Bank loans and other borrowings of the Group are secured by:
- (i) At 30 June 2025, mortgages over the Group's plant, equipment and buildings situated in Mainland China, which had an aggregate carrying amount of RMB133,337,000 (31 December 2024: RMB122,242,000) (note 10);
 - (ii) At 30 June 2025, mortgages over the Group's leasehold lands situated in Mainland China, which had an aggregate carrying amount of RMB112,844,000 (31 December 2024: RMB136,600,000);
- (b) All bank loans and other borrowings of the Group are denominated in RMB and at fixed interest rates except for a secured bank loan with the amount of RMB184,000,000 as at 30 June 2025 (31 December 2024: RMB23,500,000) at floating interest.
- (c) The Group will roll-forward or repay the maturing loans or borrowings on schedule by utilizing the Group's unused bank facilities (note 2) and operating cash inflows.

14. SHARE CAPITAL

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Issued and fully paid:		
93,300,000 ordinary shares of USD0.0001 each (31 December 2024: 93,300,000 ordinary shares of USD0.0001 each)	<u><u>61</u></u>	<u><u>61</u></u>

15. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Contracted, but not provided for:		
Plant and machinery	<u><u>38,911</u></u>	<u><u>27,794</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a renowned toluene derivative products provider in the PRC and the global market, primarily focusing on the manufacture of toluene oxidation products and toluene chlorination products and their derivatives through organic synthesis process. Our toluene derivative products are primarily used for food preservatives, household chemicals, animal feed acidifier and synthetic intermediates for agrochemical and pharmaceutical uses. We also engage in trading of products (mainly in toluene trading) to supplement our primary production operations and sales.

Performance by Product Type

For the six months ended 30 June 2025

	Self-produced product			
	Toluene oxidation products and their derivatives ¹	Toluene chlorination products and their derivatives ²	Trading of products	Total
Revenue (RMB'000)	894,653	348,943	196,636	1,440,232
Cost of sales (RMB'000)	779,581	301,687	195,927	1,277,195
Sales volume (tonne)	124,291	62,046	36,411	222,748
Gross profit margin	12.9%	13.5%	0.4%	11.3%
Unit average selling price (RMB/tonne)	7,198	5,624	5,400	6,466

For the six months ended 30 June 2024

	Self-produced product			
	Toluene oxidation products and their derivatives	Toluene chlorination products and their derivatives	Trading of products	Total
Revenue (RMB'000)	1,025,415	335,685	290,058	1,651,158
Cost of sales (RMB'000)	906,094	272,480	285,908	1,464,482
Sales volume (tonne)	126,315	42,343	42,845	211,503
Gross profit margin	11.6%	18.8%	1.4%	11.3%
Unit average selling price (RMB/tonne)	8,118	7,928	6,770	7,807

Revenue by geographical location of customers

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue		
Domestic sales	1,100,924	1,219,025
Export sales	339,308	432,133
Total	1,440,232	1,651,158

Notes:

1. Toluene oxidation products and their derivatives mainly include toluene oxidation products, benzoic acid ammonification products, and other fine chemicals (by-products or downstream extension products) generated during the production of toluene oxidation products.
2. Toluene chlorination products and their derivatives mainly include toluene chlorination products and other fine chemicals (by-products or downstream extension products) generated during the production of toluene chlorination products.

During the Reporting Period, the Group's overall revenue decreased by approximately 12.8% to approximately RMB1,440.2 million (for the six months ended 30 June 2024: approximately RMB1,651.2 million) compared to the corresponding period in 2024, and the Group's overall gross profit decreased by approximately 12.7% to approximately RMB163.0 million (for the six months ended 30 June 2024: approximately RMB186.7 million) compared to the corresponding period in 2024. The decrease in revenue and gross profit was primarily due to a decline in the overall unit average selling price of products by approximately RMB1,341/tonne. The downward trend in the price of toluene, the Group's primary raw material, led to corresponding adjustments in product selling prices. Additionally, the sustained weakness in global chemical industry demand, coupled with the Group's implementation of full-capacity production and rapid turnover sales strategies during the period to optimize operational efficiency, further exerted pressure on selling prices. During the Reporting Period, the Group's overall gross profit margin remained flat at approximately 11.3% compared to the same period in 2024, mainly due to a slight year-on-year increase in the gross profit margin of toluene oxidation products and their derivatives, which effectively offset the downward pressure on the gross profit margin of chlorination products and their derivatives, as well as trading of products.

