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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)**

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

**FINANCIAL HIGHLIGHTS**

The Group's revenue for the year ended 31 December 2025 was approximately RMB2,657.4 million, representing a decrease of approximately RMB626.8 million or approximately 19.1% compared to the corresponding period in 2024.

The Group's gross profit for the year ended 31 December 2025 was approximately RMB319.5 million, representing a decrease of approximately RMB76.7 million or approximately 19.4% compared to the corresponding period in 2024.

The Group's net profit for the year ended 31 December 2025 was approximately RMB62.5 million, representing a decrease of approximately RMB60.5 million or approximately 49.2% compared to the corresponding period in 2024.

For the year ended 31 December 2025, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent were approximately RMB0.67, representing a decrease of approximately RMB0.78 or approximately 53.8% compared to the corresponding period in 2024.

The Board recommended the declaration of a final dividend of RMB0.3215 per ordinary share for the year ended 31 December 2025, subject to the Shareholders' approval at the AGM.

## RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Wuhan Youji Holdings Ltd. (the “**Company**” or “**we**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2025*

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	4	<b>2,657,358</b>	3,284,183
Cost of sales		<b>(2,337,813)</b>	(2,887,933)
Gross profit		<b>319,545</b>	396,250
Other income and gains	4	<b>44,491</b>	74,140
Selling and distribution expenses		<b>(22,948)</b>	(24,436)
Administrative expenses		<b>(106,244)</b>	(118,360)
Research and development expenses		<b>(132,092)</b>	(137,994)
Impairment losses on financial assets		<b>(19)</b>	(786)
Other expenses		<b>(7,410)</b>	(9,880)
Finance costs	6	<b>(34,944)</b>	(37,425)
Share of profits and losses of:			
a joint venture		<b>10,972</b>	11,305
an associate		<b>7,089</b>	6,281
PROFIT BEFORE TAX	5	<b>78,440</b>	159,095
Income tax expense	7	<b>(15,946)</b>	(36,060)
PROFIT FOR THE YEAR		<b>62,494</b>	123,035
Profit attributable to owners of the parent		<b>62,494</b>	123,035
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted ( <i>RMB per share</i> )	9	<b>0.67</b>	1.45

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
PROFIT FOR THE YEAR	<b><u>62,494</u></b>	<u>123,035</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(102)</u>	<u>128</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(102)</u>	<u>128</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b><u>62,392</u></b>	<u>123,163</u>
Attributable to owners of the parent	<b><u>62,392</u></b>	<u>123,163</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>1,240,577</b>	1,108,176
Right-of-use assets		<b>195,459</b>	178,584
Other intangible assets		<b>10,806</b>	3,288
Investment in a joint venture		<b>33,945</b>	22,973
Investment in an associate		<b>26,020</b>	23,481
Prepayments		<b>172,677</b>	65,019
Total non-current assets		<b>1,679,484</b>	1,401,521
<b>CURRENT ASSETS</b>			
Inventories	<i>11</i>	<b>328,085</b>	292,403
Trade and bills receivables	<i>12</i>	<b>272,076</b>	311,415
Prepayments, deposits and other receivables	<i>13</i>	<b>149,472</b>	147,306
Pledged deposits		<b>86,251</b>	125,397
Cash and cash equivalents		<b>125,042</b>	73,680
Total current assets		<b>960,926</b>	950,201
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>14</i>	<b>265,207</b>	360,778
Other payables and accruals	<i>15</i>	<b>231,015</b>	286,028
Interest-bearing bank and other borrowings	<i>16</i>	<b>1,041,422</b>	922,950
Lease liabilities		<b>12,255</b>	3,912
Income tax payable		<b>659</b>	1,298
Total current liabilities		<b>1,550,558</b>	1,574,966
NET CURRENT LIABILITIES		<b>(589,632)</b>	(624,765)
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>1,089,852</b>	776,756

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	16	<b>294,011</b>	—
Government grants		<b>35,570</b>	41,057
Lease liabilities		<b>15,658</b>	2,680
Deferred tax liabilities		<b>53,175</b>	59,394
		<hr/>	<hr/>
Total non-current liabilities		<b>398,414</b>	103,131
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>691,438</b>	673,625
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<b>EQUITY</b>			
Equity attributable to owners of the parent:			
Share capital		<b>61</b>	61
Reserves		<b>691,377</b>	673,564
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>691,438</b>	673,625
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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2025	61	65,411	64,802	(32,670)	1,676	68,712	721	504,912	673,625
Profit for the year	—	—	—	—	—	—	—	62,494	62,494
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(102)	—	(102)
Total comprehensive income for the year	—	—	—	—	—	—	(102)	62,494	62,392
Dividend declared (note 8)	—	—	—	—	—	—	—	(44,998)	(44,998)
Equity-settled share based payment	—	—	—	—	419	—	—	—	419
At 31 December 2025	<u>61</u>	<u>65,411*</u>	<u>64,802*</u>	<u>(32,670)*</u>	<u>2,095*</u>	<u>68,712*</u>	<u>619*</u>	<u>522,408*</u>	<u>691,438</u>

Attributable to owners of the parent

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Share- based payment reserves <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2024	48	—	64,802	(32,670)	1,257	68,712	593	426,875	529,617
Profit for the year	—	—	—	—	—	—	—	123,035	123,035
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	—	—	128	—	128
Total comprehensive income for the year	—	—	—	—	—	—	128	123,035	123,163
Issue of shares	13	91,674	—	—	—	—	—	—	91,687
Share issue expenses	—	(26,263)	—	—	—	—	—	—	(26,263)
Dividend declared (note 8)	—	—	—	—	—	—	—	(44,998)	(44,998)
Equity-settled share based payment	—	—	—	—	419	—	—	—	419
At 31 December 2024	<u>61</u>	<u>65,411*</u>	<u>64,802*</u>	<u>(32,670)*</u>	<u>1,676*</u>	<u>68,712*</u>	<u>721*</u>	<u>504,912*</u>	<u>673,625</u>

\* These reserve accounts comprise the consolidated reserves of RMB691,377,000 (2024: RMB673,564,000) in the consolidated statement of financial position.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	5	<b>78,440</b>	159,095
Adjustments for:			
Finance costs	6	<b>34,944</b>	37,425
Interest income		<b>(2,077)</b>	(3,039)
Depreciation of property, plant and equipment		<b>127,310</b>	114,536
Depreciation of right-of-use assets		<b>16,654</b>	18,042
Amortisation of other intangible assets		<b>1,157</b>	1,067
Share award scheme expenses		<b>419</b>	419
Loss/(gain) on disposal of items of property, plant and equipment, and lease modification, net		<b>1</b>	(1,235)
Share of profit of a joint venture		<b>(10,972)</b>	(11,305)
Share of profit of an associate		<b>(7,089)</b>	(6,281)
Reversal of impairment of inventories		<b>(22)</b>	(487)
Impairment of trade receivables		<b>19</b>	786
		<b>238,784</b>	309,023
Increase in inventories		<b>(35,660)</b>	(6,583)
Increase in trade and bills receivables		<b>(12,858)</b>	(215,894)
Decrease/(increase) in prepayments, deposits and other receivables		<b>522</b>	(57,772)
Increase in contract liabilities		<b>3,995</b>	2,561
(Decrease)/increase in trade and bills payables		<b>(95,571)</b>	211,246
(Decrease)/increase in other payables and accruals		<b>(24,304)</b>	75,217
Increase of restricted bank deposits		<b>(2,204)</b>	(2,584)
Decrease in government grants		<b>(5,487)</b>	(4,683)
Cash generated from operations		<b>67,217</b>	310,531
Income taxes paid		<b>(25,494)</b>	(48,023)
Net cash flows from operating activities		<b>41,723</b>	262,508

