常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 954)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES

HIGHLIGHTS

	2025	2024
	RMB'000	*RMB'000*
Revenue	**556,925**	584,794
Loss for the year attributable to the shareholders of the Company	**(66,763)**	(68,243)

DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2025.

* *For identification purpose only*

The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2025 together with the audited comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	**2025** *RMB'000*	2024 *RMB'000*
Revenue	2	**556,925**	584,794
Cost of sales	5	**(539,092)**	(568,017)
Gross profit		**17,833**	16,777
Other income	3	**7,712**	7,945
Other gains/(losses), net	4	**1,677**	(566)
Selling expenses	5	**(10,055)**	(10,174)
Administrative expenses	5	**(65,578)**	(70,845)
Reversal of/(impairment losses) on financial assets	5	**41**	(205)
Operating loss		**(48,370)**	(57,068)
Finance income		**632**	846
Finance costs		**(17,225)**	(11,360)
Finance costs, net		**(16,593)**	(10,514)
Loss before income tax		**(64,963)**	(67,582)
Income tax expense	6	**(2,207)**	(669)
Loss for the year		**(67,170)**	(68,251)
Loss for the year attributable to:			
Shareholders of the Company		**(66,763)**	(68,243)
Non-controlling interests		**(407)**	(8)
		(67,170)	(68,251)
Other comprehensive income			
Item that may be reclassified to profit or loss			
– currency translation difference		**–**	1
Total comprehensive loss for the year		**(67,170)**	(68,250)
Total comprehensive loss for the year attributable to:			
Shareholders of the Company		**(66,763)**	(68,242)
Non-controlling interests		**(407)**	(8)
		(67,170)	(68,250)
Loss per share for loss attributable to Shareholders of the Company – basic and diluted	7	**RMB(0.126)**	RMB(0.129)

CONSOLIDATED BALANCE SHEET

As at 31 December 2025

	Notes	**2025** **RMB'000**	2024 RMB'000
ASSETS			
Non-current assets			
Patents		**373**	506
Property, plant and equipment		**707,414**	604,275
Construction in progress		**90,676**	230,344
Right-of-use assets		**88,270**	90,359
Investment properties		**3,066**	3,424
Deferred income tax assets		**–**	220
Prepayments		**6,648**	8,704
Other non-current assets		**12,224**	13,133
		908,671	950,965
Current assets			
Inventories		**110,355**	143,354
Trade and bills receivables	9	**75,488**	63,001
Other receivables, deposits and prepayments		**12,968**	15,306
Income tax recoverable		**443**	1,454
Financial assets at fair value through other comprehensive income		**3,648**	16,602
Derivative financial instruments		**–**	5
Pledged bank balances		**–**	1,108
Cash and bank balances		**68,152**	57,963
		271,054	298,793
Total assets		**1,179,725**	1,249,758
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**52,970**	52,970
Reserves		**463,713**	530,476
		516,683	583,446
Non-controlling interests		**(514)**	(107)
Total equity		**516,169**	583,339

CONSOLIDATED BALANCE SHEET *(Continued)*

As at 31 December 2025

	Notes	**2025** *RMB'000*	2024 *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income		**54,779**	40,470
Lease liabilities		**224**	419
Deferred income tax liabilities		**743**	679
Loans from shareholders		**10,500**	10,500
Borrowings	10	**49,821**	9,800
		116,067	61,868
Current liabilities			
Trade and bills payables	11	**25,989**	28,700
Contract liabilities, other payables and accruals		**42,972**	60,436
Lease liabilities		**885**	675
Borrowings	10	**477,643**	514,740
		547,489	604,551
Total liabilities		**663,556**	666,419
Total equity and liabilities		**1,179,725**	1,249,758

Notes:

1 BASIS OF PREPARATION

Changmao Biochemical Engineering Company Limited (the "Company") is a joint stock limited company incorporated in the People's Republic of China (the "PRC"). The Company formerly listed its H shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("SEHK") on 28 June 2002 which was then transferred to the Main Board of the SEHK on 28 June 2013. The principal activities of the Company and its subsidiaries (together, the "Group") are the production and sales of organic acids products.

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

These consolidated financial statements are presented in Renminbi, unless otherwise stated. The consolidated financial statements of the Company have been prepared in accordance with all applicable HKFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and derivative financial instruments which are carried at fair value.

Going concern basis

For the year ended 31 December 2025, the Group incurred a net loss of RMB67,170,000 and as of that date, the Group's current liabilities exceeded its current assets by RMB276,435,000 and the total bank and other borrowings amounted to RMB527,464,000, of which RMB477,643,000 were current bank and other borrowings, while the Group's cash and bank balances amounted to RMB68,152,000.

