THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wuhan Youji Holdings Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO FORMATION OF A NON-WHOLLY OWNED SUBSIDIARY AND GUARANTEED CONSTRUCTION AND LEASEBACK ARRANGEMENTS AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

The notice convening the Extraordinary General Meeting ("**EGM**") of Wuhan Youji Holdings Ltd. to be held at Meeting Room, 4/F, No. 1, Chemical Second Road, Wuhan Chemical Industrial Park, Qingshan District, Wuhan, Hubei, China on Friday, 20 March 2026 at 2:00 p.m. is set out in this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 2:00 p.m. on Wednesday, 18 March 2026 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (**www.hkexnews.hk**) and the Company (**www.chinaorganic.com**).

2 March 2026

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Anxin"	Wuhan Qingshan Anxin Real Estate Co., Ltd. (武漢市青山區安欣置業有限公司), a company established in the PRC
"Articles"	the articles of association of the Company
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Company"	Wuhan Youji Holdings Ltd. (武漢有機控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2881)
"Construction and Leaseback Arrangements"	the construction and leaseback arrangements in relation to the Project Assets, including the Development Services Contract and related documents, under which Anxin will procure the construction of the Project Assets through the Project Company, lease the Project Assets to the Target Company during the Term and the Target Company will repurchase the Project Company after the Term
"Construction and Leaseback Arrangements Agreements"	Development Services Contract to be entered into among the Target Company, Anxin, and Wuhan Youji after formation of the Target Company, together with all other documents related to the Construction and Leaseback Arrangement
"Development Services Contract"	the development services contract to be entered into among the Target Company, Anxin and Wuhan Youji in relation to the Construction and Leaseback Arrangements
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be held at Meeting Room, 4/F, No. 1, Chemical Second Road, Wuhan Chemical Industrial Park, Qingshan District, Wuhan, Hubei, China on Friday, 20 March 2026 at 2:00 p.m. or any adjournment or postponement thereof
"EY"	Ernst & Young (安永會計師事務所)
"Formation Agreements"	the agreements entered into among the Partners in relation to the formation of the Target Company, including the cooperation agreement entered on 30 December 2025 and the initiators' agreement to be entered before formation of the Target Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hubei Kangxin"	Hubei Kangxin Bio-Tech Co., Ltd. (湖北康新生物科技有限公司), a limited liability company established under the laws of the PRC on 12 December 2018 and a wholly-owned subsidiary of the Company
"Hubei Xinlianhong"	Hubei Xinlianhong New Materials Technology Co., Ltd. (湖北新連宏新材料科技有限公司), a limited liability company established under the laws of the PRC on 28 November 2022 and a wholly-owned subsidiary of the Company
"Hubei Xinxuanhong"	Hubei Xinxuanhong New Materials Co., Ltd. (湖北新軒宏新材料有限公司), a limited liability company established under the laws of the PRC on 5 January 2021 and a wholly-owned subsidiary of the Company
"Independent Board Committee"	an independent board committee of the Board, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Transactions

"Independent Financial Adviser"	SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions
"Independent Shareholders"	the Shareholders other than Mr. Zou Xiaohong and his associates
"Individual Partners"	54 individuals who are employees of the Group or of Wuhan Guangyao, including, among others, Zou Xiaohong (鄒曉虹), Zhou Xu (周旭), Guo Tao (郭濤), Wu Jun (吳駿) and Xiang Shiyan (向世炎), all other Individual Partners are independent third parties, namely, Xiao Wenjing (肖文精), Shu Zhenchao (舒振操), Cai Huan (蔡歡), Chen Junping (陳俊平), Xiao Hai (肖海), Wu Xiaowen (伍孝文), Dong Hongming (董洪明), Huang Zhengwang (黃正望), Sun Bo (孫波), Xiong Kun (熊坤), Zhang Xu (張旭), Fan Jinfeng (范進鋒), Wu Zhan (吳展), Cheng Sheng (程勝), Zhu Yong (朱勇), Liu Jing (劉京), Gao Ke (高軻), Zhang Yong (張勇), Hou Bin (侯斌), Wang Shengfeng (王勝峰), Li Li (李立), Xiao Xiang (肖祥), Lu Liangqiu (陸良秋), Chen Jiarong (陳加榮), Pang Jichang (龐紀昌), Zhou Shitao (周詩濤), Li Yi (李毅), Qiu Baoguo (邱寶國), Yu Xiaoye (余曉葉), Wang Qiang (王強), Li Yujun (李玉軍), Dai Fei (代飛), Cheng Ying (程瑩), Zhu Mingwei (朱明偉), Zhou Feng (周峰), Yuan Peng (袁鵬), Zhang Zhihan (張之涵), Zhang Xuanhe (張軒赫), Cheng Juan (程娟), Nie Shaochun (聶少春), Li Li (李力), Lei Liang (雷亮), Zheng Yiqi (鄭億琦), Deng Zhangxiong (鄧章雄), Zhang Zhibo (張旨博), Luo Jianjun (羅建軍), Luo Jun (羅軍) and Yuan Shaohua (袁少華)
"Intangible Assets"	intellectual property rights (patents and proprietary technologies) to be contributed by Wuhan Youji and Wuhan Guangyao to the Target Company as capital contribution(s) pursuant to the Formation Agreements

"Land"	A piece of land at the intersection of Chemical Second Road (Huagong Er Lu) and Wusha Road, Qingshan District, Wuhan City
"Latest Practicable Date"	27 February 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"LPR"	the loan prime rate published by the People's Bank of China from time to time
"Partners"	Wuhan Youji, Wuhan Guangyao, Wuhan Shengyu and the Individual Partners, collectively
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Project Assets"	land use rights, plant and facilities, offices, warehouses and associated infrastructure to be constructed under the Construction and Leaseback Arrangements
"Project Company"	Wuhan Photochemistry Sci-Tech Construction Industrial Park Development Co., Ltd. (武漢光化科建工業園開發有限公司), a wholly owned subsidiary of Anxin established for the purpose of holding the Project Assets
"Prospectus"	the prospectus of the Company dated 7 June 2024
"Qianjiang Xinyihong"	Qianjiang Xinyihong Organic Chemical Co., Ltd. (潛江新億宏有機化工有限公司), a limited liability company established under the laws of the PRC on 5 December 2006 and a wholly-owned subsidiary of the Company
"SFO"	the Securities and Futures Ordinance (Cap. 571)

"Share(s)"	ordinary share(s) in the capital of our Company of a par value of US$0.0001 each
"Shareholder(s)" or "member(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Wuhan Youji Photochemical Technology Co., Ltd. (武漢有機光化學科技股份有限公司) (proposed name), a PRC joint stock limited company to be established pursuant to the Formation Agreements
"Term"	a term of seven years minus the construction period of not more than 365 days under the Construction and Leaseback Arrangements
"Transactions"	collectively, the formation of the Target Company pursuant to the Formation Agreements and the Construction and Leaseback Arrangements (including the guarantee to be provided by Wuhan Youji)
"Valuation Report"	the valuation report dated 25 December 2025 issued by the Valuer in respect of the value of the Intangible Assets with a benchmark date of 30 September 2025
"Valuer"	Hubei Hongye Real Estate Asset Appraisal Co., Ltd. (湖北弘業房地產資產評估有限公司), an independent asset valuation institution qualified to undertake real estate and asset appraisal activities in the PRC
"Wuhan Guangyao"	Wuhan Guangyao Co-Creation Enterprise Management Partnership (Limited Partnership) (武漢光曜同創企業管理合夥企業 (有限合夥)), a Company incorporated in the PRC and is an independent third party to the Group
"Wuhan Shengyu"	Wuhan Shengyu Huazhang Investment Management Co., Ltd. (武漢盛譽華彰投資管理有限公司), a Company incorporated in the PRC

"Wuhan Youji"	Wuhan Youji Industries Co., Ltd. (武漢有機實業有限公司) (formerly known as Wuhan Youji Synthetic Chemical Plant (武漢有機合成化工廠), Wuhan City Wuhan Youji Synthetic Chemical Plant (武漢市武漢有機合成化工廠), and Wuhan Youji Industries Joint Stock Co., Ltd. (武漢有機實業股份有限公司)), a limited liability company established under the laws of the PRC on 12 January 1990 and a wholly-owned subsidiary of the Company
"%"	per cent

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)

Executive Directors:
Mr. Zou Xiaohong *(Chairman)*
Mr. Chen Ping

Non-executive Directors:
Mr. Gao Lei
Mr. Shen Yingming
Ms. Li Deye

Independent Non-executive Directors:
Dr. Liu Zhongdong
Dr. Yuan Kang
Mr. Liu Kai Yu Kenneth

Registered Office:
International Corporation Services Ltd.
PO Box 472, 2nd Floor,
Harbour Place, 103 South
Church Street, George Town
Grand Cayman KY1-1106
Cayman Islands

Head Office and Principal Place of Business in the PRC:
No. 1, Chemical Second Road
Wuhan Chemical Industrial Park
Qingshan District, Wuhan
Hubei, China

Principal Place of Business in Hong Kong:
Room 1922, 19/F,
Lee Garden One
33 Hysan Avenue
Causeway Bay Hong Kong

2 March 2026

Dear Shareholder(s),

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO FORMATION OF A NON-WHOLLY OWNED SUBSIDIARY AND GUARANTEED CONSTRUCTION AND LEASEBACK ARRANGEMENTS

1. INTRODUCTION

Reference is made to the announcement of the Company dated 30 December 2025 in relation to the Transactions. The purpose of this circular is to provide you with, among other things, (i) further details of the Transactions; (ii) the recommendation from the Independent Board

Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM.

2. FORMATION OF TARGET COMPANY

On 30 December 2025, Wuhan Youji, a wholly-owned subsidiary of the Company, entered into the Formation Agreements with Wuhan Guangyao, Wuhan Shengyu and the Individual Partners in relation to the establishment of the Target Company to research, development and commercialise photochemical oxidation technology and to construct and operate a 15,000-tonne per annum aromatic aldehyde/ester replacement project in Wuhan, the PRC (the "**Photochemical Project**").

Date : 30 December 2025

Parties : (i) Wuhan Youji;

(ii) Wuhan Guangyao;

(iii) Wuhan Shengyu; and

(iv) Individual Partners.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Wuhan Guangyao and its ultimate beneficial owners are independent third parties.

Among Individual Partners, Zou Xiaohong (鄒曉虹) is a Director and a director of Wuhan Youji , Zhou Xu (周旭) is the chief executive officer of the Company and the general manager of Wuhan Youji, Guo Tao (郭濤) is a director of Qianjiang Xinyihong, Hubei Xinxuanhong, Hubei Kangxin and Hubei Xinlianhong and the general manager of Qianjiang Xinyihong, Wu Jun (吳駿) is the general manager of Hubei Kangxin, Xiang Shiyan (向世炎) is the general manager of Hubei Xinxuanhong.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, other Individual Partners are independent third parties.

Wuhan Shengyu is wholly controlled by Mr. Shen Haifeng (沈海峰), the chief financial officer of the Company.

Target Company : The Target Company is to be established as a PRC joint stock limited company under the proposed name Wuhan Youji Photochemical Technology Co., Ltd. (武漢有機光化學科技股份有限公司). Its principal business will be the research and development, industrialisation and commercial production of photochemical oxidation technologies and related high value-added chemical intermediates, which are primarily applied in the flavour and fragrance and daily chemical products sectors, together with import and export activities. The Target Company's products are expected to include high value-added chemical intermediates that are used as upstream inputs in the manufacture of flavour and fragrance products and daily chemical products. The Target Company's downstream customers are expected to partially overlap with the existing downstream customer base of Wuhan Youji, which currently purchases products such as flavour-grade benzyl acetate, flavour-grade benzyl benzoate and benzaldehyde. The import and export activities refer to the proposed sale of certain products of the Target Company to overseas customers and the import of certain raw materials for production purposes, if any.

In terms of its business and revenue model, upon commencement of commercial production, the Target Company intends entrust Wuhan Youji's existing sales team to market and sell the Target Company's products. Such arrangement will allow the Target Company to leverage Wuhan Youji's established sales network, industry influence and brand recognition, reduce the need for the Target Company to build a large in-house sales team at the initial stage, enhance marketing efficiency and better serve the diversified needs of downstream customers in the flavour and fragrance and daily chemical industries. If such arrangement constitutes continuing connected transaction under the Listing Rules, the Company will make further announcement and comply with the applicable requirements under Chapter 14A of the Listing Rules.

As regards research and development and the expected operational timeline, the relevant photochemical oxidation technologies have completed pilot-scale testing and scale-up. It is currently expected that the registration and establishment of the Target Company will be completed in the first half of 2026, following which the Target Company will enter into an infrastructure construction phase. Equipment installation and commissioning are expected to be carried out in the first half of 2027, with trial production expected to commence in the second half of 2027, and thereafter progress towards large-scale industrialised production, subject to, among others, construction progress, equipment installation, regulatory approvals and market conditions.

Registered capital and capital commitments upon establishment of the Target Company : The registered capital of the Target Company at establishment will be RMB119.2 million, with each RMB1 of registered capital subscribed at par value. The initial capital contributions to be made by the Partners are as follows:

(i) Wuhan Youji will contribute RMB63.234 million, representing approximately 53.0487% of the registered capital, of which RMB50 million will be satisfied by way of contribution of intellectual property (patents and proprietary technologies) and RMB13.234 million will be contributed in cash;

(ii) Wuhan Guangyao will contribute RMB50 million, representing approximately 41.9463%, entirely in the form of intellectual property (patents and proprietary technologies);

(iii) Wuhan Shengyu will contribute RMB400,000, representing approximately 0.3356%, in cash;

(iv) The Individual Partners will make an aggregate cash contribution of RMB5,566,000, representing approximately 4.6695%. Among them, the connected persons of the Group will make cash contributions as follows: Zou Xiaohong (鄒曉虹) and Zhou Xu (周旭) will each contribute RMB400,000, representing approximately 0.3356% of the registered capital; and Guo Tao (郭濤), Wu Jun (吳駿) and Xiang Shiyan (向世炎) will each contribute RMB200,000, representing approximately 0.1678% of the registered capital. The remaining independent Individual Partners' respective initial capital contributions range from RMB6,000 to RMB400,000, representing shareholding percentages between approximately 0.0050% and 0.3356%.

The above first batch capital contributions amount in aggregate to RMB119.2 million.

The intellectual property to be contributed by Wuhan Youji and Wuhan Guangyao to the Target Company primarily comprises ownership interests in proprietary photochemical oxidation technologies, the core nature of which is photocatalysis, together with the associated patent rights. As at the date of this circular, the intellectual property to be contributed in aggregate consists of eight granted patents, which cover, among others: a method for the oxidation of toluene-based compounds into benzoic acid derivatives promoted by visible light, a method for the selective synthesis of benzaldehyde-type compounds catalysed by visible light, a method for the immobilised and synergistic visible-light-catalysed synthesis of benzaldehyde-type compounds, a method for synthesising benzoic acid and methyl benzoate-type compounds using TBADT as a photocatalyst; a novel preparation method for polyfluoroalkyl-substituted olefins, a [3+2] orthogonal cycloaddition method between amino acid active esters and diazo compounds and its application in synthetic chemistry; a continuous-flow reactor suitable for gas–liquid–solid three-phase photochemical reactions; and a method for the photocatalytic synthesis of aromatic aldehydes and ketones using single-atom photocatalysts. In addition to the patent rights disclosed above, the Intangible Assets comprise proprietary technologies primarily relating to photocatalytic oxidation technologies for aromatic compounds, including process know-how, process package technologies and other unpublished core technical materials and results.

Wuhan Youji and Wuhan Guangyao have agreed that all intellectual property rights arising from their jointly developed technologies, including but not limited to patents, proprietary technologies, process know-how, process package technologies and related research results, are owned by them in equal shares, with each party holding a 50% ownership interest.

Subsequent Capital Contributions : In addition to the initial registered capital of RMB119.2 million, the Partners have undertaken ultimate total capital commitments of RMB200 million, to be contributed in tranches based on the funding needs of the Target Company. Pursuant to the Formation Agreements, after the establishment of the Target Company and upon receipt of written funding notices issued by the Target Company, each Partner shall make additional capital contributions, and the Target Company shall complete the corresponding capital increase procedures in batches.

(i) Wuhan Youji will further contribute RMB52.936 million by cash, resulting in an aggregate contribution of RMB116.17 million and representing 58.0850% of the enlarged capital of the Target Company;

(ii) Wuhan Guangyao will not be required to make additional capital contributions and its aggregate post-subsequent capital contributions will remain RMB50 million, representing 25% of the enlarged registered capital of the Target Company;

(iii) Wuhan Shengyu will further contribute RMB1.6 million by cash, resulting in an aggregate contribution of RMB2 million, representing 1% of the enlarged registered capital of the Target Company;

(iv) The Individual Partners will make further cash contributions in an aggregate amount of RMB22,264,000, resulting in an aggregate contribution of RMB27,830,000, representing 13.915% of the enlarged registered capital of the Target Company. Among them, the connected persons will make further cash contributions as follows: Zou Xiaohong (鄒曉虹) and Zhou Xu (周旭) will each contribute RMB1,600,000 resulting in an aggregate contribution of RMB2 million and representing 1% of the enlarged registered capital of the Target Company. Guo Tao (郭濤), Wu Jun (吳駿) and Xiang Shiyan (向世炎) will each contribute RMB800,000, resulting in an aggregate contribution of RMB1 million and representing 0.5% of the enlarged registered capital of the Target Company. The remaining independent Individual Partners' respective further cash contributions range from RMB24,000 to RMB1,600,000, representing shareholding percentages between 0.015% and 1%;

(v) One independent external investor will contribute RMB6 million in instalments, of which RMB4 million shall be contributed as registered capital representing 2.0% of the enlarged registered capital, and the remaining RMB2 million shall be contributed as capital reserve pursuant to the Formation Agreements. If the external investor fails to make such contribution, the Company shall be entitled to subscribe for such 2.0% equity interest at a consideration of RMB4 million.

The independent external investor is expected to be Wuhan Qingshan Industrial Investment Group Co., Ltd. (武漢市青山產業投資集團有限公司) or such other designated entity as it may nominate. The ultimate beneficial owner of such independent external investor is the State-owned Assets Supervision and Administration Bureau of Qingshan District, Wuhan City (武漢市青山區人民政府國有資產監督管理局). The capital contribution to be made by the independent external investor will be fully settled in cash.

In aggregate, the subsequent capital contributions amount to RMB80.80 million, bringing the total registered capital of the Target Company to RMB200 million.

The Company will use its own funds and will not utilize any of its IPO proceeds to fund its cash contributions to the Target Company. The capital contribution amounts and the shareholding structure of the Target Company were determined with reference to the respective amounts of intellectual property and cash contributions to be made by each of the parties pursuant to the Formation Agreements. The registered capital of the Target Company is subscribed at par value, and each party's equity interest in the Target Company is determined in proportion to the aggregate value of its agreed capital contribution. The Board has assessed the overall funding requirements of the Target Company at the initiation stage of the Photochemical Project, including approximately RMB8 million for chemical design and safety and environmental assessment procedures, and the initial costs for partial procurement of production equipment and light source facilities. Subsequent capital increases will be implemented progressively in accordance with the actual funding needs of the Target Company. The Board consider the funding requirements can be fully funded by the Group's internal resources.

On this basis, the parties, having regard to their respective financial positions, available resources and risk tolerance, determined through negotiation the maximum cash contributions each party could undertake, and formulated the initial and subsequent capital contribution arrangements accordingly.

The Board considers that the capital contribution amounts were determined after taking into account the Photochemical Project's funding requirements and staged implementation plan, and are fair and reasonable.