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(257,493)</b>	(96,766)
Prepayment of acquisition of right-of-use assets	<b>(63,210)</b>	—
Withdrawal of investment in a fund	—	10,500
Additions to right-of-use assets	<b>(103)</b>	(11,483)
Additions to other intangible assets	<b>(8,675)</b>	(299)
Interest received	<b>2,077</b>	2,550
Loans to related companies	—	(8,000)
Repayments from related companies	—	33,850
Proceeds from items of disposal of property, plant and equipment	<b>62</b>	698
Proceeds from disposal of right-of-use assets	—	403
Dividend from an associate	<b>4,519</b>	7,106
	<hr/>	<hr/>
Net cash flows used in investing activities	<b>(322,823)</b>	(61,441)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from issue of shares	—	74,667
Interest paid	<b>(32,715)</b>	(36,451)
Proceeds from interest-bearing bank loans and other borrowings	<b>1,387,237</b>	924,950
Repayment of bank loans and other borrowings	<b>(975,905)</b>	(919,520)
Lease payments (including related interest)	<b>(13,183)</b>	(15,992)
Placement of pledged bank deposits	<b>(141,074)</b>	(122,813)
Withdrawal of pledged bank deposits	<b>182,424</b>	40,127
Dividends paid	<b>(74,220)</b>	(137,916)
	<hr/>	<hr/>
Net cash flows generated from/(used in) financing activities	<b>332,564</b>	(192,948)

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>51,464</b>	8,119
Cash and cash equivalents at beginning of year	<b>73,680</b>	65,433
Effect of foreign exchange rate changes, net	<b>(102)</b>	128
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b><u>125,042</u></b>	<b><u>73,680</u></b>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>211,293</b>	199,077
Less: Pledged time deposits		
Pledged for bills payable	<b>(36,302)</b>	<b>(72,982)</b>
Pledged for letter of credit	<b>(45,161)</b>	<b>(49,831)</b>
	<hr/>	<hr/>
Less: Restricted bank deposits		
Frozen bank deposits	<b>(1,809)</b>	<b>(1,809)</b>
Remittance of funds	<b>(2,979)</b>	<b>(775)</b>
	<hr/>	<hr/>
Cash and cash equivalents as stated in the statement of cash flows	<b><u>125,042</u></b>	<b><u>73,680</u></b>

# NOTES TO CONSOLIDATED FINANCIAL INFORMATION

## 1. CORPORATE AND GROUP INFORMATION

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

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

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

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for bills receivable and financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

#### *Basis of presentation*

The Group had net current liabilities of approximately RMB590 million and capital commitments of approximately RMB96 million as at 31 December 2025, the directors of the Company are of the opinion that the Group will have adequate working capital available to enable it to operate as a viable going concern after taking into account the historical operating performance, future forecast on net operating cash inflow of the Group and the Group's available and unused credit facilities of approximately RMB649 million as at 31 December 2025, the expected renewal of the Group's banking facilities upon expiration. Subsequent to 31 December 2025, the Group succeeded to revolve certain current bank loans amounting RMB90 million to be repaid until after 31 December 2026. Accordingly, the Group will be able to meet its financial obligations as they fall due for the following twelve months. Accordingly, these financial statements have been prepared on the going concern basis.

### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
Annual Improvements to HKFRS Accounting Standards — Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 Financial Instruments: Disclosures:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 Financial Instruments:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 Statement of Cash Flows:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### 3. OPERATING SEGMENT INFORMATION

#### Operating Segment information

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

#### Geographical Information

Details of the revenue from external customers by geographical market are included in note 4 to the financial statements.

#### *Non-current assets*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	1,615,239	1,401,521
Asia (except Chinese mainland)	64,245	—
Total non-current assets	<u>1,679,484</u>	<u>1,401,521</u>

#### Information about a major customer

During the year ended 31 December 2024 and 2025, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u>2,657,358</u>	<u>3,284,183</u>

#### Revenue from contracts with customers

##### (a) *Disaggregated revenue information*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Types of goods or services</b>		
Sale of industrial products:		
Toluene oxidation products	1,651,114	2,069,979
Toluene chlorination products	632,825	711,375
Trading of materials and products	<u>373,419</u>	<u>502,829</u>
Total	<u>2,657,358</u>	<u>3,284,183</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Geographical markets</b>		
Chinese mainland	2,015,732	2,448,687
Asia (except Chinese mainland)	296,156	492,040
European Union	192,310	220,039
America	128,193	104,522
Other countries/regions	<u>24,967</u>	<u>18,895</u>
Total	<u>2,657,358</u>	<u>3,284,183</u>

The revenue information above is based on the locations of the customers.

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b><u>2,657,358</u></b>	<u>3,284,183</u>

In the current reporting period, the amounts of revenue recognised from sale of industrial products of RMB53,157,000 (2024: RMB50,596,000) were included in the contract liabilities at the beginning of the reporting period.

**(b) *Performance obligations***

Information about the Group's performance obligations is summarised below:

*Sale of industrial products*

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 120 days from delivery, where payment in advance is normally required.

As the remaining performance obligations (unsatisfied or partially satisfied) at the end of the reporting period are part of contracts that have an original expected duration of one year or less, the transaction price allocated to them is not separately disclosed, as permitted by the practical expedient as required by HKFRS 15.

*Other income and gains*

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>Other income</b>		
Interest income	<b>2,077</b>	3,039
Government grants related to income*	<b>18,779</b>	48,796
Government grants related to assets**	<b>5,487</b>	5,121
Processing income	<b>2,368</b>	1,450
Rental income	<b>3,159</b>	2,662
Gain on disposal of items of property, plant and equipment, and lease modification	<b>—</b>	1,235
Others	<b>8,991</b>	4,722
	<hr/>	<hr/>
Total other income	<b>40,861</b>	67,025
<b>Gains</b>		
Foreign exchange differences, net	<b>1,195</b>	6,877
Others	<b>2,435</b>	238
	<hr/>	<hr/>
Total gains	<b>3,630</b>	7,115
	<hr/>	<hr/>
Total other income and gains	<b>44,491</b>	74,140
	<hr/> <hr/>	<hr/> <hr/>

\* The government grants represent subsidies received from the local governments for the purpose of compensation of expenses incurred by the Group, including certain expenses relating development and research, and employee related costs, etc.

\*\* Government grants related to assets are those received for purchase of property, plant and equipment. If the related capital expenditure has not yet been incurred, the grants received are included in government grants in the consolidated statements of financial position. For those grants for which capital expenditures have been incurred, the amounts received are released to profit or loss over the expected useful lives of the relevant assets. There are no unfulfilled conditions or contingencies relating to these grants.