One of the Group's subsidiaries (the "Subsidiary") did not meet the requirements of two financial covenants with two project loans (the "Project Loans") regarding the Subsidiary's debt-to-assets ratio and operating cash flow. The principal of these two Project Loans amounted to RMB207,568,000 as at 31 December 2025. Consequently, the Project Loans became immediately repayable on request by the banks. As no wavier of these covenants has been obtained from the relevant banks, the non-current portion of these Project Loans amounting to RMB128,961,000 with the original contractual repayment dates beyond 31 December 2026 were classified as current liabilities.

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

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

- Management of the Company discussed with the banks and the Company understood from the banks that they will not demand immediate repayment of the Project Loans if the Group repays the principals and interests thereon according to the original terms despite the non-compliance of the financial covenants. For the year ended 31 December 2025, the Subsidiary has made repayments of RMB75,066,000 for the Project Loans in accordance with the original repayment terms. Based on above discussion with the banks and no demand from the banks for early repayment, the Directors believe the Project Loans will continue to be advanced by the banks in accordance with the original terms of the Project Loans in 2026;

- The Group had uncommitted revolving bank facilities of RMB409,000,000, out of which approximately RMB139,104,000 was unutilized as at 31 December 2025. The Directors are of the opinion that such bank facilities will be available for drawdown as and when needed to fulfill the Group's financing requirement. The Group will also seek other alternative financing in order to settle its existing financial obligations and meet future operating needs;

- The Group has integrated the production lines of its subsidiaries to streamline the production process to reduce costs and will continue to implement cost reduction measures; and

- The Group has taken measures to monitor and control administrative costs and future capital expenditures, and will continue with measures to reduce cash outflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025. In the opinion of the Directors, taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2025.

Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cashflows and other factors as follows:

- The banks will not demand for repayment of the Project Loans of the Subsidiary and these loans will continue to be advanced in accordance with the original terms despite that the Group may not be able to ratify the non-compliance. Apart from that, the Group can continue to comply with the terms and conditions of the bank borrowings;

- Successful and timely extension and renewal of its bank facilities and its bank borrowings, upon maturity as well as obtaining new financing from financial institutions. The Group's ability to obtain these financing depends on (1) whether the lenders of existing borrowings are agreeable to the terms and conditions for such extension or renewal; and (2) the Group's ongoing ability to comply with the relevant terms and conditions of its bank borrowings;

- Effective implementation of plans to reduce production costs through integration of product lines of its subsidiaries;

- Successful implementation of measures to control administrative costs and future capital expenditures.

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

(a) *New and amended standards adopted by the Group*

The Group has applied the following amended standard for its annual reporting period commencing 1 January 2025:

- Amendments to HKAS 21 – Lack of Exchangeability

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

(b) *New and amended standards and interpretation not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. Except for (iv) below, these standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7 (effective for annual periods beginning on or after 1 January 2026)

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

(ii) Annual improvements to IFRS – Volume 11 – Annual improvements (effective for annual periods beginning on or after 1 January 2026)

(iii) Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency (effective for annual periods beginning on or after 1 January 2027)

(iv) HKFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

  - o Foreign exchange differences currently aggregated in the line item 'other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

  - o management-defined performance measures;

  - o a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and

  - o for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

- From a cash flow statement perspective, there will be change to how interest paid is presented. Interest paid will be presented as financing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

(v) HKFRS 19 – Subsidiaries without Public Accountability: Disclosures and Amendments to HKFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

2 REVENUE AND SEGMENT INFORMATION

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

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

	2025	2024
	RMB'000	*RMB'000*
Revenue from sales of goods, recognised at a point in time	**556,925**	584,794

An analysis of the Group's revenue by geographic location is as follows:

	2025	2024
	RMB'000	*RMB'000*
China	**434,457**	459,869
Spain	**19,954**	13,186
Denmark	**12,335**	18,265
Others	**90,179**	93,474
	556,925	584,794

Other countries mainly include the Germany, America and Japan.

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

As at 31 December 2025 all the Group's non-current assets (other than the deferred income tax assets) which amounted to RMB908,671,000 (2024: RMB950,745,000) are located in Mainland China.

Included in the revenue from sales of goods, approximately RMB17,374,000 (2024: RMB20,490,000) was contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 3% (2024: 4%) of the total revenue of the Group. There are no single customers contributing over 10% of the Group's total revenue.

Assets and liabilities related to contract with customers

The Group has not recognised any contract assets related to contract with customers as at 31 December 2025

(i) Significant changes in contract liabilities
Contract liabilities have been decreased by RMB127,000 due to decrease in sales.