During the Reporting Period, the profit attributable to equity holders of the parent company decreased by approximately 19.4% to approximately RMB38.7 million (for the six months ended 30 June 2024: approximately RMB48.1 million). This was mainly due to the above-mentioned decrease in gross profit compared with the same period last year, partially offset by the decrease in listing expenses of RMB9.5 million during the Reporting Period.

The net profit margin attributable to equity holders of the parent company decreased by approximately 0.2 percentage points to approximately 2.7% (for the six months ended 30 June 2024: approximately 2.9%).

Toluene oxidation products and their derivatives accounted for approximately 62.1% of the Group's overall revenue for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 62.1%)

Toluene oxidation products and their derivatives mainly include benzoic acid, sodium benzoate, and benzoic acid ammonification products, such as benzonitrile and benzoguanamine. The Group is the largest manufacturer for both benzoic acid and sodium benzoate in the PRC.

During the Reporting Period, revenue from the Group's toluene oxidation products and their derivatives decreased by approximately 12.8% to approximately RMB894.7 million compared to the same period in 2024 (for the six months ended 30 June 2024: approximately RMB1,025.4 million). This was primarily due to the decrease in average selling price reflecting the decrease in raw material costs. For the six months ended 30 June 2025, the unit average selling price for such series of products decreased by approximately 11.3% from RMB8,118/tonne in the same period of 2024 to RMB7,198/tonne. The revenue from such series of products accounted for approximately 62.1% of the Group's overall revenue (for the six months ended 30 June 2024: 62.1%).

During the Reporting Period, the overall gross profit of such series of products decreased by approximately 3.6% to approximately RMB115.1 million (for the six months ended 30 June 2024: approximately RMB119.3 million), which is the net effect of the decrease in revenue as mentioned above and the improvement in gross profit margin. The gross profit margin of such series of products increased by approximately 1.3 percentage points to approximately 12.9% (for the six months ended 30 June 2024: approximately 11.6%). For such series of products, the Group still leverages a differentiated business strategy segmented by region and its product variety, and has effectively improved the capacity utilization rate of its production facilities and expanded its market share, while ensuring the continued robustness of the profitability of its core business. The increase in gross profit margin was also attributable to the increase of higher value-added products such as spherical sodium and benzoguanamine.

Toluene chlorination products and their derivatives accounted for approximately 24.2% of the Group's overall revenue for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 20.3%)

Toluene chlorination products and their derivatives mainly include benzyl chloride, benzyl alcohol, and benzyl acetate. The Group is the second largest manufacturer for benzyl alcohol in the PRC.

During the Reporting Period, revenue from the Group's toluene chlorination products and their derivatives increased by approximately 3.9% to approximately RMB348.9 million compared to the same period in 2024 (for the six months ended 30 June 2024: approximately RMB335.7 million). The downstream market for such series of products, particularly the real estate industry, remains weak. To boost sales, the Group has reduced the unit selling price of key products such as benzyl alcohol. Sales volume for such series of products increased by approximately 46.5% compared to the same period in 2024, reaching 62,046 tons (for the six months ended 30 June 2024: approximately 42,343 tons), including approximately 7,672 tons of chlorination products manufactured in the Phase I of the Xinxuanhong Production Plant. The revenue from such series of products accounted for approximately 24.2% of the Group's overall revenue (for the six months ended 30 June 2024: 20.3%).

During the Reporting Period, the overall gross profit of such series of products decreased by approximately 25.2% to approximately RMB47.3 million (for the six months ended 30 June 2024: approximately RMB63.2 million), mainly due to a decline in unit prices. The overall unit average selling price for such series of products decreased by approximately 29.1% from RMB7,928/ton in the same period of 2024 to RMB5,624/ton. The gross profit margin of such series of products decreased by approximately 5.3 percentage points to approximately 13.5% (for the six months ended 30 June 2024: approximately 18.8%). This was mainly due to continued weak end-demand, coupled with the Company's fast-turnover business strategy, resulting in a decline in prices that exceeded the decline in costs. The Company will closely monitor market dynamics and adjust its pricing and business strategy in a timely manner to improve profitability.

Trading of products accounted for approximately 13.7% of the Group's overall revenue for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 17.6%)

We conduct trading of products primarily to maintain a stable and sufficient supply of raw materials for our manufacturing, and it also helps us enhance and develop our relationship with clients and to better manage our inventories in raw materials.