Details of the shareholding and cash contribution of each of the Individual Partners : Capital commitments upon establishment of the Target Company:

Name	**Cash Contribution** *RMB*	**Shareholding**
Zou Xiaohong (鄒曉虹)	400,000	0.3356%
Zhou Xu (周旭)	400,000	0.3356%
Xiao Wenjing (肖文精)	400,000	0.3356%
Shu Zhencao (舒振操)	400,000	0.3356%
Cai Huan (蔡歡)	380,000	0.3188%
Guo Tao (郭濤)	200,000	0.1678%
Wu Jun (吳駿)	200,000	0.1678%
Xiang Shiyan (向世炎)	200,000	0.1678%
Chen Junping (陳俊平)	200,000	0.1678%
Xiao Hai (肖海)	200,000	0.1678%
Wu Xiaowen (伍孝文)	200,000	0.1678%
Dong Hongming (董洪明)	200,000	0.1678%
Huang Zhengwang (黃正望)	190,000	0.1594%
Sun Bo (孫波)	170,000	0.1426%
Xiong Kun (熊坤)	160,000	0.1342%
Zhang Xu (張旭)	140,000	0.1174%
Fan Jinfeng (範進鋒)	120,000	0.1007%
Wu Zhan (吳展)	100,000	0.0839%
Cheng Sheng (程勝)	100,000	0.0839%
Zhu Yong (朱勇)	100,000	0.0839%
Liu Jing (劉京)	100,000	0.0839%
Gao Ke (高軻)	80,000	0.0671%
Zhang Yong (張勇)	60,000	0.0503%
Hou Bin (侯斌)	60,000	0.0503%

Name	Cash Contribution *RMB*	Shareholding
Wang Shengfeng (王勝峰)	60,000	0.0503%
Li Li (李立)	60,000	0.0503%
Xiao Xiang (肖祥)	60,000	0.0503%
Lu Liangqiu (陸良秋)	60,000	0.0503%
Chen Jiarong (陳加榮)	60,000	0.0503%
Pang Jichang (龐紀昌)	40,000	0.0336%
Zhou Shitao (周詩濤)	40,000	0.0336%
Li Yi (李毅)	40,000	0.0336%
Qiu Baoguo (邱寶國)	40,000	0.0336%
Yu Xiaoye (余曉葉)	40,000	0.0336%
Wang Qiang (王強)	40,000	0.0336%
Li Yujun (李玉軍)	30,000	0.0252%
Dai Fei (代飛)	30,000	0.0252%
Cheng Ying (程瑩)	30,000	0.0252%
Zhu Mingwei (朱明偉)	24,000	0.0201%
Zhou Feng (周峰)	20,000	0.0168%
Yuan Peng (袁鵬)	20,000	0.0168%
Zhang Zhihan (張之涵)	20,000	0.0168%
Zhang Xuanhe (張軒赫)	16,000	0.0134%
Cheng Juan (程娟)	10,000	0.0084%
Nie Shaochun (聶少春)	10,000	0.0084%
Li Li (李力)	10,000	0.0084%
Lei Liang (雷亮)	10,000	0.0084%
Zheng Yiqi (鄭億琦)	6,000	0.0050%
Deng Zhangxiong (鄧章雄)	6,000	0.0050%
Zhang Zhibo (張旨博)	6,000	0.0050%
Luo Jianjun (羅建軍)	6,000	0.0050%
Luo Jun (羅軍)	6,000	0.0050%
Yuan Shaohua (袁少華)	6,000	0.0050%
Total	**5,566,000**	**4.67%**

Capital commitments upon completion of subsequent capital contributions:

Name	Cash Contribution *RMB*	Shareholding
Zou Xiaohong (鄒曉虹)	2,000,000	1.0000%
Zhou Xu (周旭)	2,000,000	1.0000%
Xiao Wenjing (肖文精)	2,000,000	1.0000%
Shu Zhencao (舒振操)	2,000,000	1.0000%
Cai Huan (蔡歡)	1,900,000	0.9500%
Guo Tao (郭濤)	1,000,000	0.5000%
Wu Jun (吳駿)	1,000,000	0.5000%
Xiang Shiyan (向世炎)	1,000,000	0.5000%
Chen Junping (陳俊平)	1,000,000	0.5000%
Xiao Hai (肖海)	1,000,000	0.5000%
Wu Xiaowen (伍孝文)	1,000,000	0.5000%
Dong Hongming (董洪明)	1,000,000	0.5000%
Huang Zhengwang (黃正望)	950,000	0.4750%
Sun Bo (孫波)	850,000	0.4250%
Xiong Kun (熊坤)	800,000	0.4000%
Zhang Xu (張旭)	700,000	0.3500%
Fan Jinfeng (範進鋒)	600,000	0.3000%
Wu Zhan (吳展)	500,000	0.2500%
Cheng Sheng (程勝)	500,000	0.2500%
Zhu Yong (朱勇)	500,000	0.2500%
Liu Jing (劉京)	500,000	0.2500%
Gao Ke (高軻)	400,000	0.2000%
Zhang Yong (張勇)	300,000	0.1500%
Hou Bin (侯斌)	300,000	0.1500%
Wang Shengfeng (王勝峰)	300,000	0.1500%
Li Li (李立)	300,000	0.1500%
Xiao Xiang (肖祥)	300,000	0.1500%
Lu Liangqiu (陸良秋)	300,000	0.1500%
Chen Jiarong (陳加榮)	300,000	0.1500%
Pang Jichang (龐紀昌)	200,000	0.1000%
Zhou Shitao (周詩濤)	200,000	0.1000%
Li Yi (李毅)	200,000	0.1000%
Qiu Baoguo (邱寶國)	200,000	0.1000%
Yu Xiaoye (余曉葉)	200,000	0.1000%
Wang Qiang (王強)	200,000	0.1000%
Li Yujun (李玉軍)	150,000	0.0750%
Dai Fei (代飛)	150,000	0.0750%

Name	Cash Contribution *RMB*	Shareholding
Cheng Ying (程瑩)	150,000	0.0750%
Zhu Mingwei (朱明偉)	120,000	0.0600%
Zhou Feng (周峰)	100,000	0.0500%
Yuan Peng (袁鵬)	100,000	0.0500%
Zhang Zhihan (張之涵)	100,000	0.0500%
Zhang Xuanhe (張軒赫)	80,000	0.0400%
Cheng Juan (程娟)	50,000	0.0250%
Nie Shaochun (聶少春)	50,000	0.0250%
Li Li (李力)	50,000	0.0250%
Lei Liang (雷亮)	50,000	0.0250%
Zheng Yiqi (鄭億琦)	30,000	0.0150%
Deng Zhangxiong (鄧章雄)	30,000	0.0150%
Zhang Zhibo (張旨博)	30,000	0.0150%
Luo Jianjun (羅建軍)	30,000	0.0150%
Luo Jun (羅軍)	30,000	0.0150%
Yuan Shaohua (袁少華)	30,000	0.0150%
Total	**27,830,000**	**13.92%**

Payment Terms : The initial capital contributions comprising (i) RMB50 million contributed by Wuhan Youji by way of Intangible Assets, and (ii) RMB50 million contributed by Wuhan Guangyao, also by way of Intangible Assets, were determined with reference to the valuation of such intellectual property as set out in the Valuation Report issued by the Valuer on 25 December 2025, which assessed the aggregate value of Intangible Assets at RMB119,048,400. Pursuant to the Formation Agreements, the foregoing intellectual property contributions shall be transferred to the Target Company as registered capital within 90 days after the establishment of the Target Company. The transfer of the intellectual property will not have any impact on the Group's business operations as the Intangible Assets to be transferred are exclusively associated with the Photochemical Project and their technologies are distinct from and unrelated to the Group's existing production processes, products and business operations.

All initial monetary capital contributions by the Partners shall be paid into the Target Company's designated bank account within 30 days after the establishment of the Target Company.

Conditions Precedent : The Formation Agreements will become effective upon the satisfaction of the following conditions precedent:

(i) the Company having obtained approval from its Board in respect of the Formation Agreements and the transactions contemplated thereunder;

(ii) The Formation Agreements and the transactions contemplated thereunder must be approved by the Independent Shareholders at the extraordinary general meeting in accordance with the Listing Rules.

As at the Latest Practicable Date, the Company has obtained Board approval for the Formation Agreements and the transactions contemplated thereunder.

Management of the Target Company : The Target Company will adopt a governance structure consistent with the PRC Company Law and the arrangements agreed among the Partners. The shareholders' meeting will be the highest authority of the Target Company and will exercise its powers in accordance with the Formation Agreements and the articles of association.

The Target Company will establish a board of directors comprising five directors, three of whom will be nominated by Wuhan Youji, one by Wuhan Guangyao, and one collectively by the Individual Partners. The chairman of the board, who will also serve as the legal representative of the Target Company, will be nominated by Wuhan Youji.

The Target Company will adopt a general manager–led management model. The general manager will be nominated by Wuhan Youji and appointed by its board, while the deputy general managers and the financial controller will be nominated by the general manager and appointed by its board. The management team will be responsible for the day-to-day operations of the Target Company and will perform their duties under the supervision of the board.

Revaluation and Capital Reduction Mechanism in respect of the Intangible Assets	:	The Intangible Assets contributed to the Target Company are subject to commercialisation risks. In the event that the Intangible Assets fail to generate profits within a period of up to five years after their contribution to the Target Company, the parties may, subject to compliance with the Listing Rules and pursuant to the Formation Agreements and applicable PRC laws and regulations, arrange for a revaluation of the Intangible Assets and, if necessary, implement a corresponding capital reduction of the Target Company based on the revalued amount. In an extreme scenario where the Intangible Assets are fully written down and the registered capital attributable to the Intangible Assets is fully reduced, the shareholding structure of the Target Company would be adjusted accordingly. In such case, the equity interests in the Target Company would be held as follows: Wuhan Youji as to 66.17%, Wuhan Guangyao as to 0%, Wuhan Shengyu as to 2%, the independent external investor as to 4%, and the Individual Partners as to 27.83%, of which the connected persons would in aggregate hold approximately 7%. The relevant technologies of the Intangible Assets have progressed beyond laboratory research and have completed pilot-scale and pilot-scale expansion tests. Based on such tests, the technology-related risks associated with the commercialisation of the Intangible Assets are relatively manageable. The trial production expected to commence in the second half of 2027 and designed production capacity of approximately 5,000 tonnes expected to be achieved in 2028, subject to construction progress, equipment installation and market conditions.

The proposed adjustment mechanism in respect of the Intangible Assets are designed as a risk allocation and protection mechanism in the event that the intellectual property contributed by Wuhan Youji and/or Wuhan Guangyao fails to be successfully commercialised. The purpose of this mechanism is to align the capital structure of the Target Company with the actual value of the contributed assets, and to ensure fairness among shareholders of the Target Company by preventing an overstatement of contributed capital in the event of unsuccessful commercialisation.

Such adjustments apply equally to both Wuhan Youji and Wuhan Guangyao, as they are the only parties that have made capital contributions by way of intellectual property.

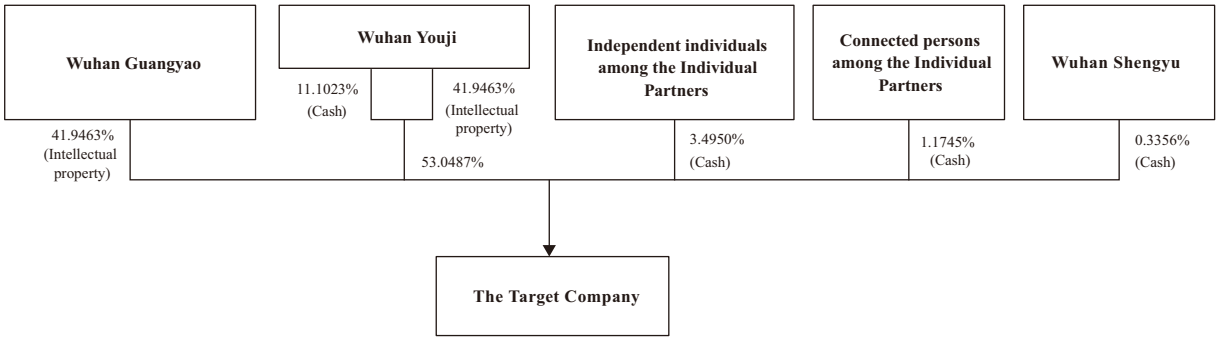
Right of First Refusal : Pursuant to the Formation Agreements, where the shareholders' meeting of the Target Company has approved an increase in the registered capital and any shareholder fails to make its additional capital contribution, the other shareholders shall have the right, but not the obligation, to contribute the unpaid portion of such capital contribution. In such circumstances, the defaulting shareholder is required to vote in favour of such additional capital contribution by the other shareholders at the shareholders' meeting.

If any shareholder proposes to transfer its equity interest in the Target Company to a third party, such transfer is subject to the approval of the other shareholders by way of a shareholders' resolution. Upon approval, the non-transferring shareholders shall have a right of first refusal to acquire the equity interest proposed to be transferred on the same terms and conditions.

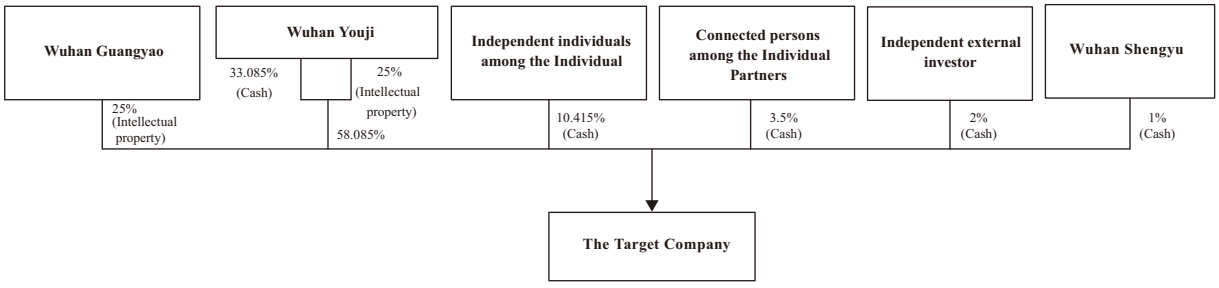
If the independent external investor does not make its capital contribution and the Company subscribes the 2% of the enlarged capital of the Target Company, upon completion of such capital reduction, Wuhan Youji's shareholding in the Target Company would increase to 70.17%, the independent external investor would hold 0% equity interest, and the shareholding interests of the other parties would remain the same as in above paragraph.

A structure chart to illustrate (a) the shareholding structure upon the establishment of the Target Company, and (b) the structure following the Subsequent Capital Contribution is expected to be as follows:

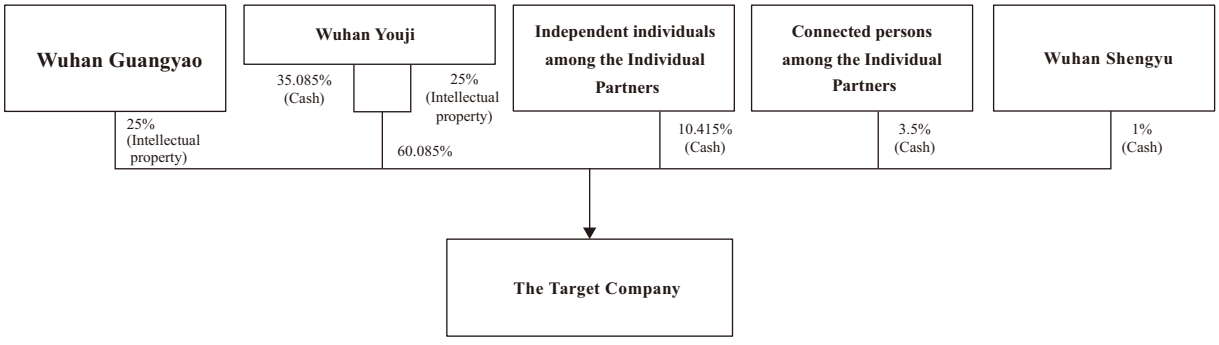
(a) The shareholding structure upon the establishment of the Target Company



(b) (i) The shareholding structure following the Subsequent Capital Contribution (assume the independent external investor has made its contribution)



(b) (ii) The shareholding structure following the Subsequent Capital Contribution (assume the independent external investor failed to make its contribution)



Valuation Report

The valuation was performed using the income approach, and the Valuation Report benchmark date is 30 September 2025, with an assessed value of the Intangible Assets of RMB119,048,400.

(i) Basis for adopting the income approach

The Valuer adopted the income approach as the future economic benefits attributable to the Intangible Assets could be reasonably forecast based on the relevant parties' development plan and the anticipated commercialisation roadmap, whereas the market approach and the cost approach were not considered applicable due to the lack of meaningful comparable transactions and the limitations of using costs to reflect the value of intangible assets.

(ii) Key assumptions and key parameters

The valuation was prepared based on a discounted cash flow/discounted income model, with the key assumptions and quantitative inputs including:

a. Remaining economic life/forecast period: 10 years (covering 2027 to 2036). Such period was determined based on an assessment of the development stage of the relevant photochemical oxidation technologies, expected market demand, industry development cycle and the confidentiality of the technologies.

b. Commercialisation timetable and ramp-up: construction period up to the end of 2026; large-scale industrial production is expected to commence in 2027; sales volumes were assumed to ramp up from 30%, 50%, 70% and 90% of designed capacity in 2027 to 2030, respectively, and reach a stable stage from 2031 with full capacity utilisation and full sales; given output is constrained by capacity, the revenue growth rate was assumed to be 0 thereafter. The production capacity and ramp-up assumptions are based on the feasibility study report prepared by Hubei Chemical Industry Research and Design Institute (湖北省化學工業研究設計院), an independent third-party public institution (事業單位).

c. Forecast revenue: The total forecast sales revenue of approximately RMB6,107.3 million for the period from 2027 to 2036 represents the aggregate of the projected revenue generated from each of the products, including but not limited to p-anisaldehyde, methylbenzaldehyde, p-tert-butylbenzaldehyde and 3,5-dimethylbenzaldehyde. The projected revenue for each product is calculated based on the following formula:

   Revenue of each product = projected sales volume × projected selling price. The projected sales volume is determined with reference to the designed production capacity of the Photochemical Project and the assumed capacity utilisation rates, which are expected to increase progressively from 30% to full capacity, as disclosed in paragraph (b) above. The projected selling prices are determined with reference to the prevailing market prices of comparable products and are set at levels not exceeding the current market prices.

d. The technology royalty/income sharing rate was benchmarked to statistics published by the China National Intellectual Property Administration on ordinary patent implementation licence contracts completed and filed between 2019 and 2023 in the "chemical raw materials and chemical products manufacturing" sector, where a benchmark royalty rate of 10.0% was observed. Taking into account that the Intangible Assets represent core technologies contributing significantly to the relevant products, an initial contribution factor of 80% was applied. However, having regard to potential technological substitution and the emergence of new technologies over time, a gradually declining annual royalty/income sharing rate was adopted, commencing at 8.0% in 2027 and decreasing by 0.8 percentage points per annum to 0.8% in 2036.

e. A discount rate of 12.74% was adopted, estimated using the social average rate of return model, which comprises a risk-free rate of 1.66% and a risk premium of 11.08%. The risk-free rate was determined with reference to the yield of five-year PRC government bonds. The risk premium was assessed by aggregating various risk factors applicable to the Intangible Assets, including technology risk, market risk, funding risk, management risk and other unforeseeable risks associated with the commercialisation of the technologies.

f. Construction period investment: RMB7 million up to the end of 2026. For the avoidance of doubt, such construction period investment represents part of the estimated expenditure of approximately RMB8 million for chemical design and safety and environmental assessment procedures at the initiation stage of the Photochemical Project, instead the Cost of up to RMB106 million payable to Anxin after the Term.

Based on the above assumptions and inputs, the Valuer calculated the annual income attributable to the Intangible Assets by applying the relevant annual royalty/income sharing rate to the forecast annual revenue for each year of the forecast period, after taking into account the estimated investment during the construction period. Such projected income streams were then discounted to their present value using the adopted discount rate. The aggregate of the discounted cash flows over the forecast period represents the appraised value of the Intangible Assets as at the valuation benchmark date. No terminal value beyond the forecast period was assumed.

Sensitivity analysis: the valuation is sensitive to the forecast revenue and the discount rate. For illustration, (a) if the forecast revenue changes by +10%/+5%/-5%/-10%, the valuation would change to approximately RMB131.6 million/RMB125.3 million/RMB112.8 million/RMB106.5 million, respectively; and (b) if the discount rate changes by +5/+10/-5/-10 percentage points, the valuation would change to approximately RMB95.6 million/RMB78.0 million/RMB151.1 million/RMB195.8 million, respectively.