## 5. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
Cost of inventories sold		<b>2,337,813</b>	2,887,933
Research and development costs		<b>132,092</b>	137,994
Depreciation of property, plant and equipment	<i>10</i>	<b>127,310</b>	114,536
Amortisation of other intangible assets*		<b>1,157</b>	1,067
Depreciation of right-of-use assets		<b>16,654</b>	18,042
Reversal of impairment of inventories		<b>(22)</b>	(487)
Loss/(gain) on disposal of items of property, plant and equipment, and lease modification, net		<b>1</b>	(1,235)
Impairment of trade receivables, net	<i>12</i>	<b>19</b>	786
Foreign exchange differences, net		<b>(1,195)</b>	(6,877)
Auditor's remuneration		<b>2,400</b>	2,400
Listing expenses		<b>—</b>	9,481
<hr/>			
Employee benefit expense (including directors' emoluments):			
Salaries, allowances and benefits in kind		<b>70,465</b>	83,750
Share award scheme expenses		<b>419</b>	419
Performance-based bonuses		<b>18,424</b>	24,384
Pension scheme contributions**		<b>17,452</b>	15,300
		<hr/>	<hr/>
		<b>106,760</b>	123,853
		<hr/> <hr/>	<hr/> <hr/>

\* The amortisation of other intangible assets for the reporting period is included in "Administrative expenses" in profit or loss.

\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank and other borrowings	33,054	36,347
Interest on discounted bills	812	104
Interest on lease liabilities	1,078	974
	<u>34,944</u>	<u>37,425</u>

## 7. INCOME TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current — Hong Kong	77	169
Current — Chinese mainland	9,088	12,128
Current — withholding tax	13,000	5,000
Deferred	(6,219)	18,763
Total tax charge	<u>15,946</u>	<u>36,060</u>

Under the current tax laws of the Cayman Islands and BVI, the Company and certain of its subsidiaries incorporated in Cayman Islands and BVI are not subject to tax on income or capital gains.

### Hong Kong

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

## Chinese Mainland

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Corporate Income Tax Law, except for Wuhan Youji Industry Co., Ltd. and Qianjiang Xinyihong Organic Chemical Co., Ltd., which were qualified as a High and New Technology Enterprise to enjoy a preferential income tax rate of 15% for the year ended 31 December 2025 and 2024.

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the country or jurisdictions in which the Group are domiciled to the tax expense at the effective tax rate is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Profit before tax	<b>78,440</b>	159,095
Tax charged at the statutory tax rates	<b>19,610</b>	39,774
Lower tax rate(s) for specific provinces or enacted by local authority	<b>(4,637)</b>	(11,880)
Profits and losses attributable to a joint venture and associate	<b>(2,705)</b>	(2,638)
Expenses not deductible for tax purpose	<b>142</b>	414
Additional tax deduction for research and development expenses	<b>(4,219)</b>	(6,087)
Withholding tax on undistributed profits of subsidiaries in Chinese mainland*	<b>7,755</b>	16,477
	<u><b>15,946</b></u>	<u>36,060</u>
Tax charge at the Group's effective rate	<u><b>15,946</b></u>	<u>36,060</u>

\* Pursuant to the Corporate Income Tax Law of Chinese mainland, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the Chinese mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese mainland in respect of earnings generated from 1 January 2008.

Deferred tax liabilities have been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the Chinese mainland. The current withholding tax at the end of the reporting periods represents the income tax payable for the dividend distribution of a subsidiary of the Group in Chinese mainland to its holding company in BVI.

## Pillar Two income taxes

The Group is not within the scope of the Pillar Two tax regime as its consolidated revenue does not meet the revenue threshold set out under Pillar Two rules. Therefore, no provision has been made for Pillar Two tax liabilities in the financial statements. The Group continues to follow Pillar Two legislative developments to evaluate the potential future impact on its financial statements.

## 8. DIVIDENDS

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Special — nil (2024: RMB0.4823) per ordinary share	–	44,998
Proposed final — RMB0.3215 (2024: RMB0.4823) per ordinary share*	<b>29,996</b>	44,998

\* The Group proposed to declare a dividend based on the financial performance for the year ended 31 December 2025, the dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 93,300,000 (2024: 84,850,000) outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculation of basic and diluted earnings per share are based on:

	<b>2025</b>	2024
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent ( <i>RMB'000</i> )	<b>62,494</b>	123,035
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	<b>93,300,000</b>	84,850,000
Earnings per share (basic and diluted), RMB per share	<b>0.67</b>	1.45

## 10. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2025</b>						
At 1 January 2025:						
Cost	428,002	1,105,475	11,502	5,892	248,800	1,799,671
Accumulated depreciation and impairment	(145,739)	(531,660)	(7,254)	(4,304)	(2,538)	(691,495)
Net carrying amount	<u>282,263</u>	<u>573,815</u>	<u>4,248</u>	<u>1,588</u>	<u>246,262</u>	<u>1,108,176</u>
At 1 January 2025, net of accumulated depreciation						
	282,263	573,815	4,248	1,588	246,262	1,108,176
Additions	—	6,057	1,321	338	252,058	259,774
Depreciation provided during the year	(19,612)	(106,122)	(1,132)	(444)	—	(127,310)
Transfers	139,351	217,533	947	—	(357,831)	—
Disposals	—	(28)	(2)	(33)	—	(63)
At 31 December 2025, net of accumulated depreciation	<u>402,002</u>	<u>691,255</u>	<u>5,382</u>	<u>1,449</u>	<u>140,489</u>	<u>1,240,577</u>
At 31 December 2025:						
Cost	567,353	1,329,037	13,768	6,197	143,027	2,059,382
Accumulated depreciation and impairment	(165,351)	(637,782)	(8,386)	(4,748)	(2,538)	(818,805)
Net carrying amount	<u>402,002</u>	<u>691,255</u>	<u>5,382</u>	<u>1,449</u>	<u>140,489</u>	<u>1,240,577</u>

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2024</b>						
At 1 January 2024:						
Cost	413,236	1,022,869	9,310	5,058	146,567	1,597,040
Accumulated depreciation and impairment	<u>(126,875)</u>	<u>(437,094)</u>	<u>(6,540)</u>	<u>(3,912)</u>	<u>(2,538)</u>	<u>(576,959)</u>
Net carrying amount	<u>286,361</u>	<u>585,775</u>	<u>2,770</u>	<u>1,146</u>	<u>144,029</u>	<u>1,020,081</u>
At 1 January 2024, net of accumulated depreciation						
Additions	286,361	585,775	2,770	1,146	144,029	1,020,081
Depreciation provided during the year	256	17,866	672	834	183,703	203,331
Transfers	(18,864)	(94,566)	(714)	(392)	—	(114,536)
Disposals	14,559	65,377	1,534	—	(81,470)	—
	<u>(49)</u>	<u>(637)</u>	<u>(14)</u>	<u>—</u>	<u>—</u>	<u>(700)</u>
At 31 December 2024, net of accumulated depreciation	<u>282,263</u>	<u>573,815</u>	<u>4,248</u>	<u>1,588</u>	<u>246,262</u>	<u>1,108,176</u>
At 31 December 2024:						
Cost	428,002	1,105,475	11,502	5,892	248,800	1,799,671
Accumulated depreciation and impairment	<u>(145,739)</u>	<u>(531,660)</u>	<u>(7,254)</u>	<u>(4,304)</u>	<u>(2,538)</u>	<u>(691,495)</u>
Net carrying amount	<u>282,263</u>	<u>573,815</u>	<u>4,248</u>	<u>1,588</u>	<u>246,262</u>	<u>1,108,176</u>

At 31 December 2025, certain of the Group's buildings with an aggregate carrying amount of RMB122,889,000 (2024: RMB122,242,000) were pledged to secure the Group's bank borrowings (note 16).