During the Reporting Period, revenue from trading of products decreased by approximately 32.2% to approximately RMB196.6 million compared to the same period in 2024 (for the six months ended 30 June 2024: approximately RMB290.1 million). The combined effects of a decrease in price and sales volume led to a decline in revenue. The revenue from trading of products accounted for approximately 13.7% of the Group's overall revenue (for the six months ended 30 June 2024: approximately 17.6%).

During the Reporting Period, the overall gross profit of trading of products decreased to approximately RMB0.7 million (for the six months ended 30 June 2024: approximately RMB4.2 million), and the gross profit margin decreased to approximately 0.4% (for the six months ended 30 June 2024: approximately 1.4%). The decrease in gross profit and gross

profit margin was mainly due to losses incurred from toluene trading during the Reporting Period, which partially offset profits generated from other trading operations. According to relevant data on spot prices of toluene, toluene prices plummeted rapidly in early April 2025. At that time, the Company anticipated that toluene market prices would not improve in the short term, so it sold toluene at prices below the purchase cost to prevent further losses.

Export

During the Reporting Period, the Group achieved export revenue of approximately RMB339.3 million, representing a decrease of approximately RMB92.8 million or approximately 21.5% as compared to the export revenue of approximately RMB432.1 million for the same period in 2024. This was mainly due to the decrease in selling price reflecting the decline in raw material costs as mentioned above, coupled with continued sluggish demand in the global chemical industry and the impact of the U.S. tariff policy on the international trade environment. These multiple factors jointly caused a year-on-year decline in the average unit price and sales volume of export products. In this market environment, the Group actively adjusted its strategy to protect the gross profit margin of its main export products, so as to mitigate the impact on the overall export gross profit.

During the Reporting Period, the Group's export revenue accounted for approximately 23.6% of its total revenue, representing a decrease of 2.6 percentage points over the same period in 2024 (for the six months ended 30 June 2024: approximately 26.2%).

BUSINESS PROSPECTS

During the Reporting Period, the global chemical industry was mired in a volatile cycle characterized by weak demand and high competitive pressure. The main problem stemmed from insufficient macroeconomic recovery momentum coupled with multiple external shocks. At the macro level, the momentum of global economic growth weakened significantly. The manufacturing sectors in Europe and the United States continued to contract, while consumer demand and real estate investment recovery in emerging markets in the Asia-Pacific region remained sluggish. These factors led to a continuous weakening of the support for end-demand for chemical products. In terms of cost structure, the international crude oil market showed an overall volatile downward trend. The global trade disputes initiated by the United States constituted a core negative factor. Coupled with the production increase measures led by Saudi Arabia within OPEC+, which further suppressed oil prices, the support of raw material costs was therefore significantly weakened. Regarding external shocks, the U.S. tariff policies intensified trade frictions, causing significant disruptions to global supply chains. Although some industry peers shifted their focus to markets in Southeast Asia and the Middle East, they faced pressures from product certification barriers and distribution channels reconstruction.

As a major supplier of toluene derivatives in both the Chinese and global markets, operation of the Group has inevitably been affected by the aforementioned negative factors. The price of toluene, the Group's main raw material, has declined under the influence of the crude oil market, which in turn has led to a corresponding adjustment and decrease in the selling prices of its products. Additionally, the Group implemented full-capacity production and rapid turnover sales strategies during the period to optimize operational efficiency, which further exerted pressure on selling prices. The Group's overall revenue decreased by approximately 12.8% to approximately RMB1,440.2 million (for the six months ended 30 June 2024: approximately RMB1,651.2 million) compared to the corresponding period in 2024, and the net profit decreased by approximately 19.4% to approximately RMB38.7 million (for the six months ended 30 June 2024: approximately RMB48.1 million) compared to the corresponding period in 2024.

Looking into the future, the Group will closely monitor market dynamics and dynamically adjust its product structure and business strategies to improve profitability. Key initiatives include: (i) to flexibly arrange maintenance plans for production facilities in response to slowing demand and inventory levels; (ii) to optimize the product sales strategy, adjust the product structure by utilizing the Company's flexible manufacturing capabilities, and turn to the value-oriented pricing model; (iii) to expand the coverage of global sales and marketing networks; (iv) to further enhance our research and development capabilities to develop high-value products; (v) to tap the potential of existing production capacity, reduce costs and increase efficiency, and reduce unit costs through production process optimization, energy efficiency improvement and technological transformation.