(iii) Limitations of the valuation

The valuation was conducted based on a series of valuation assumptions and conditions, including, among others, transaction assumptions, open market assumptions and assumptions of going concern and continued use of the Intangible Assets. In addition, the valuation was prepared on the basis that there would be no material changes to the prevailing political, legal, economic, financial, tax and industry environment in the PRC, and that the future production, operating and sales environment of the relevant technology products would remain relatively stable during the forecast period.

The valuation adopts the income approach, which inherently relies on forecast information, including projected revenue, expected commercialisation progress, discount rates and other forward-looking assumptions. Such forecasts are subject to inherent uncertainty. In particular, future market conditions, including changes in industry competition, customer demand, technological development or substitution, as well as changes in relevant laws, regulations or regulatory policies, may differ from the assumptions adopted in the valuation. As a result, the actual economic benefits ultimately derived from the Intangible Assets may deviate from the forecast results.

Furthermore, the valuation is based on assumptions regarding the future production environment, sales environment and operating conditions of the products, which are influenced by factors beyond the control of the Target Company, including market acceptance, implementation efficiency and external economic conditions. Accordingly, while the Valuer considers the assumptions adopted to be reasonable as at the Valuation Report benchmark date, there is no assurance that the projected results will be achieved, and the valuation results should be interpreted in light of the above limitations.

(iv) Nature and source of information relied upon by the Valuer

In conducting the valuation, the Valuer relied on a combination of internal information provided by the relevant parties and external market and public information, which the Valuer considered relevant and appropriate for the purpose of the valuation. The internal information relied upon by the Valuer included, among others: (i) the feasibility study report of the Photochemical Project, which contains information on the proposed business plan, commercialisation roadmap and forecast revenue of the relevant technology products; (ii) research and development records relating to the photochemical oxidation technologies, including information on laboratory research, pilot testing and pilot-scale expansion; (iii) records of cooperation and development in relation to the development of the technologies; (iv) information regarding the patent portfolio of the Intangible Assets, including details of granted patents and patent applications; and (v) indicative market pricing information of similar products.

The external market and public information relied upon by the Valuer included, among others: (i) macroeconomic data and analyses published by the National Bureau of Statistics of the PRC; (ii) industry analysis data compiled from publicly available sources relating to the chemical raw materials and chemical products manufacturing sector; (iii) statistics published by the China National Intellectual Property Administration in respect of royalty rates of patent implementation licence contracts completed and filed during the period from 2019 to 2023, in particular those relating to the chemical raw materials and chemical products manufacturing industry; (iv) yields of five-year to ten-year PRC government bonds obtained from public financial databases for the purpose of determining the risk-free rate in the valuation; and (v) relevant PRC laws, regulations and regulatory policies applicable to the valuation.

The Valuer has assessed the relevance and reasonableness of the above information and has adopted such information as the basis for determining the key assumptions and inputs applied in the valuation.

The detailed calculation of the valuation of the Intangible Assets is set out in the table below for illustrative purposes.

	Total	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Revenue generated from the technology-related products	**RMB6,107,317,600**	–	RMB218,118,500	RMB363,530,800	RMB508,943,100	RMB654,355,500	RMB727,061,600	RMB727,061,600	RMB727,061,600	RMB727,061,600	RMB727,061,600	RMB727,061,600
Royalty rate	–	–	8.00%	7.20%	6.40%	5.60%	4.80%	4.00%	3.20%	2.40%	1.60%	0.80%
Projected income attributable to the technology[(1)]	**RMB234,986,300**	–	RMB17,449,500	RMB26,174,200	RMB32,572,400	RMB36,643,900	RMB34,899,000	RMB29,082,500	RMB23,266,000	RMB17,449,500	RMB11,633,000	RMB5,816,500
Discounting period	–	0.75	1.75	2.75	3.75	4.75	5.75	6.75	7.75	8.75	9.75	10.75
Discount rate						**12.74%**						
Discount factor[(2)]	–	0.9140	0.8107	0.7191	0.6378	0.5658	0.5018	0.4451	0.3948	0.3502	0.3106	0.2755
Appraised value[(3)]	**RMB119,048,400**	RMB(6,397,900)[(4)]	RMB14,146,400	RMB18,821,700	RMB20,775,700	RMB20,731,500	RMB17,513,100	RMB12,945,100	RMB9,185,800	RMB6,110,800	RMB3,613,500	RMB1,602,600

Notes:

(1) The projected income attributable to the technology was calculated by applying the applicable royalty rate to the revenue generated from the technology-related products.

(2) Discount factor = 1/(1 + Discount rate)^Discounting period.

(3) The appraised value equals the projected income attributable to the technology discounted to present value using the applicable discount factor.

(4) It reflects the construction period investment of RMB7 million up to the end of 2026. Details are disclosed in section (ii) Key assumptions and key parameters paragraph (f) above.

The Board has reviewed the valuation methodology, the principal assumptions and inputs applied by the Valuer, including the forecast period, discount rate and royalty/income sharing rate. The Board considers that the income approach is appropriate for valuing the Intangible Assets, having regard to their nature and the absence of meaningful comparable market transactions or observable costs that could reliably reflect their economic value.

The Board is of the view that the principal assumptions and inputs adopted in the valuation are reasonable and consistent with industry practice, taking into account the development stage of the technologies, expected commercialisation timetable, market conditions and associated risks. Accordingly, the Board considers that the valuation methodology and the principal assumptions and inputs applied are appropriate, fair and reasonable.

The valuation was conducted to provide a reference for determining the contribution of the Intangible Assets. While the assessed value of the Intangible Assets was approximately RMB119 million, the parties agreed, after arm's length negotiations, to contribute the Intangible Assets at an aggregate amount of RMB100 million. The contribution amount was determined after arm's length negotiations among the parties, having regard to the nature of the Intangible Assets as non-cash contributions and the inherent uncertainties associated with their commercialisation, including execution risk, market acceptance and potential technological evolution. The Board considers that determining the contribution amount at a level below the assessed value represents a prudent and commercially reasonable approach to balance such uncertainties, and does not undermine the fairness or appropriateness of the valuation. The Intangible Assets are jointly owned by Wuhan Youji and Wuhan Guangyao in equal shares. Accordingly, the appraised value attributable to each of Wuhan Youji and Wuhan Guangyao is approximately RMB59.5 million, being one-half of the total appraised value of approximately RMB119 million.

In assessing whether the agreed contribution amount is fair and reasonable, the Board has also taken into account that the research and development costs incurred by Wuhan Youji in relation to the photochemical project amounted to approximately RMB26.43 million in aggregate, which is significantly lower than the appraised value. At the same time, the Board recognises that there remain uncertainties as to the successful commercialisation of the relevant technologies and the extent of future profitability. Determining the contribution amount at a level slightly below the appraised value reflects both the historical development costs and such commercialisation risks, and facilitates the acceptance of the overall capital structure by the other cash-contributing shareholders. Accordingly, the Board considers that the contribution of the Intangible Assets at the agreed amount is fair and reasonable and in the interests of the Company and its shareholders as a whole.

As the valuation is based on the forecast, it is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

Report from EY

EY, the reporting accountant of the Company, has reported on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which part of the valuations is based, which does not involve the adoption of accounting policies. According to Rule 14.60A (2) of the Listing Rules, the report from EY is listed in Appendix III to this circular.

Letter from the Board

According to Rule 14.60A (3) of the Listing Rules, a letter from the Board, confirming that it has made the forecast after due and careful enquiry, has been attached to Appendix IV to this circular.

Reasons for and benefits of the formation of the Target Company

The Target Company brings together proprietary and breakthrough photochemical oxidation technology contributed by Wuhan Youji and Wuhan Guangyao, capital support from Wuhan Youji and members of its senior management and core technical team, and expected follow-on investment from state-owned enterprises in Qingshan District. Leveraging Wuhan Youji's established capabilities in industrialisation, construction and operations, as well as its sales network, together with access to relevant infrastructure and industrial resources, the Target Company will be well positioned to accelerate the incubation and commercialisation of this innovative technology. As the Photochemical Project represents the first commercialisation case of its kind globally, it is expected to create significant economic and social benefits and support the Group's long-term sustainable growth. The results of the Target Company will be consolidated into the Group's consolidated financial statements.

(i) Alignment and differences between the Target Company's business and the Group's existing business

The Group's existing business is primarily engaged in the manufacture of benzoic acid, benzaldehyde, benzyl benzoate, benzyl acetate, benzyl chloride and related products, using established chemical processes such as oxidation and chlorination, with applications across food additives, feed additives, pharmaceutical, flavour and fragrance and agrochemical intermediates. The Group has a mature and well-established industrial chain and a broad customer base.

The Target Company, by contrast, will focus on the manufacture of high value-added fine chemical products using photochemical oxidation technologies and different feedstocks such as p-xylene and mesitylene. While the Target Company's products differ from the Group's existing products, its downstream customers are expected to partially overlap with the Group's existing customers in the flavour and fragrance and daily chemical sectors. The Group's existing sales channels are therefore expected to support the market introduction of the Target Company's products.

(ii) Benefits to the Company from the contributions of the Intangible Assets contributed by Wuhan Guangyao

The contribution of photochemical oxidation technologies by Wuhan Guangyao provides the Target Company with a technological basis for entering the fine chemical segment characterised by higher value-added products and different production processes from the Group's existing business.

The contribution of such Intangible Assets enables the Group to participate in a new technology-driven business without undertaking a full in-house research and development cycle, thereby reducing development time and execution risk. It supports the Group's long-term business diversification and development.

Based on the foregoing, the Directors are of the view that the Formation Agreements were entered into in the ordinary and usual course of business of the Group and under normal commercial terms or better to the Group, and the terms of the Formation Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Zou Xiaohong, being a Director having interests in the Formation Agreements, have abstained from voting on the Board resolution approving the Formation Agreements. Save as disclosed above, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as of the Latest Practicable Date, none of the other Directors has any material interests in the Formation Agreements and shall abstain from voting in respect of the relevant resolution(s).

3. CONSTRUCTION AND LEASEBACK ARRANGEMENTS WITH GUARANTEE

To support the construction of land and plant for the Photochemical Project, the Target Company will enter into the Construction and Leaseback Arrangements with Anxin, a state-owned enterprise, pursuant to which Anxin will procure the acquisition of land use rights and construction of the Project Assets through a Project Company, lease the Project Assets to the Target Company during the Term and, after the Term, the Target Company will be required to repurchase the Project Company at the original cost. To secure the Target Company's obligations under the lease and buy-back arrangements, Wuhan Youji will provide an irrevocable joint and several liability guarantee in favour of Anxin.

Date	:	The Construction and Leaseback Arrangements Agreements will only be entered into after the establishment of the Target Company. As such, prior to obtaining the approval of the Independent Shareholders, the Company will not enter into any Construction and Leaseback Arrangements Agreements with Anxin.
Parties	:	(i) Target Company (as the principal); (ii) Anxin (as the constructor); and (iii) Wuhan Youji (as the guarantor). To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, each of Anxin and its ultimate beneficial owners is an independent third party.
Construction	:	Anxin, a state-owned enterprise, or its wholly owned subsidiary, shall acquire the Land and construct the factory and related infrastructure with a total construction period of not more than 365 days. Anxin has established the Project Company to hold the Project Assets in full.

The total investment for land acquisition, construction and project-related taxes will be capped at RMB106 million ("**Cost**"). The Cost is determined with reference to a budgeted total investment amount prepared based on the quantities and cost estimates derived from a design institute's construction drawings and bills of quantities, and on the basis of the actual expenditures incurred by Anxin in relation to land acquisition, construction works and project-related taxes. The final amount of the Cost will be determined by an independent third-party auditing institution jointly appointed by the Target Company and the constructor, based on its audit conducted in accordance with PRC accounting standards, with the relevant audit fee to be borne by the Target Company. An additional project construction management fee of up to RMB1.5 million will be payable to Anxin in three instalments during the construction period. Such project construction management fee shall be calculated based on Anxin's actual expenses and payroll in connection with the project and in accordance with the relevant requirements set out in the Notice on the Measures for the Administration of Construction Costs of Capital Construction Projects (《基本建設項目建設成本管理規定》) issued by the Ministry of Finance.

The Target Company will monitor the construction of the factory and related infrastructure, and the constructor has relevant experience in similar construction projects. In addition, a reasonable buffer has been built into the construction timetable. Accordingly, the risk of material construction delay is relatively low. In the event of any delay in the construction, the Target Company's production plan will be adjusted accordingly and deferred, and no material change to the principal business plan of the Target Company is expected. Pursuant to the relevant Construction and Leaseback Arrangements Agreements, if the constructor fails to complete the construction in accordance with the agreed schedule (other than due to force majeure), the constructor shall pay liquidated damages at the rate of 0.01% of the total contract price per day of delay to the Target Company.

Lease : Upon completion of construction and acceptance, the Project Assets will be leased to the Target Company for its production and operational needs for the Term.

During the Term, the Target Company will pay annual rent and management fee calculated by reference to the audited total Cost multiplied by the prevailing five-year LPR, subject to a cap of RMB4 million per year, and payable on an annual basis. The five-year LPR is adopted as the benchmark rate because the People's Bank of China currently publishes only the one-year and five-year LPRs, and given that the Term is approximately six years, the financing tenor of the relevant arrangement is closer to five years rather than one year.

Buy-back : The lease will remain in force throughout the Term, after which the Target Company will be required to repurchase the Project Company at the original Cost without taking into account any depreciation.

The buy-back price will be subject to a cap of RMB106 million and will be settled in two instalments. The Target Company shall pay 95% of the total buy-back price, upon which Anxin shall transfer 100% equity interest in the Project Company to the Target Company and complete the relevant registration procedures. Within 15 business days after completion of the foregoing procedures, the Target Company shall pay the remaining 5% of the total buy-back price.

Guarantee : To secure the Target Company's obligations under the lease and the buy-back arrangements, Wuhan Youji will provide an irrevocable joint and several liability guarantee in favour of Anxin. The guarantee will cover an amount of up to approximately RMB131.5 million, determined with reference to the upper limit of the total Cost, the project construction management fee and the estimated rent and management fee payable during the Term.

As counter-security for such guarantee, all other shareholders of the Target Company will be required to pledge their entire equity interests in the Target Company to Wuhan Youji, and the Target Company will pledge all of its equipment to Wuhan Youji, in each case until the guarantee has been fully released.

Wuhan Youji is required to provide the guarantee in favour of Anxin primarily because it is the controlling shareholder of the Target Company and will be principally responsible for the industrialisation, construction coordination and subsequent production and operation of the Photochemical Project. Following the establishment of the Target Company, Wuhan Youji will have control over the board of directors and management of the Target Company, and will be responsible for the implementation of the business plan and the operation of the production facilities. It is considered appropriate that the guarantee obligation is undertaken solely by Wuhan Youji, consistent with its level of control, responsibilities and risk exposure in relation to the Target Company and the Photochemical Project.

Reasons for and benefits of Construction and Leaseback Arrangements

The Construction and Leaseback Arrangement has been adopted to support the industrialisation and commercialisation of the Target Company's photochemical oxidation technology in a financially efficient and policy-aligned manner. The buy-back structure is designed to facilitate the development of strategic emerging industries by allowing a state-owned platform to provide early-stage funding for land acquisition, infrastructure construction and relevant taxes on a cost-recovery basis, while ensuring that the Target Company ultimately obtain ownership of the Project Assets. This arrangement enables the Photochemical Project to secure essential land and infrastructure resources without imposing an immediate capital burden on the Target Company.

From the perspective of the Group, the Group is currently undertaking several major projects, including the Hubei Xinxuanhong project and overseas investment. If the Target Company were required to undertake the full upfront investment for land acquisition and plant construction for the photochemical project, this would place significant pressure on the Group's balance sheet. By leveraging the state-owned construction enterprise advancement for the land acquisition and plant construction at the initial stage, the Target Company can obtain access to the Project Assets at a comparatively low financing cost linked to the five-year LPR during the Term. This structure effectively reduces the Target Company's and the Group's funding pressure, accelerates the incubation and scaling-up of new technology projects, supports simultaneous advancement of multiple strategic initiatives, and enhances the Group's long-term development flexibility.

In addition, the provision of a guarantee by the Group forms part of the overall arrangement to enable Anxin, the state-owned local platform to advance the upfront land cost, construction expenditure and project taxes. The involvement of such state-owned capital substantially alleviates the Group's immediate capital outlay and contributes to the orderly and timely development of the project. The guarantee therefore forms part of an overall support mechanism enabling the Target Company to obtain the critical infrastructure and financing resources while managing the Group's financial risk in a balanced and sustainable manner.

Based on the foregoing, the Board considers that the Construction and Leaseback Arrangements and the terms therein are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

4. INFORMATION OF THE PARTIES

The Company is incorporated under the laws of the Cayman Islands with limited liability and the Group is principally engaged in manufacture of toluene oxidation and chlorination products, benzoic acid ammonification products and other fine chemical products through organic synthesis process.

Wuhan Shengyu is a company established in the PRC and is principally engaged in equity investment and investment management consulting. It is owned as to 60% by Ms. Wang Shujun (王淑君) and 40% by Ms. Liu Fenghua (劉鳳華), and is 100% controlled by Mr. Shen Haifeng (沈海峰), the chief financial officer of the Company with Ms. Liu Fenghua being the spouse of Mr. Shen Haifeng and Ms. Wang Shujun being the mother of Ms. Liu Fenghua.

Wuhan Guangyao is a limited partnership established in the PRC and is principally engaged in enterprise management consulting. It is managed by Wuhan Guangyao Future Enterprise Management Partnership (Limited Partnership) (武漢光耀未來企業管理合夥企業(有限合夥)) ("**Guangyao Future**") as its executive partner and is owned as to 70% by Guangyao Future and 30% by Wuhan Photochemical Technology Co., Ltd. (武漢光化學技術有限公司). Guangyao Future is managed by Xiao Cong as its executive partner and is owned by a number of individuals, including Xiao Cong as to 30%, Gao Ke (高軻) as to 26.5%, Lu Liangqiu (陸良秋) as to 16%, Dong Hongming (董洪明) as to 12%, with all other individual partners each holding less than 10%. Wuhan Photochemical Technology Co., Ltd. is wholly owned by Wuhan Institute of Photochemistry and Technology, which is a public institution of PRC. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as of the Latest Practicable Date, Wuhan Guangyao and its ultimate beneficial owners are independent third parties to the Group.

Anxin is a company established in the PRC and is principally engaged in property development and operation, construction engineering contracting and construction engineering design. Anxin is wholly owned by the State-owned Assets Supervision and Administration Commission of Qingshan District, Wuhan (武漢市青山區人民政府國有資產監督管理委員會). To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as of the Latest Practicable Date, Anxin and its ultimate beneficial owners are independent third parties to the Group.

5. LISTING RULES IMPLICATIONS

As disclosed above, certain Individual Partners are connected person of the Company. Accordingly, formation of the Target Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Formation Agreements in aggregate exceed(s) 5%, the Transactions are subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as one or more of the applicable percentage ratios in respect of each of (i) the formation of the Target Company pursuant to the Formation Agreements, and (ii) the Construction and Leaseback Arrangements (including the guarantee to be provided by Wuhan Youji), exceed(s) 25% but are all less than 100%, each of the aforesaid transactions constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules

In addition, the Transactions constitute a bundled set of transactions forming part of the Photochemical Project and are inter-conditional. None of the Transactions will proceed unless all the relevant approvals, including the approval of the Independent Shareholders, and other applicable conditions precedent (if any) have been satisfied (or waived, where applicable). As one or more of the applicable percentage ratios in respect of the Transactions, on an aggregate basis, exceed 25% but are all less than 100%, the Transactions in aggregate also constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Mr. Zou Xiaohong, an executive Director and the chairman of the Board, is an Individual Partner and is therefore considered to have a material interest in the Formation Agreements and the Transactions. Mr. Zou Xiaohong has abstained from voting on the relevant board resolution(s) approving the Transactions. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, none of the other Directors has any material interest in the Transactions and is required to abstain from voting on the relevant board resolution(s).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting at the EGM.

6. THE EGM

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

Pursuant to the Listing Rules and the Articles, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (**www.hkexnews.hk**) and the Company (**www.chinaorganic.com**). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 2:00 p.m. on Wednesday, 18 March 2026 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

7. RECOMMENDATION

The Board (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee contained in this circular) considers that the terms of the Transactions are on normal commercial terms, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Transactions are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM.

8. FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
ZOU Xiaohong
Chairman of the Board and
Executive Director

武漢有機控股有限公司
WUHAN YOUJI HOLDINGS LTD.

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)

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO FORMATION OF A NON-WHOLLY OWNED SUBSIDIARY AND GUARANTEED CONSTRUCTION AND LEASEBACK ARRANGEMENTS

2 March 2026

To the independent Shareholders

Dear Sir or Madam,

We refer to the circular dated 2 March 2026 of the Company to all Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as the Independent Board Committee under the Listing Rules to advise the Independent Shareholders as to whether, in our opinion, the Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out in this Circular which contains its advice and recommendation to us and the Independent Shareholders in respect of the Transactions, and the letter from the Board as set out in this Circular.

Having taken into account the advice of the Independent Financial Adviser and the principal factors and reasons considered by it, we are of the opinion that the Transactions are conducted in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Transactions.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Liu Kai Yu Kenneth	**Dr. Liu Zhongdong**	**Dr. Yuan Kang**
Independent	*Independent*	*Independent*
Non-executive Director	*Non-executive Director*	*Non-executive Director*

Set out below is the full text of a letter of advice from SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for inclusion in this circular.

2 March 2026

軟庫中華
SBI China Capital

To: The Independent Board Committee and the Independent Shareholders of Wuhan Youji Holdings Ltd.

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO FORMATION OF A NON-WHOLLY OWNED SUBSIDIARY AND GUARANTEED CONSTRUCTION AND LEASEBACK ARRANGEMENTS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the formation of a non-wholly owned subsidiary and guaranteed construction and leaseback arrangements, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 2 March 2026 (the "**Circular"**), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 30 December 2025, a wholly-owned subsidiary of the Company, Wuhan Youji, has entered into several transactions relating to the formation of a new non-wholly owned subsidiary to research, development and commercialise photochemical oxidation technology and to construct and operate a 15,000-tonne per annum aromatic aldehyde/ester replacement project in Wuhan (the "**Target Company Formation**"). A wholly-owned subsidiary of Anxin will acquire the Land and construct the factory and related infrastructure, being the Project Assets. Anxin is a state-owned enterprise. The total investment for land acquisition, construction and project-related taxes will be capped at RMB106 million (i.e. the Cost). Upon completion of construction and acceptance, the Project Assets will be leased to the Target Company for its production and operational needs for a term of seven years minus the construction period of not more than 365 days (the "**Term**"). During the Term, the Target Company will pay annual rent and management fee; and after the Term, the

Target Company will be required to repurchase the Project Company (as defined in this letter below) at the original Cost without taking into account any depreciation. Relevant agreement(s) about the Construction and Leaseback Arrangements will be signed after the Target Company Formation.

As certain Individual Partners are connected persons of the Company, the Target Company Formation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Formation Agreements in aggregate exceed(s) 5%, the Transactions are subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios in respect of each of (i) the formation of the Target Company pursuant to the Formation Agreements, and (ii) the Construction and Leaseback Arrangements (including the guarantee to be provided by Wuhan Youji), exceed(s) 25% but are all less than 100%, each of the aforesaid transactions constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, the Transactions constitute a bundled set of transactions forming part of the Project (as defined below in this letter) and are inter-conditional. None of the Transactions will proceed unless all the relevant approvals, including the approval of the Independent Shareholders, and other applicable conditions precedent (if any) have been satisfied (or waived, where applicable). As one or more of the applicable percentage ratios in respect of the Transactions, on an aggregate basis, exceed 25% but are all less than 100%, the Transactions in aggregate also constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Liu Zhongdong, Dr. Yuan Kang and Mr. Liu Kai Yu Kenneth has been established to advise the Independent Shareholders as to (i) whether the Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and whether the terms are fair and reasonable and in the interests of the Shareholders and the Company as a whole; and (ii) how to vote on the resolution(s) relating to the Transactions.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion as to whether (i) the Transactions are conducted in the ordinary and ususal course of business of the Group and on normal commercial terms; and whether the terms are fair and reasonable so far as the Independent Shareholders are concerned; and whether they are in the interests of the Shareholders and the Company as a whole; and (ii) how the Independent Shareholders should vote in respect of the

resolutions relating to the Transactions at the EGM. Our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Transactions has been approved by the Independent Board Committee.

During the past two years, save for our engagement as the independent financial adviser for the discloseable and non-exempt continuing connected transaction in relation to the procurement of equipment production, installation and maintenance services announced by the Company on 10 February 2026 (the "**2026 Discloseable and Continuing Connected Transaction**"), we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from the advisory fee from the 2026 Discloseable and Continuing Connected Transaction and the normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the information and facts supplied and opinions expressed by the management of the Group. We have assumed that all information and representations provided by the management of the Group, for which they are solely responsible, were true and accurate at the time they were prepared or made and will continue to be so up to the Latest Practicable Date. Should there be any subsequent material changes which occurred during the period from the date of the Circular up to the date of the EGM and would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible. We have no reason to doubt the truth, accuracy or completeness of the information and representations made to us by the management of the Group. We have been advised that no material facts have been omitted from the information supplied and opinions expressed. As such, we have no reason to suspect that any relevant information has been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided by the management of the Group to us, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have reviewed sufficient information, among other things, (i) the Formation Agreements; (ii) the cooperation agreement dated 10 May 2022 between Wuhan Youji and Central China Normal University (華中師範大學) for the research and development of catalytic oxidation technology and formulate process packages for aromatic compounds and hydrocarbons (芳香化合物及烴類催化氧化技術及工藝包) with the objective of achieving industrial transformation; (iii) the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") and the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"); (iv) the Valuation Report; (v) the feasibility study

report conducted by Hubei Research Institute of Chemical Industry (湖北省化學工業研究設計院) in July 2025 (the "**Feasibility Study Report**") and commissioned by the Company; (vi) breakdown on the estimated total Cost provided by the Company; (vii) business plan of the Target Company provided by the Company, containing the expected production scale, selling units, prices and revenue for each product type; and (viii) other information as set out in the Circular, to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information provided by the management of the Group.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Transactions, we have taken into consideration the following principal factors and reasons:

(1) Background information of the Company

The Company has been listed on the main board of the Stock Exchange since 18 June 2024. It is incorporated under the laws of the Cayman Islands with limited liability and the Group is principally engaged in manufacture of toluene oxidation and chlorination products, benzoic acid ammonification products and other fine chemical products through organic synthesis process.

Financial performance

The following table summarises the financial performance of the Group for the years ended 31 December 2023 and 2024, and the six months ended 30 June 2024 and 2025 as extracted from the 2024 Annual Report and the 2025 Interim Report.

	For the six months ended 30 June		For the year ended 31 December	
	2025	**2024**	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue	**1,440,232**	**1,651,158**	**3,284,183**	**2,677,103**
— Toluene oxidation products	894,653	1,025,415	2,069,979	1,515,254
— Toluene chlorination products	348,943	335,685	711,375	705,810
— Trading of materials and/or products	196,636	290,058	502,829	456,039
Cost of goods sold	**(1,277,195)**	**(1,464,482)**	**(2,887,933)**	**(2,347,338)**
Gross profit	**163,037**	**186,676**	**396,250**	**329,765**
Gross profit margin	**11.3%**	**11.3%**	**12.1%**	**12.3%**
Profit for the period/year	**38,730**	**48,049**	**123,035**	**72,902**

For the six months ended 30 June 2024 and 2025

Revenue amounted to approximately RMB1,440.2 million for the six months ended 30 June 2025, representing a decrease of approximately RMB210.9 million (or approximately 12.8%) as compared to approximately RMB1,651.2 million for the six months ended 30 June 2024 due to (i) the decrease in revenue from toluene oxidation products from approximately RMB1,025.4 million for the six months ended 30 June 2024 to approximately RMB894.7 million for the six months ended 30 June 2025; and (ii) the decrease in revenue from trading of products from approximately RMB290.1 million for the six months ended 30 June 2024 to approximately RMB196.6 million for the six months ended 30 June 2025. We understand from the 2025 Interim Report that during the six months ended 30 June 2025, the global chemical industry was mired in a volatile cycle characterized by weak demand and highly competitive pressure. As a major supplier of toluene derivatives in both the Chinese and global markets, operation of the Group has inevitably been affected. 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 these 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.

Despite the decrease in revenue, the gross profit margin maintained at approximately 11.3% for the six months ended 30 June 2025, which was the same as that for the six months ended 30 June 2024 due to the Group's strategy of differentiating its operations by regions and by products to ensure stable profitability for core business can be sustained as advised by the management of the Group.

Net profit amounted to approximately RMB38.7 million for the six months ended 30 June 2025, representing a decrease of approximately RMB9.3 million (or approximately 19.4%) as compared to approximately RMB48.0 million for the six months ended 30 June 2024 mainly due to the decrease in revenue as mentioned above.

During the six months ended 30 June 2025, the Group's other income and gains was approximately RMB28.4 million, representing a decrease of approximately RMB2.3 million compared to approximately RMB30.7 million for the same period in 2024 mainly due to the decrease in the input VAT surplus deduction for the period, which was partially offset by the government grants received for foreign trade and economic development. 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 mainly due to a decrease in staff remuneration, resulting from a decline in the Group's sales scale. 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 mainly because there were no listing expenses during the 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 period, requiring an increase in material input.

During the six months ended 30 June 2025, 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 mainly due to a decline in borrowing rates compared to the same period last year and the interest on borrowing for the construction of its Hubei Xinxuanhong Production Plant (the "**Xinxuanhong Project**") has been capitalised. The Group's effective tax rate decreased from approximately 24.2% for the six months ended 30 June 2024 to approximately 18.5% for the period mainly due to the absence of non-deductible listing expenses.

For the years ended 31 December 2023 and 2024

Revenue amounted to approximately RMB3,284.2 million for the year ended 31 December 2024, representing an increase of approximately RMB607.1 million (or approximately 22.7%) as compared to approximately RMB2,677.1 million for the year ended 31 December 2023 mainly due to the increase in revenue from toluene oxidation products from approximately RMB1,515.3 million for the year ended 31 December 2023 to approximately RMB2,070.0 million for the year ended 31 December 2024. We understand from the 2024 Annual Report that during the year ended 31 December 2024, the downstream application of such products primarily encompasses essential consumer goods industries such as food and beverage, pharmaceuticals, and daily chemicals. Driven by the steady recovery of key livelihood industries in 2024, the overall demand has picked up. The Group's total revenue recorded significant growth was mainly due to approximately 41.9% increase in sales volume of toluene oxidation products and its derivatives compared to the year ended 31 December 2023. The Group implemented a comprehensive suite of strategic initiatives, spanning product innovation, cost management, process optimisation, and production capacity expansion, which contributed to the progressive strengthening of its core business segments and the substantial growth in sales.

Despite the substantial increase in revenue, the gross profit margin remained stable at approximately 12.1% for the year ended 31 December 2024 compared to approximately 12.3% for the year ended 31 December 2023 due to the decline in the gross profit margin of product trading.

Net profit amounted to approximately RMB123.0 million for the year ended 31 December 2024, representing an increase of approximately RMB50.1 million (or approximately 68.8%) as compared to approximately RMB72.9 million for the year ended 31 December 2023 mainly to the substantial increase in revenue as mentioned above.

During the year ended 31 December 2024, the Group's other income and gains was approximately RMB74.1 million, representing an increase of approximately RMB48.6 million compared to approximately RMB25.5 million for the year ended 31 December 2023 mainly due to the recognition of more other income during the year, such as input VAT surplus deduction, relocation compensation, etc. The Group's selling and distribution expenses was approximately RMB24.4 million, representing an increase of approximately RMB3.7 million compared to approximately RMB20.7 million for the year ended 31 December 2023 mainly due to the increase in employees remuneration with its expansion in sales. The Group's administrative expenses was approximately RMB118.4 million, representing an increase of approximately RMB22.9 million compared to approximately RMB95.4 million for the year ended 31 December 2023 mainly due to the increases in employees remuneration, and taxes. The Group's research and development expenses was approximately RMB138.0 million, representing an increase of approximately

RMB38.0 million compared to approximately RMB100.0 million for the year ended 31 December 2023 mainly due to the increase in raw material consumption, employees remuneration and depreciation and amortisation due to the addition of seven new R&D projects.

During the year ended 31 December 2024, the Group's finance costs was approximately RMB37.4 million, representing an increase of approximately RMB5.1 million as compared to approximately RMB32.3 million for the year ended 31 December 2023 mainly due to the increase in loans drawn to support its business operations. The Group's effective tax rate decreased slightly from approximately 23.0% for the year ended 31 December 2023 to approximately 22.7% for the year ended 31 December 2024.

Financial position

Set out below is the summary of the financial position of the Group as at 31 December 2023 and 2024 and 30 June 2025 as extracted from the 2024 Annual Report and the 2025 Interim Report:

	As at 30 June	**As at 31 December**	
	2025	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Audited)	(Audited)
Non-current assets	**1,507,752**	**1,401,521**	**1,283,308**
Property, plant and equipment	1,194,136	1,108,176	1,020,081
Right-of-use assets	185,244	178,584	190,527
Prepayments	71,568	65,019	32,704
Current assets	**1,102,244**	**950,201**	**832,574**
Inventories	335,803	292,403	285,333
Trade and bills receivables	335,780	311,415	296,314
Prepayments, deposits and other receivables	155,003	147,306	145,367
Pledged deposits	81,245	125,397	40,127
Cash and cash equivalents	194,413	73,680	65,433
Total assets	**2,609,996**	**2,351,722**	**2,115,882**
Current liabilities	**1,641,759**	**1,574,966**	**1,422,654**
Trade and bills payables	371,375	360,778	149,705
Other payables, accruals, and/or contract liabilities	263,096	286,028	372,971
Interest-bearing bank and other borrowings	997,336	922,950	852,020
Income tax payable	—	1,298	32,108
Non-current liabilities	**300,722**	**103,131**	**163,611**
Interest-bearing bank borrowings	205,412	—	65,500
Government grants	38,255	41,057	45,740
Deferred tax liabilities	55,987	59,394	40,631
Total liabilities	1,942,481	1,678,097	1,586,265
Net assets	667,515	673,625	529,617

Comparison between 31 December 2024 and 30 June 2025

Total assets increased by approximately RMB258.3 million from approximately RMB2,351.7 million as at 31 December 2024 to approximately RMB2,610.0 million as at 30 June 2025. Such increase was mainly attributable to the increase in total amount of pledged deposits, cash and cash equivalents by approximately RMB76.6 million, the increase in inventories by approximately RMB43.4 million and the increase in property, plant and equipment by approximately RMB86.0 million. As advised by the management of the Group, the increase in cash and cash equivalents was mainly due to cash inflows generated from financing activities; and the increase in inventories was mainly due to (i) the Group's adoption of a full-capacity production strategy to increase turnover and operational efficiency; however, subsequent changes in the market environment led to weak demand for the Group's products, and the actual sales could not meet target; and (ii) the newly launched products of the Xinxuanhong Production Plant were in the development stage and the sales of which also could not meet the target. As mentioned in the 2025 Interim Report, during the six months ended 30 June 2025, the Group acquired assets and as advised by the management of the Group, this mainly represents the capital expenditures for the Xinxuanhong Project at a cost of approximately RMB151.7 million and during the same period, assets with a net book value of approximately RMB0.7 million were disposed by the Group.

Other key assets items include (i) non-current prepayments, which increased by approximately RMB6.5 million to approximately RMB71.6 million as at 30 June 2025 mainly due to the increase in advance payments for engineering equipment as advised by the management of the Group; (ii) right-of-use assets, which increased by approximately RMB6.7 million to approximately RMB185.2 million as at 30 June 2025 mainly due to the property lease agreements with a connected person, namely Wuhan Linuo Investment Holdings Group Co., Ltd, expired; and during the six months ended 30 June 2025, new property lease agreements were signed resulting in an increase in right-of-use assets; (iii) trade and bills receivables, which increased by approximately RMB24.4 million to approximately RMB335.8 million as at 30 June 2025 due to increase in bills receivable; and (iv) prepayments, deposits and other receivables, which increased by approximately RMB7.7 million to approximately RMB155.0 million as at 30 June 2025 mainly due to the increase in advance payments for raw material purchases as advised by the management of the Group.

Total liabilities increased by approximately HK$264.4 million from approximately HK$1,678.1 million as at 31 December 2024 to approximately HK$1,942.5 million as at 30 June 2025. Such increase was mainly due to the newly incurred non-current interest-bearing bank borrowings of approximately RMB205.4 million as at 30 June 2025 which was absent as at 31 December 2024. Such non-current interest-bearing bank borrowings comprised of approximately RMB157.4 million secured bank loans with maturity ranging from 2026 to 2029; and approximately RMB48.0 million unsecured bank loans with maturity ranging from 2026 to 2027.

Other key liabilities items include (i) trade and bills payables, which increased by approximately RMB10.6 million to approximately RMB371.4 million as at 30 June 2025 mainly due to the suppliers provided more relaxed settlement terms as advised by the management of the Group; (ii) current interest-bearing bank and other borrowings, which increased by approximately RMB74.4 million to approximately RMB977.3 million as at 30 June 2025 mainly due to additional financing obtained for daily business operations and expansion of production capacity as advised by the management of the Group; and (iii) other payables, accruals, and contract liabilities, which decreased by approximately RMB22.9 million to approximately RMB263.1 million as at 30 June 2025 mainly due to the partial settlement of payments for engineering equipment as advised by the management of the Group.

Given the above, net assets remained relatively stable at approximately RMB673.6 million and RMB667.5 million as at 31 December 2024 and 30 June 2025, respectively. The gearing ratio of the Group, calculated at net debt divided by total equity, was approximately 140.5% as at 30 June 2025, representing an increase as compared to approximately 108.4% as at 31 December 2024, mainly due to the increase in borrowings.

Comparison between 31 December 2023 and 31 December 2024

Total assets increased by approximately RMB235.8 million from approximately RMB2,115.9 million as at 31 December 2023 to approximately RMB2,351.7 million as at 31 December 2024. Such increase was mainly attributable to the increase in property, plant and equipment by approximately RMB88.1 million, the increase in total amount of pledged deposits, cash and cash equivalents by approximately RMB93.5 million, and the increase in non-current prepayments by approximately RMB32.3 million. As reflected in the 2024 Annual Report, the increase in property, plant and equipment was mainly due to additional construction in progress; and the increase in non-current prepayments was the increase in repayments for property, plant and equipment and leasehold land. As advised by the management of the Group, the increase in pledged deposit, cash and cash equivalents was mainly due to cash inflows generated from operating activities.

Other key assets items include (i) right-of-use assets, which decreased by approximately RMB11.9 million to approximately RMB178.6 million as at 31 December 2024 mainly due to the depreciation charge and lease modification for storage tanks; (ii) inventories, which increased by approximately RMB7.1 million to approximately RMB292.4 million as at 31 December 2024 mainly due to the Phase I of the Xinxuanhong project commenced production at the end of the year 2024, leading to an increase in stocking of related raw materials as advised by the management of the Group; (iii) trade and bills receivables, which increased by approximately RMB15.1 million to approximately RMB311.4 million as at 31 December 2024 mainly due to the

increase in revenue; and (iv) prepayments, deposits and other receivables, which remained stable at approximately RMB145.4 million as at 31 December 2023 and approximately RMB147.3 million as at 31 December 2024.

Total liabilities increased by approximately HK$91.8 million from approximately HK$1,586.3 million as at 31 December 2023 to approximately HK$1,678.1 million as at 31 December 2024. Such increase was mainly due to the increase in trade and bills payables by approximately RMB211.1 million and the increase in interest-bearing bank and other borrowings by approximately RMB5.4 million, which was partially offset by the decrease in other payables and accruals by approximately RMB86.9 million and the decrease in income tax payable by approximately RMB30.8 million. As advised by the management of the Group, the increase in trade and bills payables was mainly due to the increase in amount of bills secured by deposits for financing; and the increase in interest-bearing bank and other borrowings was mainly due to additional borrowings for daily operation and expansion of production capacity. As reflected in the 2024 Annual Report, the decrease in other payables and accruals was mainly due to the decrease in dividend payables from approximately RMB127.1 million as at 31 December 2023 to approximately RMB34.2 million as at 31 December 2024. As advised by the management of the Group, the decrease in income tax payable was mainly due to the settlement of income tax payable for dividends.