(ii) Revenue recognised in relation to contract liabilities
The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

Revenue recognised that was included in the balance of contract liabilities at the beginning of the period.

	2025	2024
	RMB'000	*RMB'000*
Sales of products	**4,511**	3,867

3 OTHER INCOME

	2025	2024
	RMB'000	*RMB'000*
Government grants	**5,923**	4,501
Rental income from operating leases	**1,568**	1,631
Others	**221**	1,813
	7,712	7,945

4 OTHER GAINS/(LOSSES), NET

	2025	2024
	RMB'000	*RMB'000*
Reversal of provision/(loss) on demolition/relocation of property, plant and equipment	**1,898**	(1,103)
Net fair value gains on financial liabilities at fair value through profit or loss	**19**	217
Net exchange (losses)/gains	**(81)**	2,943
Loss on disposal of property, plant and equipment and construction in progress	**(133)**	(2,623)
Others	**(26)**	–
	1,677	(566)

5 EXPENSES BY NATURE

	2025	2024
	RMB'000	*RMB'000*
Changes in inventories of finished goods and work in progress	**26,062**	(18,907)
Raw materials and consumables used	**283,251**	338,230
Staff costs (including emoluments of Directors and Supervisors)	**86,614**	96,369
Utilities	**56,787**	75,579
Impairment loss on property, plant and equipment	**10,726**	661
Impairment loss on construction in progress	**9**	267
Depreciation of property, plant and equipment	**49,794**	40,280
Transportation costs	**28,356**	27,818
Research and development costs *(Note (a))*	**6,318**	10,739
Maintenance costs	**4,715**	10,549
Provision for inventories to net realisable value	**6,754**	14,693
Depreciation of right-of-use assets	**3,009**	3,052
Auditors' remuneration		
– audit services	**1,604**	1,368
– non-audit services	**47**	47
Amortisation of patents	**133**	133
(Reversal of)/impairment losses on financial assets	**(41)**	205
Other expenses	**50,546**	48,158
	614,684	649,241

(a) Included in research and development costs were mainly expenditures incurred for the formulation, design, evaluation and application of various forms of organic acids products for commercial use. Management assessed that those internal projects were in the research and initial development stage, and did not recognise any of those expenditures as an asset.

6 INCOME TAX EXPENSE

PRC Corporate Income Tax ("CIT") is provided for on the basis of the profit for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The Company, being qualified as a High and New Technology Enterprise ("HNTE"), is entitled to enjoy the preferential tax rate of 15% for three years starting from 2020. The Company has renewed the HNTE qualification successfully in November 2023. Other subsidiaries of the Company in Mainland China are subject to a standard tax rate of 25%.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2021 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2024: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed in ascertaining the assessable profits for the years ended 31 December 2025 and 2024.

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

	2025	2024
	RMB'000	*RMB'000*
Current income tax	**1,923**	128
Deferred income tax	**284**	541
	2,207	669

7 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2025 is based on the loss attributable to the shareholders of the Company of RMB66,763,000 (2024: RMB68,243,000) and 529,700,000 (2024: 529,700,000) weighted average number of shares in issue during the year.

The Company had no dilutive potential shares in issue during the year (2024: Nil).

8 DIVIDENDS

No interim dividend was declared during the year (2024: Nil). No dividend ware paid in 2025 and 2024. The Directors do not recommend the payment of final dividend in respect of the year ended 31 December 2025.

9 TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**55,522**	43,010
Bills receivables	**19,966**	19,991
	75,488	63,001

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

	2025	2024
	RMB'000	*RMB'000*
0 to 3 months	**48,477**	40,841
4 to 6 months	**7,699**	3,216
Over 6 months	**437**	85
	56,613	44,142
Less: Loss allowance	**(1,091)**	(1,132)
	55,522	43,010

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

10 BORROWINGS

	2025	2024
	RMB'000	*RMB'000*
Bank borrowings *(Note (i))*	**477,464**	524,540
Other borrowings *(Note (ii))*	**50,000**	–
	527,464	524,540

(i) Bank borrowings

	2025			2024		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Secured bank borrowings	**207,568**	**–**	**207,568**	282,634	–	282,634
Unsecured bank borrowings	**256,896**	**13,000**	**269,896**	232,106	9,800	241,906
	464,464	**13,000**	**477,464**	514,740	9,800	524,540

As at 31 December, the Group's bank borrowings are repayable as follows:

	2025	2024
	RMB'000	*RMB'000*
Repayable within 1 year and	**464,464**	514,740
Between 1 and 2 years	**13,000**	9,800
	477,464	524,540

(a) As at 31 December 2025, the secured bank borrowings are secured by the Group's land use rights in Dalian with the carrying value of RMB68,207,000 (2024: RMB69,715,000) and property, plant and equipment with carrying value of RMB78,490,000 (2024: 78,298,000) and guaranteed by the Company.