In addition, the Group will continue to invest in Hubei Xinxuanhong Production Plant in accordance with the production expansion plan disclosed in the sections "Business" and "Future Plans and Use of Proceeds" of the Prospectus. The Group expects that the Phase II expansion of Hubei Xinxuanhong Production Plant (its designed production capacity mainly includes 160,000 tons/year of toluene chlorination products and 210,000 tons/year of other fine chemical products) will commence construction in the second half of 2025, and it is expected that part of the Phase II production capacity will be put into operation in 2026, while the remaining production capacity will be built and put into use in phases until 2029. Our Group expects that these new products will further drive business growth. The Group believes that with the gradual easing of macro-economic recovery pressure and the above strategic measures, the Group's revenue and profit level are expected to improve.

FINANCIAL REVIEW

Revenue and Gross Profit

During the Reporting Period, the Group achieved revenue and gross profit of approximately RMB1,440.2 million and approximately RMB163.0 million respectively, representing a decrease of approximately RMB210.9 million and approximately RMB23.7 million as compared to approximately RMB1,651.2 million and approximately RMB186.7 million for the same period in 2024, or a decrease of approximately 12.8% and 12.7%, respectively. During the Reporting Period, the Group's gross profit margin was approximately 11.3%, which was the same as that of the corresponding period in 2024.

Other Income and Gains

During the Reporting Period, the Group's other income and gains was RMB28.4 million, representing a decrease of approximately RMB2.3 million compared to approximately RMB30.7 million for the same period in 2024. The decrease in other income and gains was mainly due to the decrease in the input VAT surplus deduction for the Reporting Period, which was partially offset by the government grants received for foreign trade and economic development.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses was approximately RMB12.3 million, representing a decrease of approximately RMB1.1 million compared to approximately RMB13.4 million for the same period in 2024. Such decrease in selling and distribution expenses was mainly due to a decrease in staff remuneration, resulting from a decline in our sales scale.

During the Reporting Period, the Group's selling and distribution expenses accounted for approximately 0.9% of the Group's revenue (for the six months ended 30 June 2024: approximately 0.8%).

Administrative Expenses

During the Reporting Period, the Group's administrative expenses was approximately RMB50.1 million, representing a decrease of about RMB10.1 million compared to approximately RMB60.2 million for the same period in 2024. The main reason for the decrease in administrative expenses is that there were no listing expenses incurred during the Reporting Period.

During the Reporting Period, the Group's administrative expenses accounted for approximately 3.5% of the Group's revenue (for the six months ended 30 June 2024: approximately 3.6%).

Research and Development Expenses

During the Reporting Period, the Group's research and development expenses was approximately RMB72.7 million, representing an increase of approximately RMB13.8 million compared to approximately RMB58.9 million for the same period in 2024. Some research and development projects of new production process have entered the verification and testing stage during the Reporting Period, requiring an increase in material input.

During the Reporting Period, the Group's research and development expenses accounted for approximately 5.1% of the Group's revenue (for the six months ended 30 June 2024: approximately 3.6%).

Finance Costs

During the Reporting Period, the Group's finance costs was approximately RMB17.5 million, representing a decrease of approximately RMB3.6 million as compared to approximately RMB21.1 million for the same period in 2024. Such decrease in finance costs was mainly due to a decline in borrowing rates compared to the same period last year and the interest on borrowing for Xinxuanhong Project has been capitalised.

Income Tax Expenses

During the Reporting Period, the Group's income tax expenses was approximately RMB8.8 million, representing a decrease of approximately RMB6.6 million compared to approximately RMB15.4 million for the same period in 2024. Such decrease in income tax expenses was mainly due to a decrease in profit before tax during the Reporting Period. Our effective tax rate decreased from 24.2% for the six months ended 30 June 2024 to 18.5% for the Reporting Period. This was mainly due to the absence of non-deductible listing expenses in the Reporting Period.

Profit for the Period

During the Reporting Period, the Group recorded a net profit of approximately RMB38.7 million, representing a decrease of approximately RMB9.4 million or 19.4% compared to approximately RMB48.1 million for the same period in 2024. During the Reporting Period, the Group's net profit margin was approximately 2.7%, as compared to approximately 2.9% for the corresponding period in 2024.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the six months ended 30 June 2025. To manage liquidity risk, the Board closely monitored the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Liquidity and Capital Structure

During the Reporting Period, the daily working capital of the Group was primarily derived from cash flows generated from daily business operations, bank borrowings and net proceeds from the global offering of the Company's shares completed on 18 June 2024 (the **"Global Offering"**). As of 30 June 2025, the Group had cash and cash equivalents of approximately RMB194.4 million (31 December 2024: approximately RMB73.7 million). As of 30 June 2025, the Group had pledged deposits of approximately RMB81.2 million (31 December 2024: approximately RMB125.4 million).