## 11. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	85,308	121,930
Work in progress	17,106	15,147
Finished goods	<u>226,926</u>	<u>156,603</u>
	329,340	293,680
Impairment	<u>(1,255)</u>	<u>(1,277)</u>
Total	<u><u>328,085</u></u>	<u><u>292,403</u></u>

## 12. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	119,214	154,044
Bills receivable	<u>154,291</u>	<u>158,781</u>
	273,505	312,825
Impairment	<u>(1,429)</u>	<u>(1,410)</u>
Net carrying amount	<u><u>272,076</u></u>	<u><u>311,415</u></u>

The Group's trading terms with its customers are mainly paid in advance, except for some customers with good credit, where payment on credit is permitted. Generally, the credit period is one month and extending up to 120 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Bills receivable are measured at fair value through other comprehensive income. Bills receivable are bank acceptance bills that are unconditionally accepted by banks within the maturity period. Bills receivable are all aged within 6 months.

As at 31 December 2025, the Group's trade receivables included an amount due from associate amounting to RMB2,353,000, net of RMB12,000 impairment allowance (2024: RMB1,894,000, net of RMB9,000 impairment allowance), which are repayable on credit terms similar to those offered to the major customers of the Group.

### **Transferred financial assets that are not derecognised in their entirety**

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks (the “**Bank Bills**”) in the Chinese mainland (the “**Endorsed Bills**”) with a carrying amount of RMB114,409,000 (2024: RMB144,287,000) to certain of its suppliers in order to settle the trade and other payables due to such suppliers (the “**Endorsement**”).

In the opinion of the Company's directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade and other payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

At 31 December 2025, the aggregated carrying amount included in the trade payables and other payables settled by the Endorsed Bills during the year to which the suppliers have recourse were RMB66,822,000 and RMB47,587,000 respectively (2024: RMB78,626,000 and RMB65,661,000, respectively).

## Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group endorsed certain bank bills in the Chinese mainland with a carrying amount of RMB325,299,000 (2024: RMB258,422,000) to certain of its suppliers in order to settle the trade payables due to such suppliers. At 31 December 2025, the Group also transferred certain bank bills in the Chinese mainland with a carrying amount of RMB0 (2024: RMB19,248,000) to certain banks in order to obtain cash from such banks. These bills receivables being endorsed and transferred are collectively referred to derecognised bills (the “**Derecognised Bills**”).

The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments of Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the Company’s directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables and other borrowings. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and transfer have been made evenly throughout the year.

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

	<b>2025</b>	2024
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
Within 4 months	<b>102,745</b>	134,221
Over 4 months but within 6 months	<b>252</b>	13,978
Over 6 months but within 12 months	<b>3,644</b>	5,845
Over 12 months but within 24 months	<b>12,573</b>	—
	<hr/>	<hr/>
Total	<b><u>119,214</u></b>	<u>154,044</u>

The maturity date analysis for bills receivable is as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	<b>82,634</b>	101,203
Over 3 months but within 6 months	<b>71,657</b>	57,578
Total	<b><u>154,291</u></b>	<b><u>158,781</u></b>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	<b>1,410</b>	624
Impairment losses, net ( <i>note 5</i> )	<b>19</b>	786
At end of year	<b><u>1,429</u></b>	<b><u>1,410</u></b>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. Given there were no significant changes in the historical and forecasts of future conditions, the expected loss rates for trade receivables remained substantially the same throughout the reporting period.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2025**

	Current	Less than 3 months	Past due 3 to 6 months	Over 6 months	Total <i>RMB'000</i>
Expected credit loss rate	<b>0.5%</b>	<b>1.0%</b>	<b>3.0%</b>	<b>5.5%</b>	
Gross carrying amount	<b>67,868</b>	<b>36,504</b>	<b>3,656</b>	<b>11,186</b>	<b>119,214</b>
Expected credit losses	<b>339</b>	<b>365</b>	<b>110</b>	<b>615</b>	<b>1,429</b>

As at 31 December 2024

	Current	Less than 3 months	Past due 3 to 6 months	Over 6 months	Total <i>RMB'000</i>
Expected credit loss rate	0.5%	1.0%	3.0%	—	
Gross carrying amount	93,856	41,984	18,204	—	154,044
Expected credit losses	444	420	546	—	1,410

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current:</b>		
Prepayments for property, plant and equipment and leasehold land	<u>172,677</u>	<u>65,019</u>
<b>Current:</b>		
Loans to directors	291	291
Amounts due from other related companies	10,959	11,574
Deposits and other receivables	5,733	13,028
Prepayments	35,179	26,563
Deductible input value added tax	94,233	95,463
Income tax recoverable	<u>3,077</u>	<u>387</u>
	<u>149,472</u>	<u>147,306</u>

None of the above financial assets is either past due or impaired. The other financial assets included in the above balances relate to receivables for which there was no recent history of default. As at the end of the reporting period, the loss allowance was assessed to be minimal as the loss given default are minimal.

### 14. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	133,207	151,260
Bills payable	<u>132,000</u>	<u>209,518</u>
	<u>265,207</u>	<u>360,778</u>

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

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	<b>133,063</b>	151,177
1 year to 2 years	<b>65</b>	61
Over 2 years	<b>79</b>	22
	<u><b>133,207</b></u>	<u>151,260</u>

The maturity date analysis for bills payable is as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	<b>68,000</b>	175,480
3 months to 6 months	<b>64,000</b>	34,038
	<u><b>132,000</b></u>	<u>209,518</u>

## 15. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities	<i>(a)</i>	<b>57,152</b>	53,157
Other payables and accruals	<i>(b)</i>	<b>122,129</b>	172,492
Amounts due to related parties		<b>16,609</b>	200
Dividend payable		<b>4,938</b>	34,160
Welfare and payroll		<b>15,040</b>	13,453
Other tax payables		<b>15,147</b>	12,566
		<u><b>231,015</b></u>	<u>286,028</u>

(a) Details of contract liabilities are as follows:

	31 December 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>	<b>1 January 2024 <i>RMB'000</i></b>
Short-term advances received from customers*	<u>57,152</u>	<u>53,157</u>	<u><b>50,596</b></u>

\* Contract liabilities include short-term advances received to deliver industrial products.

(b) Other payables are unsecured and interest free and set out as follows:

	<b>2025 <i>RMB'000</i></b>	2024 <i>RMB'000</i>
Construction costs	<b>46,211</b>	63,334
Transportation expenses	<b>42,769</b>	53,666
Spare parts costs	<b>9,981</b>	15,360
Utilities expenses	<b>2,513</b>	3,995
Others	<b>20,655</b>	36,137
	<u><b>122,129</b></u>	<u>172,492</u>

## 16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2025			As at 31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans — secured	2–4	2026	259,290	3–5	2025	98,500
Bank loans — unsecured	2–5	2026	627,654	3–5	2025	709,950
Current portion of long-term bank loans — secured	2–4	2026	61,377	5	2025	42,000
Current portion of long-term bank loans — unsecured	2–4	2026	48,101	4	2025	23,500
Other borrowings — unsecured		2026	45,000		2025	49,000
Total — current			<u>1,041,422</u>			<u>922,950</u>
<b>Non-Current</b>						
Bank loans — unsecured	3–4	2027	282,846			—
Bank loans — secured	3–4	2030	11,165			—
Total — non-current			<u>294,011</u>			—
Total			<u>1,335,433</u>			<u>922,950</u>
				<b>2025</b>		<b>2024</b>
				<b>RMB'000</b>		<b>RMB'000</b>
Analysed into:						
Within one year or on demand				<b>1,041,422</b>		922,950
In the second year				<b>161,550</b>		—
In the third to fifth years, inclusive				<b>132,461</b>		—
				<u><b>1,335,433</b></u>		<u>922,950</u>

### Notes:

As at 31 December 2025, bank loans and other borrowings of the Group are secured by:

- (1) The Group's plant, equipment and buildings situated in the Chinese mainland with an aggregate carrying amount of RMB122,889,000 (2024: RMB122,242,000) (note 10);
- (2) The Group's leasehold lands situated in the Chinese mainland, with an aggregate carrying amount of RMB158,107,000 (2024: RMB136,600,000).