(b) Under the terms of the secured bank borrowings, the subsidiary of the Company, Changmao Dalian, is required to maintain a debt-to-assets ratio of not more than 60% and 70% at the end of each annual period and shall not have negative operating cash flows for two consecutive years and in any year after commencement of operation of the production lines (the "Covenants"). If Changmao Dalian fails to meet these requirements, the banks have the right to require early repayment of the secured bank borrowings at any time. The debt-to-assets ratio of Changmao Dalian exceeded 70% as at 31 December 2025, and the operating cash flow was negative for the year ended 31 December 2025 and therefore did not meet the covenant requirements. As a result, the non-current portion of the secured bank borrowings amounting to RMB128,961,000 (2024: RMB206,474,000) with the original contractual repayment dates beyond 31 December 2026 were reclassified as current liabilities. As disclosed in Note 1 to the consolidated financial statements, management of the Company understood from the banks that they will not demand immediate repayment of the Project Loans if the Group repays the principals and interests thereon according to the original terms despite the non-compliance. The Company have accordingly considered that the repayment for these bank borrowings would follow the original repayment schedule as set out as below.

	2025	2024
	RMB'000	*RMB'000*
Repayable within 1 year and	**78,607**	76,160
Between 1 and 2 years	**73,425**	77,976
Between 2 and 5 years	**55,536**	128,498
	207,568	282,634

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

(c) The bank borrowings are all denominated in RMB.

(d) As at 31 December 2025, the fair value of the non-current borrowings approximate RMB13,000,000 (2024: RMB9,422,000). The carrying amount of the Group's current borrowings approximate their fair value.

(e) As at 31 December 2025, the effective interest rate of the secured bank borrowings was 3.6% (2024: 4.4%) and the effective interest rate of the unsecured bank borrowings was 3.0% (2024: 3.1%).

(ii) Other borrowings

The Group's other borrowings arise from the liabilities under a sale and leaseback agreement. Under the sale and leaseback agreement, Changmao Dalian sold and leased back certain equipment at a sale price of RMB50,000,000. As at 31 December 2025, the net book value of those assets was RMB140,420,000. Upon the expiry of the lease term, the lessor will transfer the ownership of those assets on an "as-is" basis back to Changmao Dalian with no consideration. The Company provided guarantee for the liabilities of Changmao Dalian to perform its obligations under the sale and leaseback agreement. The sale and leaseback arrangement is, in substance, a borrowing from the lessor during the lease period which is secured by certain equipment of Changmao Dalian.

As at 31 December 2025, the Group's other borrowings are repayable as follows:

	2025
	RMB'000
Repayable within 1 year and	**13,179**
Between 1 and 2 years	**14,037**
Between 2 and 5 years	**22,784**
	50,000

11 TRADE AND BILLS PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**25,989**	23,158
Bills payables	**–**	5,542
	25,989	28,700

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

	2025	2024
	RMB'000	*RMB'000*
0 to 6 months	**25,541**	22,565
7 to 12 months	**9**	163
Over 12 months	**439**	430
	25,989	23,158

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

(c) The carrying amounts of trade and bills payables approximate their fair values and are all denominated in RMB.

BUSINESS REVIEW AND OUTLOOK

Results Review

For the year ended 31 December 2025, the Group recorded sales revenue of approximately RMB556,925,000, representing a decrease of about 5% compared with RMB584,794,000 of last year. The net loss attributable to shareholders of the Company was approximately RMB66,763,000, remaining about the same level as that of the last year. The net loss for 2025 included an impairment loss on long-term assets of RMB10,735,000 (2024: RMB928,000). Before deducting the impairment loss, the loss attributable to shareholders of the Company amounted to approximately RMB56,028,000 (2024: RMB67,315,000), representing a decrease of about 17% as compared with that of last year; before deducting the impairment loss, the gross profit margin also increased by about 2% over the last year.

In 2025, the industry in which the Group operates was deeply affected by severe overcapacity and increasingly fierce market competition, leading to significantly higher operating pressure. Facing a complex and challenging market environment, the Group remained focused on the core operating factors of **output, cost and quality**, and fully leveraged its internal potential through refined production management. By optimising production processes and advancing technological innovation, the Group enhanced production efficiency and reduced overall costs. At the same time, it flexibly adjusted production plans and product mix in response to market demand, concentrated on the production layout of marketable products, and achieved an efficient alignment between production and sales. As a result, the Group's total annual output reached the highest level in recent years, while the production capacity of its core products increased steadily, effectively ensuring the stability of the Group's operating performance.