As of 30 June 2025 and 31 December 2024, the Group's net current liabilities primarily consisted of bank borrowings and other borrowings. It also includes contract liabilities amounted to RMB64.4 million and RMB53.2 million, respectively as of 30 June 2025 and 31 December 2024. As of 30 June 2025, the Group held interest-bearing bank and other borrowings of approximately RMB1,202.7 million, an increase of RMB279.7 million or 30.3% from RMB923.0 million as of 31 December 2024, primarily due to additional loan financing for daily business operations and capacity expansion. We expect to roll-forward or repay these loans on schedule using the cash flows we generate from our business operations and additional debt financing, if necessary. In particular, we maintained a revolving credit account with a number of large commercial banks in the amount of RMB1,940 million in aggregate, including both short term and long term credits. Therefore, we do not foresee any difficulties in repaying these loans as and when required. As of 30 June 2025, the Group had unutilized bank credit line of RMB650 million.

During the Reporting Period, the Group did not have any risk hedging instrument or hedge in its foreign currency investment.

Gearing Ratio

As at 30 June 2025, the Group's gearing ratio (which is calculated at net debt divided by total equity) was approximately 140.5%, representing an increase as compared to approximately 108.4% as at 31 December 2024, mainly due to the increase in borrowings.

Basic and diluted earnings per share

For the six months ended 30 June 2025, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent company were approximately RMB0.42, representing a decrease of approximately RMB0.21 or approximately 33.3% compared to the corresponding period in 2024.

Current Assets

As at 30 June 2025, the current assets of the Group amounted to approximately RMB1,102.2 million (31 December 2024: approximately RMB950.2 million), primarily consisting of inventories of approximately RMB335.8 million (31 December 2024: approximately RMB292.4 million), trade and bills receivables of approximately RMB335.8 million (31 December 2024: approximately RMB311.4 million), prepayments and other receivables of approximately RMB155.0 million (31 December 2024: approximately RMB147.3 million), cash and cash equivalents of approximately RMB194.4 million (31 December 2024: approximately RMB73.7 million), and pledged deposits of approximately RMB81.2 million (31 December 2024: approximately RMB125.4 million).

Inventories

The inventories of the Group consist of raw materials, work in progress and finished goods. As at 30 June 2025, the total inventories of the Group amounted to approximately RMB335.8 million, representing an increase of approximately RMB43.4 million as compared with the total inventories of approximately RMB292.4 million as at 31 December 2024. Inventory turnover days were 45 days during the Reporting Period as compared with 37 days for the year ended 31 December 2024. Inventory balances and turnover days increased during the Reporting Period compared to the whole year of 2024, primarily due to the Group primarily implemented the strategy of full production and rapid turnover for the Reporting Period with the goal of improving operational efficiency, but affected by the change in the external market environment, the downstream demand for the Group's chlorination products was weak, and the actual sales volume failed to reach the target as expected; in the meantime, the newly launched products of Xinxuanhong were still in the stage of market expansion, and the sales volume for the current period also yet to realize the benefits that we expect to achieve. The combined effect of the above factors resulted in an increase in inventory balances. The Group has been focusing on daily inventory management by making reasonable arrangements for business processes such as procurement, production and sales to ensure that inventories are maintained at a reasonable level.

Trade and Bills Receivables

As at 30 June 2025, trade and bills receivables of the Group were approximately RMB335.8 million, representing an increase of approximately RMB24.4 million as compared with that of approximately RMB311.4 million as at 31 December 2024. The turnover days for trade and bills receivables were 41 days during the Reporting Period while those for the year ended 31 December 2024 were 34 days. The increase in trade and bills receivable balance and turnover days during the Reporting Period compared to the whole year of 2024 was mainly due to an increase in bills received by the Group that were ineligible for derecognition.

Prepayments and Other Receivables

As at 30 June 2025, prepayments and other receivables of the Group were approximately RMB155.0 million, representing an increase of approximately RMB7.7 million from approximately RMB147.3 million as at 31 December 2024, mainly due to the increase in prepayments for raw material purchases.