All bank loans and other borrowings of the Group are denominated in RMB and at fixed interest rates, except for secured bank loans amounting to RMB213,970,000 and unsecured bank loans amounting to RMB165,755,000 as at 31 December 2025, both of which are at floating interest rate.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

### Performance by Product Type

#### *For the year ended 31 December 2025*

	Self-produced product		Products trading	Total
	Toluene oxidation products and its derivatives <sup>1</sup>	Toluene chlorination products and its derivatives <sup>2</sup>		
Revenue (RMB'000)	1,651,114	632,825	373,419	2,657,358
Cost of sales (RMB'000)	1,415,171	553,785	368,587	2,337,813
Sales volume (tonne)	229,791	112,490	66,574	408,855
Gross profit margin	14.3%	12.5%	1.2%	12.0%
Unit average selling price (RMB/tonne)	7,185	5,626	5,609	6,500

#### *For the year ended 31 December 2024*

	Self-produced product		Products trading	Total
	Toluene oxidation products and its derivatives <sup>1</sup>	Toluene chlorination products and its derivatives <sup>2</sup>		
Revenue (RMB'000)	2,069,979	711,375	502,829	3,284,183
Cost of sales (RMB'000)	1,812,222	574,955	500,756	2,887,933
Sales volume (tonne)	259,611	96,902	78,434	434,947
Gross profit margin	12.5%	19.2%	0.4%	12.1%
Unit average selling price (RMB/tonne)	7,973	7,341	6,411	7,551

## Revenue by geographical location of customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue</b>		
Domestic sales	2,015,732	2,448,687
Export sales	<u>641,626</u>	<u>835,496</u>
<b>Total</b>	<u><u>2,657,358</u></u>	<u><u>3,284,183</u></u>

### Notes:

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

During the Reporting Period, the Group's total revenue decreased by approximately 19.1% to approximately RMB2,657.4 million (2024: approximately RMB3,284.2 million) compared to the corresponding period in 2024, and the Group's total gross profit decreased by approximately 19.4% to approximately RMB319.5 million (2024: approximately RMB396.3 million) compared to the corresponding period in 2024. The Group's revenue and gross profit for the Period recorded a decrease as compared to the corresponding period in 2024, primarily attributable to the decline in both the overall average unit selling price and the sales volume of our products. In particular, the average unit selling price of our products decreased by approximately RMB1,051 per tonne over the same period last year, while the sales volume decreased by approximately 26,092 tonnes. Such fluctuations were primarily driven by two factors: (i) the downward trend in the prices of the Group's major raw materials, which led to a corresponding adjustment in the selling prices of our products; and (ii) the continued sluggish demand across the global chemical industry, resulting in a contraction in market sales volume. The Group's overall gross profit margin remained relatively stable as compared to the corresponding period in 2024, primarily due to a slight year-on-year increase in the gross profit margin of toluene oxidation products and its derivatives, which effectively mitigated the decrease in gross profit margin of chlorinated products and its derivatives.

During the Reporting Period, the profit attributable to equity holders of the parent decreased by approximately 49.2% to approximately RMB62.5 million (2024: approximately RMB123.0 million), primarily due to the decrease in gross profit as mentioned before. The decrease in gross profit was partially offset by a reduction in listing expenses of RMB9.5 million during the Reporting Period. Our net profit margin decreased by approximately 1.3 percentage points to approximately 2.4% (corresponding period in 2024: approximately 3.7%), which was primarily due to the slight decrease in gross profit margin and total expenses decreased by only 11.9% as compared with a 19.1% decrease in revenue.

**Toluene oxidation products and its derivatives accounted for approximately 62.1% of the Group's total revenue for the year ended 31 December 2025 (2024: approximately 63.0%)**

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

During the Reporting Period, revenue from the sales of the Group's toluene oxidation products and its derivatives decreased by approximately 20.2% to approximately RMB1,651.1 million compared to the same period in 2024 (2024: approximately RMB2,070.0 million). The decrease was primarily attributable to the decline in both the sales volume and unit selling price of this product series. During the Reporting Period, the total sales volume of this product series decreased by approximately 11.5% year-on-year to 229,791 tonnes (2024: approximately 259,611 tonnes), which was mainly affected by the continued sluggish overall demand in the global chemical industry. During the Reporting Period, the average selling price of this product series decreased to RMB7,185 per tonne (2024: approximately RMB7,973 per tonne), primarily driven by the price fluctuations of raw materials, particularly petroleum toluene, which serves as a major raw material. Revenue from this product series accounted for approximately 62.1% of the Group's total revenue (2024: approximately 63.0%).

During the Reporting Period, the total gross profit of this product series decreased by 8.5% to approximately RMB235.9 million (2024: approximately RMB257.8 million), while the gross profit margin of this product series increased by approximately 1.8 percentage points to approximately 14.3% (2024: approximately 12.5%). The Group continued to adopt a differentiated business strategy for this product series based on regions and varieties, ensuring the sustained stability of the profitability of our core business while effectively enhancing the capacity utilization of production facilities and expanding our market share. In particular, the improvement in gross profit margin was also attributable to the increase in the gross profit margin of higher value-added products, such as globular sodium and benzoguanamine. Furthermore, starting from the second half of the year, the Group gradually adjusted its sales strategy from a high-turnover model to a volume-controlled, price-protected model to safeguard the profitability of its products.

**Toluene chlorination products and its derivatives accounted for approximately 23.8% of the Group's total revenue for the year ended 31 December 2025 (2024: approximately 21.7%)**

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

During the Reporting Period, revenue of the Group's toluene chlorination products and its derivatives decreased by approximately 11.0% to approximately RMB632.8 million compared to the same period in 2024 (2024: approximately RMB711.4 million). The demand in the downstream market of this product series, particularly the real estate industry, remained sluggish. In order to boost sales volume, the Group lowered the unit selling prices of its major products, such as benzyl alcohol. The sales volume of this product series increased by approximately 16.1% from 96,902 tonnes for the corresponding period in 2024 to 112,490 tonnes, of which the increment included approximately 16,346 tonnes of chlorinated products from Xinxuanhong. Revenue from this product series accounted for approximately 23.8% of the Group's total revenue (2024: approximately 21.7%).

During the Reporting Period, the total gross profit of this product series decreased by 42.1% to approximately RMB79.0 million (2024: approximately RMB136.4 million), which was primarily attributable to the decline in unit selling price. The overall average unit selling price of this product series decreased by approximately 23.4% from RMB7,341 per tonne for the corresponding period in 2024 to RMB5,626 per tonne. The gross profit margin of this product series decreased by approximately 6.7 percentage points to approximately 12.5% (2024: approximately 19.2%), primarily due to the fact that the extent of price reduction was significantly higher than the decrease in costs, which was mainly driven by the continued weak end-demand. The Company will closely monitor market dynamics and adjust its product mix and business strategies in a timely manner to improve profitability levels.