Other key liabilities items include (i) government grants, which decreased by approximately RMB4.7 million to approximately RMB41.1 million as at 31 December 2024 due to net amount of RMB1.6 million released to profit and loss and a decrease of approximately RMB3.1 million as a result of the refund of the government grant to the government in September 2024; and (ii) deferred tax liabilities, which increased by approximately RMB18.8 million to approximately RMB59.4 million as at 31 December 2024.

Given the above, net assets increased from approximately RMB529.6 million as at 31 December 2023 to approximately RMB673.6 million as at 31 December 2024. The gearing ratio of the Group, calculated at net debt divided by the capital plus net debt, was approximately 108.0% as at 31 December 2024, representing a decrease as compared to approximately 159.0% as at 31 December 2023, mainly due to the increase in pledged deposits and cash and cash equivalents.

(2) Reasons for and the benefits of the Transactions

2.1 The Target Company Formation

As mentioned in the Letter from the Board, the Target Company brings together proprietary and breakthrough photochemical oxidation technology contributed by Wuhan Youji and Wuhan Guangyao, capital support from Wuhan Youji and members of its senior management and core

technical team, and expected follow-on investment from state-owned enterprises in Qingshan District. Leveraging Wuhan Youji's established capabilities in industrialisation, construction and operations, as well as its sales network, together with access to relevant infrastructure and industrial resources, the Target Company will be well positioned to accelerate the incubation and commercialisation of this innovative technology.

We have reviewed the cooperation agreement dated 10 May 2022 between Wuhan Youji and Central China Normal University (華中師範大學); and noted that pursuant to the strategic cooperation agreement, parties jointly participate in the research and development of catalytic oxidation technology and formulate process packages for aromatic compounds and hydrocarbons (芳香化合物及烴類催化氧化技術及工藝包) with the objective of achieving industrial transformation (the "**Cooperation**"). We understood from the Formation Agreements that the Phase I technological achievements from the Cooperation will be contributed to the Target Company. Wuhan Youji holds 50% of the rights in the intellectual property (patents and proprietary technologies). Wuhan Institute of Photochemistry and Technology (武漢光化學技術研究院) and Central China Normal University hold the remaining 50% interest in the intellectual property (patents and proprietary technologies). As advised by the management of the Group, at present, this remaining 50% interest is solely and exclusively held by Wuhan Institute of Photochemistry and Technology. Pursuant to the Formation Agreements, Wuhan Guangyao shall independently obtain the remaining 50% interest in the intellectual property (patents and proprietary technologies) from Wuhan Institute of Photochemistry and Technology and Central China Normal University for contribution as registered capital to the Target Company. As mentioned in the Letter from the Board, Wuhan Guangyao was the designated entity by Wuhan Institute of Photochemistry and Technology for the Project (as defined below in this letter). Pursuant to the patent transfer agreement dated 20 January 2026 between Wuhan Institute of Photochemistry and Technology and Wuhan Guangyao, on or before 15 June 2026, Wuhan Institute of Photochemistry and Technology shall transfer all eight relevant patent rights to Wuhan Guangyao and complete the intellectual property transfer registration and filing procedures. Wuhan Guangyao will then contribute these patent rights as intellectual property capital into the Target Company and hold the corresponding equity interest in the Target Company. Based on the best knowledge of the management of the Group after having made reasonable enquiry, the eight relevant patent rights represent the entire intellectual property (patents and proprietary technologies) currently held by Wuhan Institute of Photochemistry and Technology and Central China Normal University. If the Target Company is established before 15 June 2026, the parties agree that Wuhan Institute of Photochemistry and Technology shall no longer transfer the aforementioned intellectual property rights to Wuhan Guangyao; but instead, Wuhan Institute of Photochemistry and Technology shall directly transfer such intellectual property rights to the Target Company, thereby completing Wuhan Guangyao's capital contribution in the Target Company to hold the corresponding shares of the Target Company.

Phase II will be a combination of production, academic research and application, which is being developed based on the existing technological achievements of Phase I. If Phase II can meet certain conditions for commercialisation, the Target Company shall have the right to incubate and use the Phase II achievements exclusively and free of charge, to expand its product range. On 28 November 2025, Wuhan Youji also entered into a contract with Wuhan Institute of Photochemistry and Technology, entrusting it with the cooperation on the research and development of green synthesis technology for high-value aromatic compounds (高附價值芳香化合物的綠色合成技術開發) for the Phase II, covering the period from 28 November 2025 to 28 November 2026. Wuhan Institute of Photochemistry and Technology shall carry out small-scale technical development of directed catalytic synthesis processes for the target molecules provided by Wuhan Youji, with the aim of developing catalytic systems that demonstrate industrialization potential. Wuhan Institute of Photochemistry and Technology will establish feasible small-scale processes, generate a series of innovative research outcomes, and create the corresponding intellectual properties.

Pursuant to the cooperation contract, the technical achievements (including but not limited to patents, trade secrets, and other technological results) from the cooperation (the "**Cooperation Achievements**") shall be shared equally between Wuhan Youji and Wuhan Institute of Photochemistry and Technology on a 50:50 basis. Based on their best knowledge after having made reasonable enquiry, the management of the Group advised that up to the Latest Practicable Date, no patents under the Cooperation Achievements have been obtained. On the other hand, the industrialization outcomes arising from the research and development of the cooperation shall be licensed to the Target Company for free use and incubation exclusively. The Target Company will then undertake pilot testing and incubation verification oriented toward industrialization. Accordingly, the Cooperation Achievements shall not be regarded as capital contribution.

Having considered that (i) Wuhan Youji and Wuhan Institute of Photochemistry and Technology will equally share the Cooperation Achievements; and (ii) the cooperation can be considered as a supportive measure for the Target Company's industrialization efforts, we consider that the above arrangement is fair and reasonable.

The Group is principally engaged in the manufacture of toluene oxidation and chlorination products, benzoic acid ammonification products and other fine chemical products through organic synthesis process. We understood from the management of the Group that toluene is a direct precursor for benzaldehyde and benzoic acid, which are building blocks for aromatic aldehydes and esters. The Target Company will involve in the research and development, industrialisation and commercial production of photochemical oxidation technologies and products replacing aromatic aldehyde/ester series (the "**Project**"); and photochemical technology is a new method of producing such downstream products that can be derived from toluene derivatives. On this basis, we concurred with the Directors that the Formation Agreements were entered into in the ordinary and usual cause of business of the Group; and that the Project will be an extension of the Group's

operations, reinforcing its role in the aromatic chemicals value chain which may broaden its income stream and benefit the long-term growth of the Group. In view of the aforesaid and given the positive prospects of the Project as discussed under the paragraphs headed "Industry prospects" below in this letter, we consider that the Target Company Formation is in the interest of the Company and its Shareholders a whole.

As advised by the management of the Group, pursuant to the Construction and Leaseback Arrangements, a wholly-owned subsidiary of Anxin will acquire the Land, coordinate the approval processes for planning, safety, environmental protection, fire control and energy evaluation of the Project, and assist in securing all public utilities and infrastructure necessary for construction and operation. Anxin is a state-owned enterprise. The initiatives undertaken by Anxin demonstrate regional support for the Project's infrastructure and industrial development; accordingly, it cannot rule out the possibility that other state-owned enterprises in Qingshan District will consider follow-on investment(s) in the Project if and when appropriate.

2.2 Construction and Leaseback Arrangements

The Target Company, Anxin (as the constructor) and Wuhan Youji (as the guarantor) will enter into agreement(s) for the Construction and Leaseback Arrangements after the Target Company Formation. Anxin is wholly owned by the State-owned Assets Supervision and Administration Commission of Qingshan District, Wuhan (武漢市青山區人民政府國有資產監督管理委員會). To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as of the Latest Practicable Date, Anxin and its ultimate beneficial owners are independent third parties to the Group.

Anxin will acquire the Land and construct the factory and related infrastructure (i.e. the Project Assets) with a total construction period of not more than 365 days. The total investment will be capped at RMB106 million. Anxin has established a wholly-owned project company Wuhan Photochemistry Sci-Tech Construction Industrial Park Development Co., Ltd. (武漢光化科建工業園開發有限公司) (the "**Project Company**") to hold the Project Assets in full.

Upon completion of construction and acceptance, the Project Assets will be leased to the Target Company for its production and operational needs for a term of seven years minus the construction period of not more than 365 days. During the Term, the Target Company will pay annual rent and management fee calculated by reference to the audited total Cost multiplied by the prevailing five-year LPR, subject to a cap of RMB4 million per year, and payable on an annual basis; and after the Term, the Target Company will be required to repurchase the Project Company at the original Cost without taking into account any depreciation. To secure the Target Company's obligations under the lease and the buyback arrangements, Wuhan Youji will provide an

irrevocable joint and several liability guarantee in favour of Anxin covering an amount of up to approximately RMB131.5 million. Please refer to the section headed "Construction and Leaseback Arrangements with Guarantee" in the Letter from the Board for details.

We noted from the 2025 Interim Report that as at 30 June 2025, (i) 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; (ii) as at 30 June 2025, the Group had contractual commitments of approximately RMB38.9 million, mainly related to the Xinxuanhong Project. The Group will continue to invest in the Hubei Xinxuanhong production plant in accordance with the production expansion plan disclosed in the prospectus for the listing of the Company. The Company advised that the Phase II expansion of Hubei Xinxuanhong production plant commenced in the second half of 2025; and (iii) on 8 July 2025, the Group entered into a construction contract for the construction of the Kangxin Industrial Park, located in Jianghan Salt Chemical Industrial Park (江漢鹽化工業園), Qianjiang City, Hubei Province, the PRC. As mentioned in the announcement of the Company dated 8 July 2025, the maximum total consideration under the Kangxin Industrial Park construction contract is RMB75.0 million (tax included) and the construction period was scheduled from the date of the construction contract to June 2026.

Having considered (i) the relatively high gearing ratio of the Group; (ii) the contractual commitments mentioned above; (iii) the estimated amount of the Cost and (iv) the pledged deposits and cash and cash equivalents of approximately RMB81.2 million and approximately RMB194.4 million respectively as at 30 June 2025, we concurred with the Directors that if the Target Company were required to undertake the full upfront investment for land acquisition and plant construction for the Project, this would place significant pressure on the Group's balance sheet. The Construction and Leaseback Arrangements will effectively reduce the Target Company's and the Group's funding pressure, allowing the Target Company to utilise the Land and infrastructure resources at the same time without imposing an immediate heavy capital burden and ensuring that the Target Company ultimately assumes ownership of the Project Assets. Therefore, we consider that the Construction and Leaseback Arrangements will provide support to the Target Company Formation, which will be beneficial to the Group's long-term business development as described in the paragraph 2.1 "The Target Company Formation" above in this letter; therefore, the Construction and Leaseback Arrangements are in the interest of the Company and its Shareholders as a whole.

The Project

As advised by the management of the Group, the tentative construction and production timelines for the Project are as follows:

	Tentative timelines
Commence construction	within 6 months from the date of Land delivery (subject to obtaining the construction permit)
Complete construction and pass acceptance inspection	within 18 months from the commencement date of construction
Commence Phase I production	within 24 months from the completion date and acceptance
Achieve full production capacity for Phase I	within 24 months from the commencement of production
Commence construction of Phase II	within 12 months after Phase I reaches full production capacity
Achieve full production capacity for Phase II	within 24 months from the commencement of production

As advised by the management of the Group, under the current business plan of the Target Company, Phase I will involve the construction of two photochemical oxidation production lines with a designed capacity of 5,000 tonnes. Phase II will comprise two enlarged photochemical oxidation production lines with a designed capacity of 10,000 tonnes. The Phase II facilities will primarily be an expansion and partial optimization of those constructed in Phase I. The production process in both Phase I and Phase II will basically be identical, involving photochemical oxidation reactions, recovery of solvents and raw materials, distillation and purification of crude products to obtain the target products; and recovery of the catalyst.

It is estimated that the Project will require a preliminary investment of approximately RMB100.0 million set out as below:

	Amount *(RMB' million)*
Procurement of equipment & light sources for Phase I production	48.0
Procurement of raw materials, catalysts and additives for commencement of operation	9.0
Chemical engineering design, safety and environmental assessments and rental payments	8.0
Trial production	5.0
Working capital	30.0
Total	**100.0**

We consider that both the initial capital contributions and the subsequent capital contributions are sufficient and appropriate to meet the funding needs to implement the business plan of the Target Company. Please refer to (i) "Our assessment" under "Registered capital and capital commitments upon establishment of the Target Company" and (ii) "Our assessment" under "Subsequent capital contributions" of paragraph 3.1 "Principal terms of the Formation Agreements", under the section headed "(3) The Target Company Formation" in this letter for details.

Industry prospects

According to the Feasibility Study Report, the Target Company would carry four main product types:

(i) p-Toluic aldehyde, which can be used a raw material for polyester synthesis, epoxidizing agent, plasticizer, gelling agent and polymer additive as well as a raw material for synthesis of pharmaceuticals and fragrances.

Wuhan Youji is one of the three major global producers of p-Toluic aldehyde. The annual global demand for p-Toluic aldehyde is about 2,000 tonnes; and there is room for industry growth domestically. With advances in technology, production technology for p-Toluic aldehyde is expected to achieve qualitative leaps. Therefore, the future prospects of the industry are optimistic;

(ii) p-Anisaldehyde, which has a long-lasting hawthorn-like aroma. It is a highly cost-effective fragrance ingredient and an important organic chemical intermediate widely used in daily-use fragrance formulations and edible flavour compositions, and is also applied in the pharmaceutical, food and daily chemical industries.

The primary applications of p-Anisaldehyde are in cosmetics and personal care products. The global cosmetics and personal care markets are expanding continuously, which in turn promotes the growth of the p-Anisaldehyde market. As people place greater emphasis on healthy living, there is increasing preference for cosmetics made from natural and organic compounds. p-Anisaldehyde meets such demand as it is a natural ingredient that does not cause significant harm;

(iii) p-Tert-Butylbenzaldehyde, which is an intermediate for the synthesis of other chemicals, with particularly important applications in pharmaceutical synthesis and pesticide production. Due to its aromatic scent, p-Tert-Butylbenzaldehyde is also widely used in the fragrance and flavour industry. It is commonly employed in the formulation of fruity and sweet fragrances, adding a distinctive aroma to products such as perfumes, air fresheners, and detergents. In high-end perfumes and cosmetics, p-Tert-Butylbenzaldehyde is used as a base note to enhance the layers of floral and fruity aromas. In addition, it is also applied in the production of mosquito repellents, where its unique chemical structure enables efficient insect repelling.

As an important component of the organic chemical industry, the p-tert-butylbenzaldehyde sector demonstrates broad application prospects and significant market potential in fragrances, pharmaceuticals, and pesticides. Improving product quality, reducing costs, and adhering to green and sustainable practices will be key to meeting industry challenges and evolving market demands; and

(iv) 3, 5-Dimethylbenzaldehyde, which is an important organic synthesis intermediate, widely applied in the pharmaceutical and pesticide fields. At the same time, it possesses unique aromatic properties and is extensively used in the fragrance and cosmetics industries. As a fragrance modifier, it can be blended into floral, fruity and vanilla notes, and is applied in food additives, perfumes and personal care products. In shampoos and skincare products, it functions as a fragrance stabilizer or preservative component.

At present, the production technology of 3, 5-Dimethylbenzaldehyde is relatively mature, but certain environmental pressures remain, in particular in wastewater treatment. Efforts on the innovation with green chemical technologies, development of low pollution and clean production processes, are essential in order to comply with national environmental policies and to capture larger market share.

In general, each main product type mentioned above faces market challenges in advanced technologies, which need to be capable of supporting green and sustainable development. Wuhan Youji, together with the team from Wuhan Institute of Photochemistry and Technology has developed a process that uses visible light as a green and clean energy source. Through photochemical oxidation, this process enables the selective oxidation of certain compounds to synthesize p-Toluic aldehyde, p-Anisaldehyde, p-Tert-Butylbenzaldehyde and 3, 5-Dimethylbenzaldehyde.

Having considered the above, we concurred with the Directors that the Project will equip the Target Company with advanced production technologies, which will strengthen the Group's competitiveness in the fine chemical industry; and enable it to maintain or enlarge the market share.

(3) The Target Company Formation

3.1 Principal terms of the Formation Agreements

The principal terms of the Formation Agreements are summarised as follows. Please refer to the section headed "2. Formation of Target Company" in the Letter from the Board for details.

Date

30 December 2025

Parties

(i) Wuhan Youji;

(ii) Wuhan Guangyao;

(iii) Wuhan Shengyu; and

(iv) Individual Partners.

(collectively, "**Partners**")

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Wuhan Guangyao and its ultimate beneficial owners are independent third parties.

Among Individual Partners, Zou Xiaohong (鄒曉虹) is a Director and a director of Wuhan Youji, Zhou Xu (周旭) is the chief executive officer of the Company and the general manager of Wuhan Youji, Guo Tao (郭濤) is a director of Qianjiang Xinyihong, Hubei Xinxuanhong, Hubei Kangxin and Hubei Xinlianhong and the general manager of Qianjiang Xinyihong, Wu Jun (吳駿) is the general manager of Hubei Kangxin, Xiang Shiyan (向世炎) is the general manager of Hubei Xinxuanhong. Save as disclosed above, to the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, other Individual Partners are independent third parties.

Wuhan Shengyu is wholly controlled by Mr. Shen Haifeng (沈海峰), the chief financial officer of the Company.

Target Company

The Target Company is to be established as a PRC joint stock limited company under the proposed name Wuhan Youji Photochemical Technology Co., Ltd. (武漢有機光化學科技股份有限公司). Its principal business will be the research and development, industrialisation and commercial production of photochemical oxidation technologies and related high value-added chemical intermediates, which are primarily applied in the flavour and fragrance and daily chemical products sectors, together with import and export activities. The Target Company's products are expected to include high value-added chemical intermediates that are used as upstream inputs in the manufacture of flavour and fragrance products and daily chemical products. The Target Company's downstream customers are expected to partially overlap with the existing downstream customer base of Wuhan Youji, which currently purchases products such as flavour-grade benzyl acetate, flavour-grade benzyl benzoate and benzaldehyde.

In terms of its business and revenue model, upon commencement of commercial production, the Target Company intends to entrust Wuhan Youji's existing sales team to market and sell the Target Company's products. Such arrangement will allow the Target Company to leverage Wuhan Youji's established sales network, industry influence and brand recognition, reduce the need for the Target Company to build a large in-house sales team at the initial stage, enhance marketing efficiency and better serve the diversified needs of downstream customers in the flavour and

fragrance and daily chemical industries. If such arrangement constitutes continuing connected transaction under the Listing Rules, the Company will make further announcement and comply with the applicable requirements under Chapter 14A of the Listing Rules.

As regards research and development and the expected operational timeline, the relevant photochemical oxidation technologies have completed pilot-scale testing and scale-up. It is currently expected that the registration and establishment of the Target Company will be completed in the first half of 2026, following which the Target Company will enter into an infrastructure construction phase. Equipment installation and commissioning are expected to be carried out in the first half of 2027, with trial production expected to commence in the second half of 2027, and thereafter progress towards large-scale industrialised production, subject to, among others, construction progress, equipment installation, regulatory approvals and market conditions.

Registered capital and capital commitments upon establishment of the Target Company

The registered capital of the Target Company at establishment will be RMB119.2 million, with each RMB1 of registered capital subscribed at par value. The initial capital contributions to be made by the Partners are as follows:

(i) Wuhan Youji will contribute RMB63.234 million, representing approximately 53.0487% of the registered capital, of which RMB50 million will be satisfied by way of contribution of intellectual property (patents and proprietary technologies) and RMB13.234 million will be contributed in cash;

(ii) Wuhan Guangyao will contribute RMB50 million, representing approximately 41.9463%, entirely in the form of intellectual property (patents and proprietary technologies);

(iii) Wuhan Shengyu will contribute RMB400,000, representing approximately 0.3356%, in cash;

(iv) The Individual Partners will make an aggregate cash contributions of RMB5,566,000, representing 4.6695%. Among them, the connected persons of the Group will make cash contributions as follows: Zou Xiaohong (鄒曉虹) and Zhou Xu (周旭) will each contribute RMB400,000, representing approximately 0.3356% of the registered capital; and Guo Tao (郭濤), Wu Jun (吳駿) and Xiang Shiyan (向世炎) will each contribute RMB200,000, representing approximately 0.1678% of the registered capital. The remaining independent Individual Partners' respective initial capital contributions range from RMB6,000 to RMB400,000, representing shareholding percentages between approximately 0.0050% and 0.3356%.