Current Liabilities

As at 30 June 2025, the total current liabilities of the Group amounted to approximately RMB1,641.8 million (31 December 2024: approximately RMB1,575.0 million), primarily consisting of trade and bills payables of approximately RMB371.4 million (31 December 2024: approximately RMB360.8 million), other payables and accruals and contract liabilities of approximately RMB263.1 million (31 December 2024: approximately RMB286.0 million), interest-bearing bank and other borrowings of approximately RMB997.3 million (31 December 2024: approximately RMB923.0 million), lease liabilities of approximately RMB10.0 million (31 December 2024: approximately RMB3.9 million).

Trade and Bills Payables

During the Reporting Period, the Group's trade and bills payables amounted to approximately RMB371.4 million, representing an increase of approximately RMB10.6 million as compared to that of approximately RMB360.8 million as at 31 December 2024, which was mainly attributable to suppliers are providing a more lenient cash settlement policy compared to the end of last year.

The turnover days for trade and bills payables were 52 days, compared to 32 days for the year ended 31 December 2024. This increase was primarily due to the suppliers are providing a more lenient cash settlement policy compared to the end of last year.

Other Payables and Accruals and Contract Liabilities

As at 30 June 2025, other payables and accruals and contract liabilities of the Group were approximately RMB263.1 million in aggregate, representing a decrease of approximately RMB22.9 million as compared with those of approximately RMB286.0 million in aggregate as at 31 December 2024, mainly due to the settlement of the project payment for the Phase I of the Xinxuanhong project.

Pledge of Assets

As at 30 June 2025, certain of the Group's property, plant and equipment and leasehold lands with net carrying amounts of approximately RMB246.2 million (31 December 2024: approximately RMB258.8 million) were pledged to secure bank and other borrowings and bank facilities granted to the Group.

Material Acquisitions, Disposals and Significant Investment

Save for the production expansion of Hubei Xinxuanhong Production Plant as disclosed above, there were no other material acquisitions, disposals (including material acquisitions and disposals of subsidiaries, associates and joint ventures) or significant investment of the Group during the Reporting Period.

Capital Expenditures and Capital Commitments

During the Reporting Period, capital expenditures of the Group amounted to RMB166.1 million, which mainly related to purchase of property, plant and equipment and leasehold land. At the end of the Reporting Period, the Group had contractual commitments of RMB38.9 million, mainly related to the Hubei Xinxuanhong Production Plant.

Future Plans for Material Investment or Capital Assets

Save for the production expansion plan of Hubei Xinxuanhong Production Plant and the construction of Kangxin Industrial Park as disclosed in this announcement and as disclosed in the Prospectus, which the Company will consider funding by the Group's internal resources, bank loans or the net proceeds from the Global Offering, as at 30 June 2025 and as at the date of this announcement, the Group had no other plans for any material investment or acquisition of capital assets.

Contingent Liabilities

As at 30 June 2025, the Group had no significant contingent liabilities (31 December 2024: nil).

Foreign Currency Risk and Interest Rate Risk

Foreign currency risk refers to the risk of loss caused by fluctuation in exchange rate. Transactional foreign currency exposures arises from sales in currencies other than our functional currencies. The operation of the Group may also be affected by the future fluctuation in exchange rate. The Group closely monitors the impact of changes in currency exchange rates on the Group's foreign currency risk.

The Group's principal activities are carried out in the PRC and our operations are mainly denominated in Renminbi. Our management considers that our business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in currencies other than the respective functional currencies of our subsidiaries. The Group currently does not have any hedging policy for foreign currency in place. However, the Board will remain alert to any foreign currency risk and, if necessary, consider hedging any potential material foreign currency risk.