**Products trading accounted for approximately 14.1% of the Group's total revenue for the year ended 31 December 2025 (2024: approximately 15.3%)**

The Group conducts products trading primarily to maintain a stable and sufficient supply of raw materials for its manufacturing, and it also helps the Group to enhance and develop its relationship with clients and to better manage its inventories in raw materials. To ensure its ability to access a steady supply of petroleum toluene in the long-run, the Group maintained a consistent large-scale procurement from its suppliers from year to year to solidify its business relationship with its suppliers and adopt products trading as a strategy to manage its inventory.

During the Reporting Period, revenue from products trading decreased by 25.7% to approximately RMB373.4 million compared to the same period in 2024 (2024: approximately RMB502.8 million). Such decrease in revenue was attributable to the combined effect of the decline in both price and sales volume. Revenue from products trading accounted for approximately 14.1% of the Group's total revenue (2024: approximately 15.3%).

During the Reporting Period, the total gross profit from products trading increased to approximately RMB4.6 million (2024: approximately RMB2.1 million), and the gross profit margin increased to approximately 1.2% (2024: approximately 0.4%). The increase in gross profit and gross profit margin was primarily due to the fact that the significant trading losses from toluene in the second half of 2024 had partially offset the profits generated from the trading business in the earlier period.

## **Export**

During the Reporting Period, the Group achieved export revenue of approximately RMB641.6 million, representing a decrease of approximately RMB193.9 million or 23.2% as compared to the export revenue of approximately RMB835.5 million for the corresponding period in 2024. This was primarily attributable to the downward adjustment in product selling prices resulting from the pass-through effect of decreased raw material costs, coupled with the continued sluggish demand in the global chemical industry and the impact of the U.S. tariff hike policies on the international trade environment. These multiple factors collectively led to a decline in both the average unit selling price and the sales volume of our export products as compared to the same period last year. Under such market conditions, the Group proactively adjusted its strategies to safeguard the gross profit of its major export products, thereby mitigating the impact on the overall export gross profit.

During the Reporting Period, the Group's export revenue accounted for approximately 24.1% of its total revenue, representing a decrease of 1.3 percentage points as compared to the proportion of export revenue for the corresponding period in 2024 (2024: approximately 25.4%). Against the backdrop of persistent global trade frictions and uncertainties in external demand and tariff policies, the Group's export revenue proportion in 2025 remained relatively stable, which was primarily attributable to our comprehensive advantages in cost leadership, product quality, and services. This was specifically reflected in: (i) our leading cost position leveraged on domestic raw material and energy cost advantages, combined with the economies of scale in production; and (ii) our ability to continuously consolidate overseas customer relationships and expand market share through stable product quality, low-carbon production, flexible sales policies, and dedicated services.

## REVIEW AND PROSPECTS

During the Reporting Period, the chemical industry as a whole continued the downward trend in both revenue and profitability, primarily driven by the dual impact of slowing global macro-demand and structural oversupply within the industry. On the macro level, the momentum of global economic recovery remained weak, with sustained contraction in overseas manufacturing activity. This, coupled with the lower-than-expected recovery of domestic downstream demand and limited pull from the end-market, exerted overall downward pressure on the prices of chemical products. In terms of cost structure, international crude oil prices exhibited a volatile downward trend, with the average price of Brent crude oil falling year-on-year. As the support from raw material costs weakened significantly, the industry generally faced a predicament of "increasing production without increasing revenue, and increasing sales without increasing profit". Regarding the external environment, the reconfiguration of the global trade landscape coincided with the escalation of green trade barriers. Although export volumes continued to grow, intensified price competition led to a sustained narrowing of profit margins. Structural contradictions on the supply side remained prominent, where the coexistence of overcapacity in traditional bulk commodities and reliance on imports for high-end materials has not fundamentally improved. The industry is accelerating the streamlining of production capacity through strategies of "controlling increments and optimizing existing stock". Overall price and profitability levels are at historical lows, marking a critical transition period of cyclical bottoming-out and structural optimization.

As a renowned supplier of toluene derivatives in both the PRC and global markets, the Group cannot be immune to the adverse effects of the chemical industry's downturn. The Group's total revenue decreased by approximately 19.1% to approximately RMB2,657.4 million as compared to the corresponding period in 2024 (2024: approximately RMB3,284.2 million), and the net profit decreased by approximately 49.2% to approximately RMB62.5 million as compared to the corresponding period in 2024 (2024: approximately RMB123.0 million).

After the Reporting Period, military conflict broke out between the United States and Iran in the Middle East, leading to the blockade of the Strait of Hormuz, which has caused significant disruption to global energy and chemical supply chains. On one hand, energy prices, particularly crude oil, have risen markedly, directly increasing production costs for downstream chemical products. On the other hand, the sharp short-term rise in costs has forced some overseas and domestic manufacturers to reduce production loads or suspend operations, thereby leading to a contraction in overall supply. The Group will closely monitor developments in this geopolitical situation, assess its potential impact on product prices and earnings prospects in a timely manner, and adopt appropriate operational strategies to safeguard operational stability and profitability. Going forward, the Group will implement key initiatives, including: (i) actively responding to the policy orientation of

counter-excessive competition by flexibly allocating production capacity and dynamically adjusting production rhythm to achieve a balance between supply and demand, thereby mitigating the squeeze on overall industry profitability caused by disorderly competition; (ii) optimizing product sales strategies by leveraging the elasticity of the Company's manufacturing capabilities to adjust product mix, and continuing the value-oriented pricing model; (iii) actively expanding the coverage of our global sales and marketing network, steadily advancing the construction of overseas production capacity at the Malaysia production base, and enhancing international market penetration and supply chain resilience; and (iv) continuing to invest in the research and development of new high value-added products, with a focus on promoting the construction of the Phase II production lines of Xinxuanhong and photochemical projects, so as to cultivate new growth momentum through technological upgrades and capacity optimization.

In addition, the Group will continue to invest in the Hubei Xinxuanhong Production Plant in accordance with the production expansion plans disclosed in the "Business" and "Future Plans and Use of Proceeds" sections of the Prospectus. The Phase II expansion of Hubei Xinxuanhong Production Plant (the designed capacity of which mainly includes 160,000 tonnes/year of toluene chlorinated products and 210,000 tonnes/year of other fine chemical products) had commenced construction in the second half of 2025. It is anticipated that part of the production capacity of Phase II will be put into operation in 2026, while the remaining capacity will be constructed and commissioned in stages until 2029. The Group expects that such new products will further facilitate business growth. The Group believes that as the pressure on macroeconomic recovery gradually eases, coupled with the aforementioned strategic initiatives, the revenue and profit levels of the Group are expected to improve.

## **FINANCIAL REVIEW**

### **Revenue and Gross Profit**

During the Reporting Period, the Group achieved revenue and gross profit of approximately RMB2,657.4 million and approximately RMB319.5 million respectively, representing a decrease of approximately RMB626.8 million and approximately RMB76.7 million as compared to approximately RMB3,284.2 million and approximately RMB396.3 million for the same period in 2024, or a decrease of 19.1% and 19.4%, respectively. During the Reporting Period, the Group's gross profit margin was approximately 12.0%, compared to approximately 12.1% for the corresponding period in 2024.