The above first batch capital contributions amount in aggregate to RMB119.2 million. Please refer to the section headed "2. Formation of Target Company" of the Letter from the Board, for details of the intellectual property to be contributed by Wuhan Yongji and Wuhan Guangyao.

Our assessment

Subject to the satisfaction of the respective conditions precedent under the Formation Agreements, each Partner shall concurrently make his/her/its respective capital contributions to the Target Company in accordance with the Formation Agreements. The initial capital contribution (i) by way of intellectual property (patents and proprietary technologies) shall be transferred to the Target Company as registered capital within 90 days after the establishment of the Target Company; and (ii) by way of cash shall be paid into the Target Company's designated bank account within 30 days after the establishment of the Target Company. Please refer to the paragraph headed "Payment Terms" below in this letter for further details.

On the basis that (i) each Partner will make contribution in cash and/or intellectual property (patents and proprietary technologies) in proportion to their equity interest in the Target Company; and (ii) the valuation of the intellectual property (patents and proprietary technologies) is independently appraised by the Valuer, we are of the view that the terms of the Formation Agreements in relation to the first batch contribution to the registered capital are fair and reasonable and on normal commercial terms.

Having considered that (i) based on the business plan of the Target Company as mentioned in "The Project" of paragraph 2.2 "Construction and Leaseback Arrangements" under the section headed "(2) Reasons for and benefits of the Transactions" above in this letter, the Project is estimated to require a preliminary investment of approximately RMB100.0 million; (ii) there will be subsequent cash contribution of RMB80.8 million based on the funding needs of the Target Company; and (iii) large amount of funding is not required until the completion of construction and acceptance, we consider that the initial capital contributions are sufficient and appropriate.

Subsequent Capital Contributions

In addition to the initial registered capital of RMB119.2 million, the Partners have undertaken ultimate total capital commitments of RMB200 million, to be contributed in tranches based on the funding needs of the Target Company. Pursuant to the Formation Agreements, after the establishment of the Target Company and upon receipt of written funding notices issued by the Target Company, each Partner shall make additional capital contributions, and the Target Company shall complete the corresponding capital increase procedures in batches.

(i) Wuhan Youji will further contribute RMB52.936 million by cash, resulting in an aggregate contribution of RMB116.17 million and representing 58.0850% of the enlarged capital of the Target Company;

(ii) Wuhan Guangyao will not be required to make additional capital contributions and its aggregate post-increase contribution will remain RMB50 million, representing 25% of the enlarged registered capital of the Target Company;

(iii) Wuhan Shengyu will further contribute RMB1.6 million by cash, resulting in an aggregate contribution of RMB2 million, representing 1% of the enlarged registered capital of the Target Company;

(iv) The Individual Partners will make further cash contributions in an aggregate amount of RMB22,264,000, resulting in an aggregate contribution of RMB27,830,000, representing 13.915% of the enlarged registered capital of the Target Company. Among them, the connected persons will make further cash contributions as follows: Zou Xiaohong (鄒曉虹) and Zhou Xu (周旭) will each contribute RMB1,600,000 resulting in an aggregate contribution of RMB2 million and representing 1% of the enlarged registered capital of the Target Company. Guo Tao (郭濤), Wu Jun (吳駿) and Xiang Shiyan (向世炎) will each contribute RMB800,000, resulting in an aggregate contribution of RMB1 million and representing 0.5% of the enlarged registered capital of the Target Company. The remaining independent Individual Partners' respective further cash contributions range from RMB24,000 to RMB1,600,000, representing shareholding percentages between 0.015% and 1%;

(v) One independent external investor will contribute RMB6 million in installments, of which RMB4 million shall be contributed as registered capital representing 2.0% of the enlarged registered capital, and the remaining RMB2 million shall be contributed as capital reserve pursuant to the Formation Agreements. If the external investor fails to make such contribution, the Company shall be entitled to subscribe for such 2.0% equity interest at a consideration of RMB4 million.

The independent external investor is expected to be Wuhan Qingshan Industrial Investment Group Co., Ltd. (武漢市青山產業投資集團有限公司) or such other designated entity as it may nominate. The ultimate beneficial owner of such independent external investor is the State-owned Assets Supervision and Administration Bureau of Qingshan District, Wuhan City (武漢市青山區人民政府國有資產監督管理局). The capital contribution to be made by the independent external investor will be fully settled in cash.

In aggregate, the subsequent capital contributions amount to RMB80.80 million, bringing the total registered capital of the Target Company to RMB200 million.

The Company will use its own funds and not utilize any of its IPO proceeds to fund its cash contributions to the Target Company. The capital contribution amounts and the shareholding structure of the Target Company were determined with reference to the respective amounts of intellectual property and cash contributions to be made by each of the parties pursuant to the Formation Agreements. The registered capital of the Target Company is subscribed at par value, and each party's equity interest in the Target Company is determined in proportion to the aggregate value of its agreed capital contribution.

Our assessment

Having considered that (i) as advised by the management of the Group, the independent external investor will be required to invest at a premium to reflect the commercialisation prospect of the Target Company. Of the RMB 6 million to be contributed by the independent external investor, RMB2 million will be allocated to the capital reserve rather than counted as shareholding in the registered capital. We consider that the independent external investor's capital contribution at a premium is a better term to the Group and its Shareholders; (ii) the tranche-based funding mechanism is in accordance with the funding needs of the Target Company, which can avoid substantial upfront capital outlay contributions from the Partners; (iii) the potential dilution risk to the existing Shareholders is mitigated by the safeguard that allows the Company to subscribe for the external investor's portion if the external investor fails to make such contribution; and (iv) the intended use of proceeds in the Target Company is in line with the Group's business strategy to strengthen research and development capabilities for development of high-value products as mentioned in the 2025 Interim Report, we consider that the terms of the Formation Agreements in relation to the subsequent capital contributions are fair and reasonable and on normal commercial terms.

Having considered that (i) based on the business plan of the Target Company as mentioned in "The Project" of paragraph 2.2 "Construction and Leaseback Arrangements" under the section headed "(2) Reasons for and benefits of the Transactions" above in this letter, the Project is

estimated to require a preliminary investment of approximately RMB100.0 million; and (ii) subsequent capital contributions will be determined based on the funding needs of the Target Company following the initial capital contributions; and the corresponding capital increase will be completed in batches, thereby ensuring efficient use of resources and providing flexibility for the Partners, we consider that the subsequent capital contributions are sufficient and appropriate.

Please refer to the section headed "2. Formation of Target Company" of the Letter from the Board for details of the shareholding and cash contribution of each of the Individual Partners upon establishment of the Target Company and upon completion of subsequent capital contributions, respectively.

Payment Terms

The initial capital contributions comprising (i) RMB50 million contributed by Wuhan Youji by way of intellectual property (patents and proprietary technologies), and (ii) RMB50 million contributed by Wuhan Guangyao, also by way of intellectual property (patents and proprietary technologies), were determined with reference to the valuation of such intellectual property as set out in the Valuation Report issued by the Valuer on 25 December 2025, which assessed the aggregate value of above intellectual property (**"Intangible Assets**") at 119,048,400. Pursuant to the Formation Agreements, the foregoing intellectual property contributions shall be transferred to the Target Company as registered capital within 90 days after the establishment of the Target Company. As mentioned in the Letter from Board, the transfer of the intellectual property will not have any impact on the Group's business operations as the Intangible Assets to be transferred are exclusively associated with the Project and their technologies are distinct from and unrelated to the Group's existing production processes, products and business operations.

All initial monetary capital contributions by the Partners shall be paid into the Target Company's designated bank account within 30 days after the establishment of the Target Company.

Our assessment

As mentioned above, on the basis that each Partner will make contribution in cash and/or intellectual property (patents and proprietary technologies) is in proportion to their respective equity interests in the Target Company; and the valuation of the intellectual property (patents and proprietary technologies) is independently appraised by a valuer, we are of the view that the terms of the Formation Agreements in relation to the contribution to the registered capital are fair and reasonable and on normal commercial terms. Although the intellectual property contributions and the initial monetary capital contributions will not take place concurrently, we understand from the management of the Group that the earlier monetary capital contribution will timely facilitate the

commencement of the Target Company's operations, which aligns with its commercial interests; while the intellection property contribution will involve legal transfer/registration which typically will require more time to complete than the monetary capital contribution.

Management of the Target Company

The Target Company will adopt a governance structure consistent with the PRC Company Law and the arrangements agreed among the Partners. The shareholders' meeting will be the highest authority of the Target Company and will exercise its powers in accordance with the Formation Agreements and the articles of association.

The Target Company will establish a board of directors comprising five directors, three of whom will be nominated by Wuhan Youji, one by Wuhan Guangyao, and one collectively by the Individual Partners. The chairman of the board, who will also serve as the legal representative of the Target Company, will be nominated by Wuhan Youji.

The Target Company will adopt a general manager-led management model. The general manager will be nominated by Wuhan Youji and appointed by its board, while the deputy general managers and the financial controller will be nominated by the general manager and appointed by its board. The management team will be responsible for the day-to-day operations of the Target Company and will perform their duties under the supervision of the board.

Our assessment

We consider that (i) more than half members of the board of directors of the Target Company will be appointed by Wuhan Youji; and (ii) the arrangement of nomination of the board of directors of the Target Company and the appointment of general manager, deputy general managers, financial controller and the chairman of the board will enable Wuhan Youji to maintain its effective control over the Target Company.

Revaluation and capital reduction mechanism in respect of the Intangible Assets

The Intangible Assets contributed to the Target Company are subject to commercialisation risks. In the event that the Intangible Assets fail to generate profits within a period of up to five years after their contribution to the Target Company, the parties may, subject to compliance with the Listing Rules and pursuant to the Formation Agreements and applicable PRC laws and regulations, arrange for a revaluation of the Intangible Assets and, if necessary, implement a corresponding capital reduction of the Target Company based on the revalued amount.

In an extreme scenario where the Intangible Assets are fully written down and the registered capital attributable to the Intangible Assets is fully reduced, the shareholding structure of the Target Company would be adjusted accordingly. In such case, the equity interests in the Target Company would be held as follows: Wuhan Youji as to 66.17%, Wuhan Guangyao as to 0%, Wuhan Shengyu as to 2%, the independent external investor as to 4%, and the Individual Partners as to 27.83%, of which the connected persons would in aggregate hold approximately 7%.

Please refer to the section headed "2. Formation of Target Company" of the Letter from the Board for details of the purpose of proposed adjustment mechanism.

If the independent external investor does not make its capital contribution and the Company subscribes the 2% of the enlarged capital of the Target Company at a consideration of RMB4.0 million, upon completion of such capital reduction, Wuhan Youji's shareholding in the Target Company would increase to 70.17%, the independent external investor would hold 0% equity interest, and the shareholding interests of the other parties would remain the same as in the above paragraph.

Our assessment

We consider that (i) the inclusion of a revaluation and capital reduction mechanism provides a safeguard to those Partners who contributed capital (but not the Intangible Assets) against the risk of non-commercialisation of the Intangible Assets; (ii) the mechanism ensures that the registered capital of the Target Company reflects the actual value of the Intangible Assets, and that the shareholding structure of the Target Company will be adjusted fairly to in line with the revaluation; (iii) Wuhan Youji's shareholding in the Target Company would increase to 70.17% in the event that the independent external investor does not make its capital contribution is a better term to the Group and its Shareholders.

Right of first refusal

Pursuant to the Formation Agreements, where the shareholders' meeting of the Target Company has approved an increase in the registered capital and any shareholder fails to make its additional capital contribution, the other shareholders shall have the right, but not the obligation, to contribute the unpaid portion of such capital contribution. In such circumstances, the defaulting shareholder is required to vote in favour of such additional capital contribution by the other shareholders at the shareholders' meeting.

If any shareholder proposes to transfer its equity interest in the Target Company to a third party, such transfer is subject to the approval of the other shareholders by way of a shareholders' resolution. Upon approval, the non-transferring shareholders shall have a right of first refusal to acquire the equity interest proposed to be transferred on the same terms and conditions.

Our assessment

The right of first refusal arrangement will enable Wuhan Youji and other Partners to maintain control over the shareholders composition of the Target Company in the case of transfer equity by a Partner.

Conclusion

Having reviewed and considered the terms of the Formation Agreements in particular the key terms as listed above (including the registered capital, subsequent capital contributions, payment terms, management of the Target Company, revaluation and capital reduction mechanism in respect of the Intangible Assets and right of first refusal), we are of the view that the terms of the Formation Agreements are on normal commercial terms or better and are fair and reasonable.

3.2 The Construction and Leaseback Arrangements with Guarantee

The Construction and Leaseback Arrangements are summarised as follows. Please refer to the section headed "3. Construction and Leaseback Arrangements with Guarantee" in the Letter from the Board for details.

Date

The Construction and Leaseback Arrangements Agreements will only be entered into after the establishment of the Target Company. As such, prior to obtaining the approval of the Independent Shareholders, the Company will not enter into any Construction and Leaseback Arrangements Agreements with Anxin.

Parties

(i) Target Company (as the principal);

(ii) Anxin (as the constructor); and

(iii) Wuhan Youji (as the guarantor).

Construction

Anxin, a state-owned enterprise, or its wholly owned subsidiary, shall acquire the Land and construct the factory and related infrastructure with a total construction period of not more than 365 days. Anxin has established the Project Company to hold the Project Assets in full.

The total investment for land acquisition, construction and project-related taxes will be capped at RMB106 million. As mentioned in the Letter from the Board, the Cost is determined with reference to a budgeted total investment amount prepared based on the quantities and cost estimates derived from a design institute's construction drawings and bills of quantities, and on the basis of the actual expenditures incurred by Anxin in relation to land acquisition, construction works and project-related taxes. The final amount of the Cost will be determined by an independent third-party auditing institution jointly appointed by the Target Company and the constructor, based on its audit conducted in accordance with PRC accounting standards, with the relevant audit fee to be borne by the Target Company. We reviewed the breakdown on the estimated total Cost of RMB106 million provided by the Company, which contains costs of the Land, costs of construction and installation, infrastructure and ancillary works, taxes and finance costs.

We conducted searches on the website of Wuhan Land Market Network (**https://www.whtdsc.com/transaction/letNotice**) operated by the Wuhan Land Transaction Center (武漢市土地交易中心). According to the website, the Wuhan Land Transaction Center was established on 21 December 2004 with the approval of the Wuhan Municipal Compilation Committee (武漢市編制委員會). It is a division level public institution under the Wuhan Municipal Bureau of Natural Resources and Urban-Rural Development (武漢市自然資源和城鄉建設局). Based on the transaction information tables published on the website between October and December 2025, we noted that the closing prices for industrial land in Qingshan District (excluding land designated for reserve projects) ranged from approximately RMB648.1 per sq.m to approximately RMB905.6 per sq.m. As advised by the management of the Group, the Land located in the Qingshan District has a net area of 34,716 sq.m (subject to the final approval of the planning authority) and the closing price of the Land is currently estimated at approximately RMB22.5 million, or about RMB648.12 per sq.m. The expected closing price per sq.m for the Land falls within the range of the recent industrial land transactions in Qingshan District.

We noted from the breakdown that the costs of construction and installation, infrastructure and ancillary works include, the construction of the main building, production workshops, warehouses and supporting infrastructure such as water, electricity, roads and fire protection systems. As advised by the management of the Group, the estimation was prepared by Anxin and mutually agreed with the Company. Given that Anxin is principally engaged in property development and operation, construction engineering contracting and construction engineering

design; and that the Group has experience in a construction project, namely the Xinxuanhong Project, the Directors consider both parties to be sufficiently familiar with the prevailing market prices to provide a reasonable estimation of the costs for construction and installation, infrastructure and ancillary works of the Project.

The final amount of the Cost will be determined by an independent third-party auditing institution jointly appointed by the Target Company and the contractor, based on its audit conducted in accordance with PRC accounting standards. An additional project management fee of up to RMB1.5 million will be payable to Anxin in three installments during the construction period. Such project construction management fee shall be calculated based on Anxin's actual expenses and payroll in connection with the project and in accordance with the relevant requirements set out in the Notice on the Measures for the Administration of Construction Costs of Capital Construction Projects (《基本建設項目建設成本管理規定》) issued by the Ministry of Finance.

We have reviewed Appendix 2 to the Notice on the Measures for the Administration of Construction Costs of Capital Construction Projects (《基本建設項目建設成本管理規定》) issued by the Ministry of Finance; and noted the rate schedule for the total control amount of project construction management fees as below:

Total construction cost *RMB ('0000)*	**Rate (%) for project construction management fee**	**Examples** *RMB ('0000)*	*RMB ('0000)*
Below 1,000	2	1,000	1,000×2% = 20
1,001–5,000	1.5	5,000	20 + (5,000–1,000)×1.5% = 80
5,001–10,000	1.2	10,000	80 + (10,000–5,000)×1.2% = 140
10,001–50,000	1	50,000	140 + (50,000–10,000)×1% = 540
50,001– 100,000	0.8	100,000	540 + (100,000–50,000)×0.8% = 940
Above 100,000	0.4	200,000	940 + (200,000–100,000)×0.4% = 1,340

The estimated total Cost of RMB106 million falls within the range of RMB100.1 million to RMB500 million. Based on the calculation table above, the total project construction management fee should not exceed RMB1.46 million. Therefore, project management fee of up to RMB1.5 million payable to Anxin is considered appropriate.

Based on the above and the benefits of the Construction and Leaseback Arrangements as discussed under paragraph 2.2 "Construction and Leaseback Arrangements" of "(2) Reasons for and the benefits of the Transaction" above in this letter, we concurred with the Directors that the cap amount of RMB106 million for land acquisition, construction and project-related taxes and the project management fee of up to RMB1.5 million during the construction period are fair and reasonable, which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Lease

Upon completion of construction and acceptance, the Project Assets will be leased to the Target Company for its production and operational needs for a term of seven years minus construction period of not more than 365 days. During the Term, the Target Company will pay annual rent and management fee calculated by reference to the audited total Cost multiplied by the prevailing five-year LPR, subject to a cap of RMB4 million per year, and payable on an annual basis. The five-year LPR is adopted as the benchmark rate because the People's Bank of China currently publishes only the one-year and five-year LPRs, and given that the Term is approximately six years, the financing tenor of the relevant arrangement is closer to five years rather than one year.

Our assessment

We understood from the management of the Group that the amount of annual rent was agreed between the parties after arm's length negotiation taking into account a number of factors, such as the estimated total Cost of RMB106 million, the implied interest rate of the estimated total Cost based on LPR, the lease term and the prevailing market conditions. We have reviewed the breakdown on the estimated total Cost provided by the Company and noted that the Cost estimation is reasonable. The breakdown sets out details of the estimated total Cost, including costs of the Land, costs of construction and installation, infrastructure and ancillary works covering the construction of main building, production workshops, warehouses and supporting infrastructure such as water, electricity, roads and fire protection systems, as well as taxes and finance costs. Please refer to "Construction" under the paragraph 3.2 "The Construction and Leaseback Arrangements with Guarantee" of "(3) The Target Company Formation" above in this letter for our assessment on the reasonableness of the estimated total Cost. We also noted from the website of the Bank of China (https://www.bankofchina.com/fimarkets/lilv/fd32/201310/t20131031_2591219.html) that prevailing LPR for a period above five years was 3.50% as quoted on 20 May 2025 and on subsequent dates prior to the release of the Announcement. Given the benefits of the Construction and Leaseback Arrangements as discussed under paragraph 2.2 "Construction and Leaseback Arrangements" of "(2) Reasons for and the

benefits of the Transaction" above in this letter, we concurred with the Directors that the annual rent as agreed in the Construction and Leaseback Arrangements are fair and reasonable which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Buy-back

The lease will remain in force throughout the Term, after which the Target Company will be required to repurchase the Project Company at the original Cost without taking into account any depreciation.