All bank loans and other borrowings of the Group are denominated in RMB and at fixed interest rates except for an unsecured bank loan in the amount of RMB184.0 million as at 30 June 2025 which is at floating interest. We have closely monitored the interest rate risk during the Reporting Period and our management considers that the interest rate risk is minimal and controllable and does not consider any hedging activity to be necessary. We will continue to closely monitor and control such risk. The Board will remain alert and will consider hedging any potential material interest rate risk if necessary.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on 18 June 2024 (the “**Listing Date**”). The net proceeds from the Company's issue of a total of 18,300,000 Shares in the Global Offering, after deduction of underwriting fees and commissions and other estimated expenses payable by our Company in connection with the Global Offering amounted to approximately HK\$25.9 million. The Company intends to use the net proceeds in the same manner and proportion as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The following table sets forth the planned use of the net proceeds from the Global Offering and the amount utilized as of 30 June 2025:

Use of Proceeds	Proportion (%)	Net proceeds from the Global Offering (HK\$ million)	Utilised amounts during the six months ended 30 June 2025 (HK\$ million)	Utilised amount as of 30 June 2025 (HK\$ million)	Unutilised amount as of 30 June 2025 (HK\$ million)	Expected timetable for fully utilising the unutilised amount ⁽¹⁾
Increasing our production capacity at Hubei Xinxuanhong Production Plant by constructing new production facilities	82.0%	21.2	—	6.4	14.8	December 2028 or before
Research and development activities	3.0%	0.8	—	0.2	0.6	December 2026 or before
Sales and marketing activities	5.0%	1.3	0.4	0.8	0.5	December 2026 or before
Working capital and general corporate purposes	10.0%	2.6	—	2.6	—	
Total	<u>100%</u>	<u>25.9</u>	<u>0.4</u>	<u>10.0</u>	<u>15.9</u>	

Note:

- (1) The expected timetable for the utilisation of the unutilised proceeds as disclosed above is the best estimate made by the Board based on the latest information as at the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

The Group has formulated human resources policies and system to include more incentive awards and bonuses in the remuneration system, as well as to provide diversified employee training and personal development programs for employees.

The emoluments provided by the Group to its employees are determined according to their responsibilities and the prevailing market terms. Employee benefits including bonus, pension, medical insurance, and provident fund are also provided to its employees.

As at 30 June 2025, the Group had a total of 631 employees (as at 31 December 2024: 626 employees).

During the Reporting Period, the Group's total staff costs (including wages, bonuses, social insurance and provident fund) amounted to approximately RMB61.8 million (for

the six months ended 30 June 2024: approximately RMB51.1 million). The increase in staff costs was primarily attributable to the following factors: (i) overall salary adjustments for the achievement of last year's performance targets; (ii) an increase in staff social insurance costs; and (iii) incentives provided to employees for cost-reduction and efficiency-improvement initiatives.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other material subsequent events after the period from 30 June 2025 and up to the date of this announcement except for the following matter.

On 8 July 2025, Hubei Kangxin Chemical Trading Co., Ltd. (湖北康新化工貿易有限責任公司) (“**Hubei Kangxin**”), an indirect wholly-owned subsidiary of the Company, entered into a construction contract with Hubei Tongsheng Construction Engineering Co., Ltd.* (湖北桐盛建設工程有限公司), in relation to the construction of Kangxin Industrial Park, which is wholly owned by Hubei Kangxin and located in Jiangnan Salt Chemical Industrial Park (江漢鹽化工業園), Qianjiang City, Hubei Province, the PRC. For more details, please refer to the Company's announcement dated 8 July 2025.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 June 2024: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) (in effect as of 30 June 2025) set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its code of governance.

* For identification purposes only

During the Reporting Period, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period and no incident of non-compliance by the Directors has been noted by the Company during the aforementioned period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Board has established the audit committee (“**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises Mr. Liu Kai Yu Kenneth, Dr. Liu Zhongdong, Dr. Yuan Kang, Mr. Gao Lei and Mr. Shen Yingming, with Mr. Liu Kai Yu Kenneth (being our independent non-executive Director with appropriate professional qualifications) as the chairperson.

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2025. Ernst & Young, the independent auditor of the Company, performed an independent review of the Group’s interim financial information for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A report on the review of the interim financial information will be included in the interim report.

Save as disclosed in this announcement, during the Reporting Period, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix D2 to the Listing Rules.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.chinaorganic.com. The interim report of the Company for the six months ended 30 June 2025 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company (if necessary) and posted on the above websites in due course.

By order of the Board
Wuhan Youji Holdings Ltd.
Zou Xiaohong
Chairman and Executive Director

Wuhan, the PRC, 22 August 2025

As at the date of this announcement, the Board comprises Mr. Zou Xiaohong (Chairman) and Mr. Chen Ping as executive Directors; Mr. Gao Lei, Mr. Shen Yingming and Ms. Li Deye as non-executive Directors; and Mr. Liu Kai Yu Kenneth, Dr. Liu Zhongdong and Dr. Yuan Kang as independent non-executive Directors.