### **Other Income and Gains**

During the Reporting Period, the Group's other income and gains amounted to RMB44.5 million, representing a decrease of approximately RMB29.6 million as compared to approximately RMB74.1 million for the corresponding period in 2024. Such decrease in other income and gains was primarily attributable to the absence of significant government

grants recorded in the corresponding period in 2024, such as demolition compensation and additional VAT deductions.

### **Selling and Distribution Expenses**

During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB22.9 million, representing a decrease of approximately RMB1.5 million as compared to approximately RMB24.4 million for the corresponding period in 2024. Such decrease in selling and distribution expenses was primarily attributable to the reduction in staff remuneration resulting from the decrease in sales scale.

During the Reporting Period, the Group's selling and distribution expenses accounted for approximately 0.9% of the Group's total revenue (2024: approximately 0.7%).

### **Administrative Expenses**

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB106.2 million, representing a decrease of approximately RMB12.2 million as compared to approximately RMB118.4 million for the corresponding period in 2024. The decrease in administrative expenses was primarily attributable to the absence of listing expenses during the Reporting Period.

During the Reporting Period, the Group's administrative expenses accounted for approximately 4.0% of the Group's revenue (2024: approximately 3.6%).

### **Research and Development Expenses**

During the Reporting Period, the Group's research and development expenses amounted to approximately RMB132.1 million, representing a decrease of approximately RMB5.9 million as compared to approximately RMB138.0 million for the corresponding period in 2024. The decrease in research and development expenses was primarily attributable to the reduction in the costs of raw materials consumed for research and development activities.

During the Reporting Period, the Group's research and development expenses accounted for approximately 5.0% of the Group's revenue (2024: approximately 4.2%).

### **Finance Costs**

During the Reporting Period, the Group's finance costs amounted to approximately RMB34.9 million, representing a decrease of approximately RMB2.5 million as compared to approximately RMB37.4 million for the corresponding period in 2024. The decrease in finance costs was primarily attributable to the decline in the cost of borrowed funds.

## **Income Tax Expenses**

During the Reporting Period, the Group's income tax expense amounted to approximately RMB15.9 million, representing a decrease of approximately RMB20.1 million as compared to approximately RMB36.0 million for the corresponding period in 2024. The decrease in income tax expense was primarily attributable to the decrease in profit before tax during the Reporting Period as compared to the corresponding period in 2024. The Group's effective tax rate decreased slightly from 22.7% for 2024 to 20.3% for the Reporting Period.

## **Profit for the Year**

During the Reporting Period, the Group recorded a net profit of approximately RMB62.5 million, representing a decrease of approximately RMB60.5 million or 49.2% as compared to approximately RMB123.0 million for the corresponding period in 2024. During the Reporting Period, the Group's net profit margin was approximately 2.4%, compared to approximately 3.7% for the corresponding period in 2024.

## **Basic and diluted earnings per share**

For the year ended 31 December 2025, the basic and diluted earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.67, representing a decrease of approximately RMB0.78 or 53.8% as compared to the corresponding period in 2024.

## **LIQUIDITY, GEARING RATIO AND CAPITAL STRUCTURE**

### **Treasury Policy**

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the year ended 31 December 2025. To manage liquidity risk, the Board closely monitored the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### **Liquidity and Capital Structure**

During the Reporting Period, the daily working capital of the Group was primarily derived from cash flows generated from daily business operations, bank borrowings and net proceeds from the global offering of the Company's shares completed on 18 June 2024 (the "**Global Offering**"). As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB125.0 million (31 December 2024: approximately RMB73.7 million). As of 31 December 2025, the Group had pledged deposits of approximately RMB86.3 million (31 December 2024: approximately RMB125.4 million). The amount of pledged

deposits of the Group decreased during the Reporting Period, mainly due to the decrease in bill financing secured by pledged deposits.

The Group's net current liabilities as at 31 December 2025 and 31 December 2024 were mainly due to bank and other borrowings, and the Group had contract liabilities of RMB57.2 million and RMB53.2 million as at 31 December 2025 and 31 December 2024, respectively. As at 31 December 2025, the Group had interest-bearing bank and other borrowings of approximately RMB1,335.4 million, representing an increase of RMB412.4 million or 44.7% from approximately RMB923.0 million as at 31 December 2024, were primarily due to additional loans financing for its expansion of its production capacity as well as its daily business operation. The Group expects to roll-forward these loans or repay these loans on schedule using the cash flows it generates from its business operations and additional debt financing, if necessary. In particular, the Group maintained revolving credit accounts with a number of large commercial banks in the amount of RMB1,858.8 million in aggregate, including both short term and long term credits. Therefore, it does not foresee any difficulties in repaying these loans as and when required. As of 31 December 2025, the Group had unutilized bank credit line of RMB648.7 million.

### **Gearing Ratio**

As at 31 December 2025, the Group's gearing ratio (which is calculated at net debt divided by total equity) was approximately 166.6%, representing an increase as compared to approximately 108.4% as at 31 December 2024, which was primarily attributable to the expansion of financing scale resulting from the construction of new projects.

### **Current Assets**

As at 31 December 2025, the current assets of the Group amounted to approximately RMB960.9 million (31 December 2024: approximately RMB950.2 million), primarily consisting of inventories of approximately RMB328.1 million (31 December 2024: approximately RMB292.4 million), trade and bills receivables of approximately RMB272.1 million (31 December 2024: approximately RMB311.4 million), prepayments and other receivables of approximately RMB149.5 million (31 December 2024: approximately RMB147.3 million), cash and cash equivalents of approximately RMB125.0 million (31 December 2024: approximately RMB73.7 million), and pledged deposits of approximately RMB86.3 million (31 December 2024: approximately RMB125.4 million).

### **Inventories**

The inventories of the Group consist of raw materials, work in progress and finished goods. As at 31 December 2025, the total inventories of the Group amounted to approximately RMB328.1 million, representing an increase of approximately RMB35.7 million as compared with the total inventories of approximately RMB292.4 million as at 31 December

2024. Inventory turnover days were 48 days during the Reporting Period as compared with 37 days for the year ended 31 December 2024. The inventory turnover days for the Reporting Period increased as compared with the whole year of 2024, primarily attributable to the increase in the inventory of finished goods, resulting from the Company's overall adoption of a volume-controlled and price-protected sales strategy in the second half of the year. The Group has been focusing on daily inventory management by making reasonable arrangements for business processes such as procurement, production and sales to ensure that inventories are maintained at a reasonable level.

### **Trade and Bills Receivables**

As at 31 December 2025, trade and bills receivables of the Group were approximately RMB272.1 million, representing a decrease of approximately RMB39.3 million as compared with that as at 31 December 2024. The decrease in trade and bills receivables were mainly due to the decrease in revenue in the Reporting Period.

The turnover days for trade and bills receivables were 40 days during the Reporting Period, up from 34 days for the year ended 31 December 2024, primarily attributable to an increase in the proportion of bills receivable that had not been derecognised within the balance. The Group has always strictly adhered to the customer credit term management system to ensure the Company's financial health and stable cash flow.

### **Prepayments and Other Receivables**

As at 31 December 2025, prepayments and other receivables of the Group were approximately RMB149.5 million, representing an increase of approximately RMB2.2 million from approximately RMB147.3 million as at 31 December 2024, primarily attributable to the increase in prepayments for raw materials.