The buy-back price will be subject to a cap of RMB106 million and will be settled in two instalments. The Target Company shall pay 95% of the total buy-back price, upon which Anxin shall transfer 100% equity interest in the Project Company to the Target Company and complete the relevant registration procedures. Within 15 business days after completion of the foregoing procedures, the Target Company shall pay the remaining 5% of the total buy-back price.

Our assessment

Having considered that (i) the buy-back will enable the Target Company ultimately obtain ownership of the Project Assets as mentioned in the Letter from the Board; and (ii) the cap of RMB106 million for the buy-back will limit the financial exposure of the Target Company and ensure the buy-back price not to exceed the Cost, we consider that the buy-back arrangement is fair and reasonable which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Guarantee

To secure the Target Company's obligations under the lease and the buyback arrangements, Wuhan Youji will provide an irrevocable joint and several liability guarantee in favour of Anxin. The guarantee will cover an amount of up to approximately RMB131.5 million, determined with reference to the upper limit of the total Cost, the project management fee and the estimated rent and management fee payable during the Term.

As counter-security for such guarantee, all other shareholders of the Target Company will be required to pledge their entire equity interests in the Target Company to Wuhan Youji, and the Target Company will pledge all of its equipment to Wuhan Youji, in each case until the guarantee has been fully released.

Our assessment

Having considered that (i) the provision of a guarantee by Wuhan Youji is a prerequisite arranged by the government for the state-owned platform to advance the upfront land cost, construction expenditure and project taxes; (ii) the benefits of the Construction and Leaseback Arrangements as mentioned under the paragraph 2.2 "Construction and Leaseback Arrangements" under " (2) Reasons for and the benefits of the Transactions" above in this letter; and (iii) the guarantee to be provided by Wuhan Youji will be counter-secured by the pledge of entire equity interests in the Target Company by all other Partners and all equipment of the Target Company, we consider that the provision of guarantee by Wuhan Youji is fair and reasonable which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

(4) Valuation of Intangible Assets

As stated in the Letter from the Board, the contribution of RMB50 million from Wuhan Youji by way of intellectual property (patents and proprietary technologies) and RMB50 million from Wuhan Guangyao by way of intellectual property (patents and proprietary technologies) were determined with reference to the valuation as set out in the Valuation Report, which assessed the aggregate value of the Intangible Assets at RMB119,048,400. The valuation was performed using the income approach, and the Valuation Report benchmark date is 30 September 2025. The valuation was prepared based on a discounted cash flow/discounted income model.

In assessing the fairness and reasonableness of the valuation, we have taken into account the following factors:

(i) The qualification and scope of work of the Valuer

We have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps taken by the Valuer for conducting the valuation. We conducted an interview with the Valuer to enquire to their expertise and reviewed the mandate letter and other relevant information provided by the Valuer, including the certificates of membership for practice granted by China Appraisal Society. We are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for preparation of the Valuation Report. We noted that the Valuer is a professional valuation firm, accredited by the China Appraisal Society and possessing the requisite experience to prepare the Valuation Report. The individuals responsible for the valuation are members of the China Appraisal Society and hold recognised professional qualification in assets valuation; where the chief appraiser has accumulated seven years of practice and experience in both the theory and practice of asset appraisal. We have also enquired with the Valuer as to their independence from the Group, the

Partners, Anxin and the Target Company, and were given to understand that the Valuer is independent of the Group, the Partners, Anxin and the Target Company. The Valuer confirmed that apart from normal professional fees paid or payable to them in connection with their appointment as the Valuer, no arrangements exist whereby they will receive any fees or benefits from the Group.

We have also reviewed the terms of engagement of the Valuer, in particular to their scope of work. According to the mandate letter, the scope of work of the Valuer is to conduct market valuation as at 30 September 2025 on the proprietary rights in photochemical technology to be involved by the Target Company. We noted that their scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuer in the Valuation Report. We have also performed work as required under note (1)(d) to Rule 13.80 of the Listing Rules in relation to the Valuer and its work as regards to the valuation. Based on the above, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for performing the valuation, and we are of the view that the scope of work of the Valuer is appropriate. We therefore consider it is appropriate to rely on their work and opinion.

(ii) Valuation methodologies

We have discussed with the Valuer and understand that the Valuer has considered three generally accepted approaches, namely market approach, cost approach and income approach. The Valuer adopted the discount cash flow (**"DCF**") methodology of the income approach in the valuation due to the following considerations:

(a) due to the exclusivity of the Intangible Assets, identifying comparables from market transactions is difficult; and the Valuer was not aware of any recent comparable cases of capital contribution involving assets similar to the Intangible Assets in the PRC. Hence, the market approach was not adopted;

(b) for intellectual property (patents and proprietary technologies), there is usually no correlation between the research and development costs for the technologies and the value of the technologies themselves. The cost approach was therefore not adopted in this valuation; and

(c) the Intangible Assets are currently at industrialization stage and the Target Company will continue to improve and promote the relevant technologies. It is expected that earnings from the technologies in the coming years can be reasonably forecasted. Therefore, the DCF methodology of the income approach was adopted.

Based on the factors above, we concur with the Valuer that the income approach was the most appropriate valuation methodology to conduct a fair and reasonable valuation.

(iii) Application of the DCF methodology

According to the Valuer, the application of the DCF methodology will involve: (i) determining the economic life of the Intangible Assets and forecasting the cash flows they are expected to generate during that period; (ii) applying an appropriate discount rate to convert the projected net profits of the Intangible Assets into present value, with the discount rate reflecting the relevant risk factors associated with generating those cash flows as well as the time value of money; and (iii) aggregating the present values of the net profits over the economic life of the Intangible Assets to arrive at the valuation. The following DCF model has been adopted:

$$V = \alpha \cdot \sum_{t=1}^{n} F_t \cdot (1+i)^{-t}$$

Where:

V = appraised technical value

Ft = future annual revenue of the technical product

α = sharing ratio

1 = discount rate

t = discounting period

n = remaining economic life of the appraised technology

In our assessment of the valuation, we have reviewed the following key quantitative assumptions:

(a) Projection of future annual revenue (Ft)

The Company has provided the following business plan of the Target Company, containing the expected production scale, selling units and prices and revenue for each product type:

Year	Products	Production scale	Sales	Selling price *('0000 per tonne)*	Revenue *(RMB'0000)*
2027	p-Toluic aldehyde	2,000.00	600.00	3.72	2,232.00
	p-Anisaldehyde	10,000.00	3,000.00	4.42	13,260.00
	p-Tert-Butylbenzaldehyde	2,000.00	600.00	5.31	3,186.00
	3, 5-Dimethylbenzaldehyde	1,000.00	300.00	4.42	1,326.00
	Methyl p-toluate	600.00	180.00	3.01	541.80
	Methyl p-anisate	1,200.00	360.00	1.95	702.00
	Methyl p-tert-butylbenzoate	600.00	180.00	1.77	318.60
	Methyl 3,5-dimethylbenzoate	300.00	90.00	1.68	151.20
	Methanol	2,145.00	643.50	0.09	56.63
	Fuel oil	945.00	283.50	0.13	37.62
	Subtitle				21,811.85
2028	p-Toluic aldehyde	2,000.00	1,000.00	3.72	3,720.00
	p-Anisaldehyde	10,000.00	5,000.00	4.42	22,100.00
	p-Tert-Butylbenzaldehyde	2,000.00	1,000.00	5.31	5,310.00
	3, 5-Dimethylbenzaldehyde	1,000.00	500.00	4.42	2,210.00
	Methyl p-toluate	600.00	300.00	3.01	903.00
	Methyl p-anisate	1,200.00	600.00	1.95	1,170.00
	Methyl p-tert-butylbenzoate	600.00	300.00	1.77	531.00
	Methyl 3,5-dimethylbenzoate	300.00	150.00	1.68	252.00
	Methanol	2,145.00	1,072.50	0.09	94.38
	Fuel oil	945.00	472.50	0.13	62.70
	Subtitle				36,353.08

Year	Products	Production scale	Sales	Selling price *('0000 per tonne)*	Revenue *(RMB'0000)*
2029	p-Toluic aldehyde	2,000.00	1,400.00	3.72	5,208.00
	p-Anisaldehyde	10,000.00	7,000.00	4.42	30,940.00
	p-Tert-Butylbenzaldehyde	2,000.00	1,400.00	5.31	7,434.00
	3, 5-Dimethylbenzaldehyde	1,000.00	700.00	4.42	3,094.00
	Methyl p-toluate	600.00	420.00	3.01	1,264.20
	Methyl p-anisate	1,200.00	840.00	1.95	1,638.00
	Methyl p-tert-butylbenzoate	600.00	420.00	1.77	743.40
	Methyl 3,5-dimethylbenzoate	300.00	210.00	1.68	352.80
	Methanol	2,145.00	1,501.50	0.09	132.13
	Fuel oil	945.00	661.50	0.13	87.78
	Subtitle				50,894.31
2030	p-Toluic aldehyde	2,000.00	1,800.00	3.72	6,696.00
	p-Anisaldehyde	10,000.00	9,000.00	4.42	39,780.00
	p-Tert-Butylbenzaldehyde	2,000.00	1,800.00	5.31	9,558.00
	3, 5-Dimethylbenzaldehyde	1,000.00	920.00	4.42	4,066.40
	Methyl p-toluate	600.00	543.72	3.01	1,636.59
	Methyl p-anisate	1,200.00	1,080.00	1.95	2,106.00
	Methyl p-tert-butylbenzoate	600.00	540.00	1.77	955.80
	Methyl 3,5-dimethylbenzoate	300.00	270.00	1.68	453.60
	Methanol	2,145.00	1,930.50	0.09	169.88
	Fuel oil	945.00	850.50	0.13	112.86
	Subtitle				65,535.13
2031–2036	p-Toluic aldehyde	2,000.00	2,000.00	3.72	7,440.00
	p-Anisaldehyde	10,000.00	10,000.00	4.42	44,200.00
	p-Tert-Butylbenzaldehyde	2,000.00	2,000.00	5.31	10,620.00
	3, 5-Dimethylbenzaldehyde	1,000.00	1,000.00	4.42	4,420.00
	Methyl p-toluate	600.00	600.00	3.01	1,806.00
	Methyl p-anisate	1,200.00	1,200.00	1.95	2,340.00
	Methyl p-tert-butylbenzoate	600.00	600.00	1.77	1,062.00
	Methyl 3,5-dimethylbenzoate	300.00	300.00	1.68	504.00
	Methanol	2,145.00	2,145.00	0.09	188.76
	Fuel oil	945.00	945.00	0.13	125.40
	Subtitle				72,706.16

Note: selling prices are quoted exclusive of tax.

We have reviewed the calculation of the forecasted revenue of each product type; and are given to understand that (a) the annual production volume is determined based on the 30%, 50%, 70%, 90% and 100% utilisation of the total production capacity of the Intangible Assets for the years 2027, 2028, 2029, 2030 and 2031-2036, respectively. As advised by the management of the Group, the proprietary photochemical technologies had already entered into the small-scale production stage for certain main product types of the Target Company; (b) the production rate is estimated based on the planned output of the Target Company as it has no operating history for fine chemicals using the photochemical technologies. Consequently, no benchmark exists for the utilization rate of production capacity; and (c) the selling price is estimated based on the market prices of the relevant product types in the PRC. As advised by the management of the Group, it made reference to (i) the selling prices of the same product imported from Japan and distributed by the Company in estimation of the selling price of p-Toluic aldehyde; (ii) the export prices from India to China by sourcing information from downstream customer visits, SunSirs Company Data Group website and China Customs data in estimation of the selling price of p-Anisaldehyde; (iii) the information from downstream customer visits and SunSirs Company Data Group website in estimation of the selling price of p-Tert-Butylbenzaldehyde; and (iv) the selling prices of similar products, namely 3.5-dimethylbenzonic acid in estimation of the selling price of 3.5-Dimethylbenzaldehyde, given that no sizeable production processes or facilities currently exist for such product. It is currently expected that the Target Company will possess the relevant proprietary technology for its production.

Selling prices

The management of the Group based on their industry knowledge, advised that SunSirs Company Data Group (https://www.100ppi.com) is a representative website setting out chemicals pricing in the PRC. We have reviewed the market prices of the four main product types of the Target Company on the aforesaid website and noted that the current market price range is approximately RMB40,000 to RMB50,000 per tonne for p-Toluic aldehyde, approximately RMB70,000 to RMB80,000 per tonne for p-Tert-Butylbenzaldehyde (with purity level of 99%); and approximately RMB70,000 to RMB80,000 per tonne for 3, 5-Dimethylbenzaldehyde. Although p-Anisaldehyde is not a product listed on this website, we have discussed with the management of the Group and was told that based on their best knowledge after having made reasonable enquiry, current selling prices of aldehyde-ethers, which is a board class of p-Anisaldehyde, produced and sold in the PRC are mostly above US$10 per kilogram (i.e. above RMB65,000 per tonne). Therefore, the estimated selling price of RMB37,200 per tonne for p-Toluic aldehyde, RMB44,200 per tonne for p-Anisaldehyde, RMB53,100 per tonne for p-Tert-Butylbenzaldehyde and RMB44,200 per tonne for 3, 5-Dimethylbenzaldehyde are in general below the current market prices.

Market demand

We have reviewed the "Guidelines for Promoting High-Quality Development of the Petrochemical and Chemical Industry (2022–2025)" (https://www.gov.cn/zhengce/2022-04/08/content_5683971.htm) and noted that the PRC government has introduced regulatory and incentive policies for the chemical industry under the 14th Five-Year Plan (2021-2025), focusing on green transformation, technological innovation, structural optimization and industrial clustering. Key measures include stricter environmental standards, mandatory energy-efficiency upgrades and incentives for innovation and relocation of chemical projects into designated industrial parks. Green, low-carbon and environment-friendly development is an inevitable trend for the chemical industry in the forthcoming future. Application of the green and sustainable characteristics of the photochemical technologies and commercialisation of the Intangible Assets are in line with the current environmental protection policies and the industry trend. Meanwhile, the Target Company will be able to achieve cost savings thereby strengthening its competitiveness in the industry with the use of visible light as a sustainable energy source.

We noted from the Feasibility Study Report that (i) the market demand for p-Toluic aldehyde is approximately 2,000 tonnes per annum. Of which, as advised by the Company, the domestic demand is approximately 1,000 tonnes per annum. p-Toluic aldehyde serves as a pharmaceutical intermediate and as a raw material for fragrances; and there are many derivatives of p-Toluic aldehyde. If a new craftmanship emerges, it will significantly reduce the price of p-Toluic aldehyde, expand its application fields and increase the market demand; (ii) p-Anisaldehyde is primarily used in cosmetics and personal care products, and thus demand is largely driven by these two industries. We have discussed with the management of the Group and was told that based on their best knowledge after having made reasonable enquiry, the demand for p-Anisaldehyde from a single market player, which is the largest sunscreen producer in the PRC, already reached about 3,000 tonnes per annum and such sunscreen producer currently relies on purchases of p-Anisaldehyde from India; (iii) p-Tert-Butylbenzaldehyde embraces broad application and significance market potential across fragrances, pharmaceuticals and agrochemicals; and it is required to enhance product quality, reduce costs and sustain environmental protection in order to meet industry challenges and evolving market demand; and (iv) 3, 5-Dimethylbenzaldehyde is an important organic synthesis intermediate, widely used in the pharmaceutical and fragrance sectors. With the continuous expansion of the global pharmaceutical market particularly the growth of emerging markets, the demand for chemical drugs is steadily increasing. The global fragrance industry is expected to grow, which will in turn drive the demand for 3, 5-Dimethylbenzaldehyde. However, it is noted that at present, the production technology for 3, 5-Dimethylbenzaldehyde is facing certain environmental pressures. Please also refer to "Industry prospects" under the paragraphs headed "(2) Reasons for the benefits of the Transactions" above in this letter.

Having considered the above and as compared with the developed countries, fine chemical enterprises in the PRC are more competitive due to relatively low labour costs, set up costs for production facilities and pollution control costs, we consider that the estimated revenue from the Intangible Assets for the forecasted period is fair and reasonable.

(b) Sharing ratio (α)

We understood from the Valuer that in general, technologies generate return together with other assets of a company. Therefore, when calculating the profitability of a technology using the income approach, the expected total return should be separated to identify the portion attributable to the technology.

We have reviewed the statistical data available on the website of the National Intellectual Property Administration (國家知識產權局) on the ordinary license fees for licensing contracts filed between 2019 and 2023 (https://www.cnipa.gov.cn/module/download/downfile.jsp?classid=0&showname=2.%202019%E2%80%942023%E5%B9%B4%E4%B8%93%E5%88%A9%E5%AE%9E%E6%96%BD%E8%AE%B8%E5%8F%AF%E7%BB%9F%E8%AE%A1%E6%95%B0%E6%8D%AE.pdf&filename=49cdb826599542f7bc2d1691eada603f.pdf) and noted that the average revenue sharing ratio without an entry fee for the manufacture of chemical raw materials and chemical products industry is 10.0%.

As advised by the Company, the appraised technologies would contribute 80% to the equity of the technological products; and as explained by the Valuer, the photochemical technologies is the core technology and its contribution rate was estimated to be 80%; while others are auxiliary technologies. However, with the advancement of science and technologies, new technologies will emerge and therefore the technology sharing ratio will gradually decline. As advised by the Valuer, it is assumed that the sharing ratio will decline evenly over the 10-year forecast period; and thus, the sharing ratio was determined as follows:

Year	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Sharing ratio	8.00%	7.20%	6.40%	5.60%	4.80%	4.00%	3.20%	2.40%	1.60%	0.80%

(c) Discount rate (l)

The internationally accepted average rate of return model is adopted to estimate the discount rate in the valuation. The calculation formula is:

Discount rate = risk-free rate + risk premium
= 1.66%+11.08%
= 12.74%

The yield on government bonds is generally regarded as risk-free. We have reviewed the website of The People's Bank of China (中國人民銀行, https://www.pbc.gov.cn/en/3688247/3688990/index.html) and noted that the ChinaBond government bond yield for 5 years to 10 years as at 30 September 2025 (being the valuation assessment date) ranged from approximately 1.60% to approximately 1.86%, therefore, a risk-free rate of 1.66% adopted by the Valuer is acceptable. We noted that ChinaBond government bond yield published on the website of The People's Bank of China is based on a basket of sample bonds selected by China Central Depository & Clearing Co. Ltd.; and understood that the Valuer relied on a different data source, which made reference to other sample bonds in determining the ChinaBond government bond yield.

The risk premium is the Valuer's judgement on additional risks associated with the Intangible Assets. The risk premium is determined as the sum of the technology risk coefficient, market risk coefficient, capital risk coefficient, management risk coefficient and unforeseen risk. With reference to "Kroll Lowers Recommended U.S. Equity Risk Premium (the "**ERP**") and Corresponding Risk-Free Rates: January 2008 — Present", issued by Kroll in September 2025, current U.S. ERP recommended by Kroll is 5%. Based on our review of the valuation reports published by companies listed on the Stock Exchange, we consider that the ERP suggested by Kroll is widely adopted in the valuation industry. On this basis, each risk factor was calculated by the weighted average of the evaluation on each sub-sector of the risks as scored by the Valuer ranging from 0 to 100 (with the higher scores indicate greater risk). The formula is as follows:

Risk premium for a given factor = (Weighted sub-score ÷ 100) × 5%

According to the Valuer, with the adoption of calculation mentioned above, the technology risk coefficient, market risk coefficient, capital risk coefficient and management risk coefficient were 2.25%, 1.23%, 2.50% and 4.10%, respectively. Other unforeseen risks refer to risks to technology implementation that may cause by irresistible factors such as natural disasters, accidents or war. According to the Valuer, a standard value of 1.00% is generally applied.

Based on the above, the risk premium in arriving the discount rate was 11.08%.

(d) *Discounting period (t)*

According to the Valuer, as the valuation assessment date is 30 September 2025, the interim discounting is adopted, i.e. on average, cash flows are assumed to occur on 30 June each year. The discounting period from 1 January 2026 to 31 December 2026 (with regard to cash flows for nine months from 30 September 2025 to 30 June 2026) is 0.75, from 1 January 2027 to 31 December 2027 (with regard to cash flows from 30 September 2025 to 30 June 2027) is 1.75, from 1 January 2028 to 31 December 2028 (with regard to cash flows from 30 September 2025 to 30 June 2028) is 2.75 and so on as shown in the table below:

	2026	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Discounting rate	0.75	1.75	2.75	3.75	4.75	5.75	6.75	7.75	8.75	9.75	10.75

In the valuation, it is assumed that (i) the capital injection for the construction period is approximately RMB7.0 million, which refers to the research and development expenditure for improving and optimizing the technologies of the Intangible Assets as advised by the management of the Group and the construction period is expected to be completed by end of the year 2026; and during the year ending 31 December 2026, there will be no revenue generated from the Intangible Assets. Therefore, for commercialisation of the Intangible Assets, it is expected to be approximately RMB7.0 million cash outflow and no cash inflow for the year ending 31 December 2026.

(e) ***Remaining economic life (n)***

We noted that there is a thesis titled "Life Cycle and Techno-Economic Assessment of Photocatalytic Hydrogen Production" on the official website of the University of Alberta, Canada (https://ualberta.scholaris.ca/home). As mentioned in the thesis, a graduate student in Master of Science (Engineering Management) of the Department of Mechanical Engineering of the university was responsible for defining the problem, data collection, data analysis, model development, and manuscript composition to evaluate the environmental performance in terms of greenhouse gas emission and energy payback time of four photocatalysts for photoelectrochemical water splitting to produce hydrogen (the "**Study**"). Despite the Study was not on photochemical technology but a technology for hydrogen production through photoelectrochemical water splitting, we consider that the technology lifespan mentioned in the Study can be a reference to the lifespan of photochemical technology as both technologies were light-based technologies and not yet economically feasible at a mass production level. It is mentioned in the Study that in general, photocatalytic cells can function from 5 to 15 years. As such, we consider that the forecast period from 2027 to 2036 to be

fair and reasonable. As mentioned by the Valuer, intellectual property, as a form of knowledge and skill, may be replaced by more advanced technologies due to technological progress and market changes. Once it becomes a widely adopted technology, it no longer carries intangible asset value.

After taking into account the aforementioned factors, in particular, our independent work performed on the valuation as set out above, we are of the view that (i) the key quantitative assumptions adopted by the Valuer in the valuation were fair and reasonable; and (b) the calculation of future annual revenue applied by the Valuer is appropriate and the DCF methodology has been reasonably applied in the valuation.

The valuation involving the projection of future annual revenue to be generated from the Intangible Assets is subject to uncertainties and variations. However, the revaluation and capital reduction mechanism could provide a safeguard to those Partners who contributed capital (but not the Intangible Assets) against the risk of non-commercialisation of the Intangible Assets; and can serve as a protection to the interest of the Group in the Target Company. Based on the above, we are of the view that the valuation, which is conducted under the income approach, for assessment of the value of Intangible Assets to be contributed to the initial registered capital of the Target Company, is fair and reasonable.

FINANCIAL IMPACT ON THE COMPANY

Upon completion of the formation of the Target Company, the amount of capital contribution and the amount of intellectual property contribution provided by Wuhan Youji will be recognised in the financial statements of the Target Company; and the financial position and financial results of the Target Company will be consolidated in the consolidated financial statements of the Company as a non-wholly owned subsidiary. It is expected that there will be no material change in the net assets position of the Group as a result of the formation of the Target Company.

As the Target Company will be newly formed and the capital injection is expected to be funded from the internal resources of the Target Company, the formation of the Target Company and the capital injection by Wuhan Youji are not expected to have any material impact on the earnings position of the Group.

It should be noted that the aforementioned analysis is for illustrative purpose only and does not purport to represent how the financial results and the financial position of the Group will be upon the successful formation of the Target Company.

RECOMMENDATION

Having considered that the above principal factors and reasons, we consider that the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned; and the Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution(s) in respect of the Transactions to be proposed at the EGM.

Yours faithfully,
For and on behalf of
SBI China Capital Hong Kong Securities Limited

Ringo Kwan	**Evelyn Fan**
Managing Director	*Executive Director*

Mr. Ringo Kwan and Ms. Evelyn Fan have been responsible officers of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) since 2005 and 2012, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2022, 2023 and 2024 is disclosed in the Prospectus and the annual report of the Company for the year ended 31 December 2024, respectively, and the unaudited financial information of the Group for the six months ended 30 June 2025 is disclosed in the interim report of the Company for the six months ended 30 June 2025.

The said Prospectus, annual report and interim report of the Group are published on both the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.chinaorganic.com**);

- Prospectus of the Company dated 7 June 2024 (pages I-1 to I-76) (available on **www1.hkexnews.hk/listedco/listconews/sehk/2024/0607/2024060700013.pdf**)

- annual report of the Group for the year ended 31 December 2024 (pages 87 to 163) (available on **www1.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041700919.pdf**)

- interim report of the Group for the six months ended 30 June 2025 (pages 19 to 44) (available on **www1.hkexnews.hk/listedco/listconews/sehk/2025/0911/2025091100989.pdf**)

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2025, the Group had current bank loans and other borrowings of approximately RMB1,041.4 million, comprising unsecured bank loans repayable within one year of approximately RMB675.7 million, secured bank loan repayable within one year of approximately RMB320.7 million and unsecured other borrowings repayable within one year of approximately RMB45 million; non-current bank loans of approximately RMB294.0 million, comprising unsecured bank loans repayable more than one year of approximately RMB11.2 million and secured bank loans repayable more than one year of approximately RMB282.8 million; and current lease liabilities of approximately RMB12.3 million and non-current lease liabilities of approximately RMB15.7 million.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptances credits, or any guarantees, or any other contingent liabilities outstanding at the close of business on 31 December 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular.

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the Group's indebtedness position or contingent liabilities since the close of business on 31 December 2025.

3. STATEMENT OF SUFFICIENCY OF WORKING CAPITAL

As at the Latest Practicable Date, having made due and careful enquiries, taking into account the cash flow generated from the operation, the internal resources of and credit facilities available to the Group as well as Transactions, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the manufacture of toluene oxidation and chlorination products, benzoic acid ammonification products and other fine chemical products through organic synthesis process. The Company has no intention to introduce any material changes to its assets or the operation of its existing business, nor does it intend to downsize or dispose of any part of its existing business. The latest published audited consolidated financial statements of the Group were made up to 31 December 2024.

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB3,284.2 million and net profit of approximately RMB123.0 million. The Company has also published its unaudited condensed consolidated interim results for the six months ended 30 June 2025, during which the Group recorded revenue of approximately RMB1,440.2 million and net profit of approximately RMB38.7 million.

Looking ahead, the Directors will continue to focus on the Group's core fine chemical manufacturing business and implement prudent treasury and capital management. The Group will continue to monitor market conditions and maintain disciplined cost control and operational efficiency, with a view to sustaining the Group's competitiveness and resilience.

In addition, the Group is advancing a number of major projects, including the Hubei Xinxuanhong project and overseas investment. Subject to the approval of the Independent Shareholders and the fulfilment of other conditions precedent, the Group will also proceed with the Transactions, pursuant to which the Group expects to expand into the research and development, industrialisation and commercial production of photochemical oxidation technologies and related products through the Target Company. Upon establishment, the Target Company will be consolidated into the Group's financial statements.

Shareholders should note that the industrialisation and commercialisation of new technologies and products involve uncertainties, including execution, regulatory, market and operational risks. In particular, the Intangible Assets to be contributed to the Target Company are subject to commercialisation risks. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date on which the latest published audited consolidated financial statements of the Group were made up.

6. FINANCIAL EFFECT OF THE TRANSACTIONS

Upon completion, the Target Company will become a non-wholly owned subsidiary of the Company, and the results, assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Group.

(i) Assuming that all relevant parties have fully completed their capital contributions, the total assets of the Group's consolidated financial statements are expected to increase by RMB85.8 million, comprising capital contributions from non-controlling shareholders of RMB35.8 million (including the investment premium of RMB2.0 million by the independent external investor) and intangible assets contributed by Wuhan Guangyao of RMB50.0 million. At the same time, non-controlling interests of RMB84.7 million and capital reserve of RMB1.1 million will be recognised.

(ii) Assuming that the relevant parties have completed the Construction and Leaseback Arrangements, the total assets of the Group's consolidated financial statements are expected to decrease by approximately RMB24.0 million, which includes an increase in property, plant and equipment of up to RMB107.5 million and a decrease in bank deposits of up to RMB131.5 million. Meanwhile, non-controlling interests are expected to decrease by RMB10.0 million and retained earnings are expected to decrease by RMB14.0 million.

As disclosed in the section headed "Future Plans and Use of Proceeds Use of Proceeds" in the Prospectus, approximately 0.9% of the net proceeds from the global offering (or approximately HK$0.5 million) will be used for the joint establishment of photocatalytic laboratory with Central China Normal University (華中師範大學) to explore the industrial application of photocatalytic reactions. The research and development conducted under such arrangement has led to the

development of the relevant intellectual property which now forms part of the Intangible Assets to be contributed to the Target Company. The proposed establishment of the Target Company represents the subsequent commercialisation of such research results and is consistent with the Company's previously disclosed plan to explore the industrial application of photocatalytic technology. The use of proceeds as disclosed in the Prospectus, including but not limited to the construction of the Hubei Xinxuanhong Production Plant, has been and will continue to be implemented in accordance with the timetable and allocation as disclosed in the Prospectus.

The estimated cash contribution to be made by the Group in relation to the Photochemical Project is approximately RMB66.17 million, which will be funded by the Group's internal resources. As at 31 December 2025, the Group had total banking facilities of approximately RMB1.85 billion, of which approximately RMB649 million remained unutilised. In addition, based on the Group's historical financial performance, the Group has generated sufficient net cash inflow from operating activities on an annual basis. The business plan of the Company as disclosed in the Prospectus are being implemented in phases over a relatively long period from 2024 to 2028, with capital expenditures distributed over such period. Taking into account the above, the Company is of the view that the formation of the Target Company does not affect the business plan as disclosed in the Prospectus.

As disclosed above and in the Prospectus, the Photochemical Project originated from a technology cooperation between the Company and Central China Normal University (華中師範大學) commenced in 2022. In April 2022, the Qingshan District Government invited representatives and professors from Central China Normal University to visit local enterprises, including Wuhan Youji. Following the introduction by the district government and subsequent discussions, Wuhan Youji and Central China Normal University commenced cooperation in May 2022, having identified strategic and technical complementarities in the field of photochemical technologies. Under the cooperation arrangement, Wuhan Youji provided research funding, research premises, research personnel (including personnel responsible for industrialisation and pilot-scale testing), and market demand analysis, and undertook pilot-scale testing and process verification. Central China Normal University provided research equipment and analytical instruments valued at over RMB1 million, and assigned two professors and eight research personnel to conduct application-oriented laboratory research and develop key process routes. The parties agreed at the outset that intellectual property arising from the jointly developed technologies would be owned on a 50:50 basis. After years of research and development, the parties considered that the relevant photocatalytic oxidation technologies had reached a stage suitable for commercialisation. During September to October 2025, the parties discussed and preliminarily agreed on the establishment of the Target Company. Wuhan Institute of Photochemistry and Technology (武漢光化學技術研究院) is a research and applied technology institution under Central China Normal University. Central China Normal University has transferred all of its intellectual property relating to the photochemical field to Wuhan Institute of Photochemistry and Technology. Wuhan Guangyao was

the designated entity by Wuhan Institute of Photochemistry and Technology for the Photochemical Project. In November 2025, discussions were held with Anxin regarding the proposed Construction and Leaseback Arrangements. On 30 December 2025, the Group entered into the Formation Agreements in relation to the establishment of the Target Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of providing information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation

As at the Latest Practicable Date, the following Directors or the chief executive of the Company had interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong)) which (a) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such Directors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); or (b) would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

Name of Director	Nature of interest	Number of ordinary shares held[1]	Approximate percentage of shareholding[2]
Mr. Gao Lei	Interest in a controlled corporation	50,150,842 (L)[3]	53.75%
Mr. Shen Yingming	Interest in a controlled corporation	12,537,710 (L)[4]	13.44%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) As at the Latest Practicable Date, the total number of issued Shares was 93,300,000 Shares.

(3) Such Shares are held by Vastocean Capital Limited, which is wholly-owned by Mr. Gao Lei, therefore, Mr. Gao Lei is deemed to be interested in the same number of shares by virtue of the SFO.

(4) Such Shares are held by SYM Holdings Limited, which is wholly-owned by Mr. Shen Yingming, therefore, Mr. Shen Yingming is deemed to be interested in the same number of shares by virtue of the SFO.

Save as disclosed above, so far as our Directors are aware, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Interests and short positions of substantial shareholders in the shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, so far as our Directors are aware, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares held[1]	Approximate percentage of shareholding[2]
Vastocean Capital Limited	Beneficial owner	50,150,842 (L)[3]	53.75%
SYM Holdings Limited	Beneficial owner	12,537,710 (L)[4]	13.44%
Custodian Capital Ltd.	Nominee interest	7,271,448 (L)[5]	7.79%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) As at the Latest Practicable Date, the total number of issued Shares was 93,300,000 Shares.

(3) Such Shares are held by Vastocean Capital Limited, which is wholly-owned by Mr. Gao Lei, therefore, Mr. Gao Lei is deemed to be interested in the same number of shares by virtue of the SFO.

(4) Such Shares are held by SYM Holdings Limited, which is wholly-owned by Mr. Shen Yingming, therefore, Mr. Shen Yingming is deemed to be interested in the same number of shares by virtue of the SFO.

(5) Such shares are held by Custodian Capital Ltd on behalf of the Retaining Shareholders and Unresponsive Shareholders as defined in the Prospectus and will not exercise the voting rights attached to the Shares held by them.

3. COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any business that constitutes or may constitute a competing business of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation other than statutory compensation).

6. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2024 (being the date up to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group and none of the other Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

7. QUALIFICATION OF EXPERT AND CONSENT

The qualification of each of the experts who has given an opinion or advice in this circular are as follows:

Name	Qualification
Hubei Hongye Real Estate Asset Appraisal Co., Ltd. (湖北弘業房地產資產評估有限公司)	Independent Professional Valuer
Ernst & Young	Certified public accountants
SBI China Capital Hong Kong Securities Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with inclusion herein of its letter or report and/or reference to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts has any interest in the share capital of any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts has any interest, direct or indirect, in any assets which have been, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

(a) the Hong Kong underwriting agreement dated 5 June 2024 relating to the Hong Kong initial public offering and entered into by, among others, the Company, BOCOM International (Asia) Limited, and Hong Kong underwriters, details of which are disclosed in section "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement" in the prospectus of the Company dated 7 June 2024,

(b) the Formation Agreements, and

(c) the Construction and Leaseback Arrangements Agreements.

9. MISCELLANEOUS

(a) The joint company secretaries of the Company are Mr. Chen Ping and Ms. Lai Ho Yan. Ms. Lai has been qualified as a Chartered Secretary, a Chartered Governance Professional, an associate of The Hong Kong Chartered Governance Institute (HKCGI) and an associate of The Chartered Governance Institute (CGI) in the United Kingdom.

(b) The registered office of the Company is situated at International Corporation Services Ltd., PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town Grand Cayman KY1-1106 Cayman Islands.

(c) The head office and principal place of business of the Company in the PRC is situated at No. 1, Chemical Second Road, Wuhan Chemical Industrial Park, Qingshan District, Wuhan Hubei, China.

(d) The principal place of business of the Company in Hong Kong is situated at Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

(e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(f) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.chinaorganic.com**), for a period of 14 days before the EGM:

(a) the Formation Agreements;

(b) the Construction and Leaseback Arrangements Agreements;

(c) the letter from the Independent Board Committee, as set out in this circular;

(d) the letter from the Independent Financial Adviser, as set out in this circular;

(e) the letter from EY dated 2 March 2026 in relation to the profit forecast based on discounted cash flows as set out in the Valuation Report, the text of which is set out on pages 99 to 101 of this circular;

(f) the letter from the Board dated 2 March 2026 in relation to the profit forecast based on discounted cash flows as set out in the Valuation Report, the text of which is set out on page 102 of this circular; and

(g) the written consent of each of the experts as referred to in the section headed "7. Qualifications and consents of experts" in this appendix.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF THE MARKET VALUE OF INTANGIBLE ASSETS

To the Directors of Wuhan Youji Holdings Ltd.

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "**Forecast**") on which the valuation dated on 25 December 2025 prepared by Hubei Hongye Real Estate Appraisal Co., Limited (湖北弘業房地產資產評估有限公司) concerning the market value of intangible assets ("**Intangible Assets**") involved in the proposed formation of a non-wholly owned subsidiary by Wuhan Youji Industries Co., Ltd. through a contribution of both cash and nonmonetary assets. The valuation is set out in the announcement of Wuhan Youji Holdings Ltd. (the "**Company**") dated 30 December 2025 (the "**Announcement**") and the circular dated 2 March 2026 (the "**Circular**") in connection with major and connected transactions in relation to the formation of a non-wholly owned subsidiary and guaranteed construction and leaseback arrangements. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibilities

The directors of the Company (the "**Directors**") are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**"), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out on page 7–9 of the Announcement and in the section headed "Key assumptions and key parameters" of the Circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Certified Public Accountants
Hong Kong
2 March 2026

Letter from the Board of Directors

Dear Sir/Madam,

Major and Connected Transaction Related to the Formation of a Non-wholly Owned Subsidiary and Guaranteed Construction and Leaseback Arrangements

We hereby refer to the circular (the "**Circular**") of Wuhan Youji Holdings Ltd. (the "**Company**") dated 2 March 2026, regarding the transaction described in the subject heading. Unless the context otherwise requires, the terms defined in the Circular have the same meaning as those used in this letter.

We hereby refer to the valuation report prepared by the valuer Hubei Hongye Real Estate Asset Appraisal Co., Ltd. with a benchmark date of 30 September 2025, regarding the valuation determination of the intellectual property rights (patents and proprietary technologies) used by Wuhan Youji for investment. According to Rule 14.61 of the Listing Rules, the valuation constitutes a profit forecast.

The board of directors has reviewed and prepared the relevant data and documents on the basis and assumptions of the discounted cash flows used in the valuation, as well as the calculation methods adopted, and has reviewed the valuation prepared by the valuer (who is responsible for it). The board of directors has also considered the report of our auditor, Ernst & Young, as set out in Appendix III of the Circular, which pertains to the calculation method of discounted cash flows in the valuation.

Based on the aforementioned criteria and in accordance with Rule 14.60A (3) of the Listing Rules, the Board confirms that the valuation prepared by the valuer has been made after due and careful enquiry.

12/F, Two Exchange Square
8 Connaught Place Central Hong Kong
The Stock Exchange of Hong Kong Limited
Listing Division to Review

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of Wuhan Youji Holdings Ltd. (the "**Company**") will be held at Meeting Room, 4/F, No. 1, Chemical Second Road, Wuhan Chemical Industrial Park, Qingshan District, Wuhan, Hubei, China on Friday, 20 March 2026 at 2:00 p.m. or any adjournment or postponement thereof to consider and, if thought fit, to pass with or without amendments, the following resolution as a ordinary resolution:

ORDINARY RESOLUTION

1. As special business to consider and, if thought fit, pass with or without modifications, the following resolution as a ordinary resolution:

   "**THAT**:

   (a) the Transactions (as defined in the circular of the Company dated 2 March 2026) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) any director of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute (including the affixation of the common seal of the Company when required) all such documents for and on behalf of the Company as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Transactions, and to make and agree to make such variations of the terms of the Transactions as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole."

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

Hong Kong, 2 March 2026

Notes:

1. All resolution at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company in accordance with the Listing Rules.

2. Any shareholder who is the holder of two or more shares of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, not less than 48 hours before the time appointed for the meeting (i.e. not later than 2:00 p.m. on Wednesday, 18 March 2026) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. For determining the entitlement to attend and vote at the Meeting, the Register of Members of the Company will be closed from Tuesday, 17 March 2026 to Friday, 20 March 2026, both dates inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 20 March 2026 are entitled to attend and vote at the Meeting. In order to be eligible to attend and vote at the Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 March 2026.

5. References to time and dates in this notice are to Hong Kong time and dates.