### **Current Liabilities**

As at 31 December 2025, the total current liabilities of the Group amounted to approximately RMB1,550.6 million (31 December 2024: approximately RMB1,575.0 million), primarily consisting of trade and bills payables of approximately RMB265.2 million (31 December 2024: approximately RMB360.8 million), other payables and accruals and contract liabilities of approximately RMB231.0 million (31 December 2024: approximately RMB286.0 million), interest-bearing bank and other borrowings of approximately RMB1,041.4 million (31 December 2024: approximately RMB923.0 million), lease liabilities of approximately RMB12.3 million (31 December 2024: approximately RMB3.9 million), and income tax payable of approximately RMB0.7 million (31 December 2024: approximately RMB1.3 million).

## **Trade and Bills Payables**

As at 31 December 2025, the Group's trade and bills payables amounted to approximately RMB265.2 million, representing a decrease of approximately RMB95.6 million as compared to that as at 31 December 2024, which was mainly attributable to the lower purchase amount during the Reporting Period.

The turnover days for trade and bills payables were 49 days, representing an increase from the trade and bills payables of 32 days for the year ended 31 December 2024. This increase was primarily attributable to the reduction in the Group's procurement scale. This factor had a greater impact on turnover days than the decline in trade and bills payables balances.

## **Other Payables and Accruals**

As at 31 December 2025, other payables and accruals and contract liabilities of the Group were approximately RMB231.0 million in aggregate, representing a decrease of approximately RMB55.0 million as compared with that as at 31 December 2024, mainly due to payment of dividends payable and the settlement of construction payments.

## **Pledge of Assets**

As at 31 December 2025, certain of the Group's property, plant and equipment with net carrying amounts of approximately RMB281.0 million (31 December 2024: approximately RMB258.8 million) were pledged to secure bank and other borrowings and bank facilities granted to the Group.

## **Material Acquisitions, Disposals and Significant Investment**

Save as the production expansion plans of Hubei Xinxuanhong Production Plant, the construction of Kangxin Industrial Park, the construction of the Malaysia Plant, and the photochemical projects as disclosed in the relevant announcements or in the Prospectus, there were no other material acquisitions, disposals (including material acquisitions and disposals of subsidiaries, associates and joint ventures) or significant investment of the Group during the Reporting Period.

## **Capital Expenditures and Capital Commitments**

During the Reporting Period, capital expenditures of the Group amounted to RMB293.3 million, which mainly related to the purchase of property, plant and equipment and leasehold land. At the end of the Reporting Period, the Group had the contractual commitments amounted to RMB95.8 million, which mainly related to Hubei Xinxuanhong Production Plant and Kangxin Industrial Park.

## **Future Plans for Material Investment or Capital Assets**

Save as the production expansion plans of Hubei Xinxuanhong Production Plant, the construction of Kangxin Industrial Park, the construction of the Malaysia Plant, and the photochemical projects as disclosed in the relevant announcements or in the Prospectus, which the Company will consider funding by the Group's internal resources, bank loans or the net proceeds from the Global Offering, as at 31 December 2025 and as at the date of this announcement, the Group had no other plans for material investment or acquisition of capital assets.

## **Contingent Liabilities**

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

## **Foreign Currency Risk and Interest Rate Risk**

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

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

All bank loans and other borrowings of the Group are denominated in RMB and at fixed interest rates, except for secured bank loans amounting to RMB213,970,000 and unsecured bank loans amounting to RMB165,755,000 as at 31 December 2025, both of which are at floating interest rate. Management has closely monitored the interest rate risk during the Reporting Period and considers that the interest rate risk is minimal and controllable and does not consider any hedging activity to be necessary. Management will continue to closely monitor and control such risk. The Board will remain alert and will consider hedging any potential material interest rate risk if necessary.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

The following table sets forth the planned use of the net proceeds from the Global Offering and the amount utilized as of 31 December 2025:

Use of Proceeds	Proportion (%)	Net proceeds from the Global Offering (HK\$ million)	Utilised amount as of 31 December 2025 (HK\$ million)	Unutilised amount as of 31 December 2025 (HK\$ million)	Expected timetable for fully utilising the unutilised amount <sup>(1)</sup>
Increasing our production capacity at Hubei Xinxuanhong Production Plant by constructing new production facilities	82.0	21.2	7.2	14.0	Before December 2028
Research and development activities	3.0	0.8	0.2	0.6	Before December 2026
Sales and marketing activities	5.0	1.3	0.8	0.5	Before December 2026
Working capital and general corporate purposes	10.0	2.6	2.6	0.0	
<b>Total</b>	<b>100</b>	<b>25.9</b>	<b>10.8</b>	<b>15.1</b>	

*Note:*

- (1) The expected timetable for the utilisation of the unutilised proceeds as disclosed above is the best estimate made by the Board based on the latest information as at the date of this announcement. Save as disclosed above, the utilisation of proceeds was in accordance with the planned applications. The unutilised portion of the proceeds will be applied in a manner consistent with the above planned applications.

## EMPLOYEES AND REMUNERATION POLICIES

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

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

As at 31 December 2025, the Group had a total of 638 employees (as at 31 December 2024: 626 employees).

During the Reporting Period, the Group's total staff costs (including wages, bonuses, social insurance and provident fund) amounted to approximately RMB106.8 million (for the year ended 31 December 2024: approximately RMB123.9 million). The decrease in total staff costs was mainly due to the lower staff bonus which corresponded to the Group's performance for the year.

## EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other material subsequent events after 31 December 2025 and up to the date of this announcement.

## FINAL DIVIDEND

The Board recommends declaring a final dividend of RMB0.3215 per ordinary share for the year ended 31 December 2025. This final dividend is subject to approval by the Company's shareholders (the "**Shareholders**") at the annual general meeting (the "**AGM**") of the Company to be held on 20 May 2026, and will be payable on 9 June 2026 to shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on 29 May 2026. The dividends payable to Shareholders will be declared in RMB and paid in HKD based on the average RMB to HKD central parity rate published by the People's Bank of China over the five business days ending on and including the date of the forthcoming AGM. As of the date of this announcement, the Company's total number of shares is 93,300,000 shares, the total final dividend is approximately RMB30.0 million.

## **CLOSURE OF REGISTER OF MEMBERS**

To determine the identity of the shareholders entitled to attend the AGM, the Company will close the Register of Members from Friday, 15 May 2026 to Wednesday, 20 May 2026, both days inclusive, during which period no share transfers will be registered. To be eligible to attend the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than Thursday, 14 May 2026 at 4:30 p.m. The record date for determining the entitlement to attend and vote at the Annual General Meeting is Wednesday, 20 May 2026.

To determine the identity of shareholders entitled to receive the final dividend, the Company will also close the Register of Members from Thursday, 28 May 2026 to Friday, 29 May 2026, both days inclusive, during which period no share transfer will be registered. To be eligible for the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than Wednesday, 27 May 2026 at 4:30 p.m. The record date for determining the entitlement to the proposed final dividend is Friday, 29 May 2026.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2025. The Company does not hold any treasury shares as at the date of this announcement.

## **COMPLYING WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**")\* as its code of governance.

From 1 January 2025 to 31 December 2025, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

\* The amendments to the Corporate Governance Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this announcement, the Company shall refer to the then effective Corporate Governance Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

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

The Audit Committee has reviewed the annual consolidated financial statements of the Group for the year ended 31 December 2025. The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been compared by the Group’s auditor, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance conclusion has been expressed by the auditor.

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

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.chinaorganic.com](http://www.chinaorganic.com). The annual report of the Company for the year ended 31 December 2025 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company (if necessary) and posted on the above website in due course.

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

Wuhan, the PRC, 26 March 2026

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