Affected by the decline in the price of maleic anhydride, Changmao Dalian has not yet achieved profitability in the current period. The Group has controlled the extent of losses through adjustments to production lines and internal raw materials coordination and usage. At the same time, as an impairment provision of RMB10,735,000 was recognised for the relevant assets during the current period, the above matters together dragged down the Group's performance in 2025. Looking ahead, with the steady release of phase II production capacity of Changmao Dalian and the industrial chain synergy effects, the Group's overall performance is expected to improve in 2026.

Business Review

1. Production

In 2025, the Group continuously improved labour productivity by deepening lean production, refining management processes and optimising personnel allocation. At the same time, the Group placed strong emphasis on enhancing and controlling product quality, established a full-process quality closed-loop management system, and provided targeted solutions to meet customer needs. The Group also actively developed the production of high-end customised products, completed process breakthroughs and mass production of several high-end products such as electronic-grade tartaric acid and customised fumaric acid, consolidated and expanded its high-end customer base through high-quality products, and strengthened its market reputation with quality as the foundation.

2. Sales

In 2025, the total sales amount of the Group's major products remained stable, and the sales volume of the major products all recorded growth. The sales team continued to cultivate relationships with key customers and end-users, maintaining the Group's market share amid intense market competition. At the same time, the Group actively promoted high value-added products and alleviated the pressure on gross profit margin caused by the decline in product prices through enhancing service quality and product differentiation.

3. Safety and Environmental Protection

The Group conscientiously implemented daily safety management work, continuously enhanced the development of its safety management culture, fully implemented the accountability system for safe production, carried out hidden hazard investigation and rectification as well as emergency drills, and firmly upheld the red line of safety. During the year, the Group also completed the preparation of the "Corporate Policy on Climate Change Response", conducted and obtained carbon footprint reports for its major products, and the Changzhou plant was included in the "Green Factory of Jiangsu Province", laying a solid foundation for sustainable development.

Research and Development

The Group has always maintained a strong commitment to research and development, continuously advancing the development of new products and the improvement of existing product processes. In 2025, the Group's key research and development efforts were as follows:

1. In 2025, the Group carried out 11 research and development projects and filed 11 new patent applications, including 8 invention patents and 3 utility model patents. These covered multiple areas such as green process improvements, pharmaceutical excipient development, and synthetic biology;

2. Successfully applied for the Jiangsu Provincial Industry Technology Engineering Centre – Jiangsu Provincial Industry Technology Engineering Centre for Biocatalytic Enzymes (in preparation); and

3. The Pharmaceuticals Division registered 1 new pharmaceutical excipient with the Centre for Drug Evaluation (CDE) of the National Medical Products Administration, and 3 pharmaceutical excipients were upgraded to A status (jointly reviewed and approved by CDE together with the formulation).

Key Projects

Dalian Plant Project

Since commencement of production, the phase II special anhydride product production line of the Dalian plant has been operating well, with product quality recognised by customers, production capacity increasing steadily, and the products having successfully entered the market and passed validation by multiple benchmark customers in the industry, thereby laying a solid foundation for the increase in sales volume in 2026 and beyond. In 2025, the Group also completed the relocation and integration of relevant production lines at the Lianyungang plant, making the product chain of the Dalian plant more complete and more competitive.

Prospects and Outlook

In its future development, the Group will continue to leverage technological innovation to lead its corporate development, carry out its work centering on customer needs, and focusing on economic benefits, while relying on the supporting advantages of its product chain to maintain its leading position in the industry. Specifically, the Group will carry out its work focusing on the following aspects:

1. Strengthening Technological Innovation to Promote Product Upgrading

The Group adheres to the principle that technological innovation is the source of long-term corporate development and will continue to increase research and development investment in the future, integrate its R&D team, focus on key breakthroughs in areas such as green processes, pharmaceuticals, electronic chemicals, and new materials, cultivate new products with market competitiveness, and promote the renewal and upgrading of its product chain.

2. ***Enhancing Safety and Environmental Governance Levels and Comprehensively Strengthening Full-Process Risk Control***

   The Group strictly benchmarks against EU carbon emission policies and decarbonisation management systems, and will advance step by step in the future according to carbon emission measurement, low-carbon planning formulation, process assessment and control, and compliance standard implementation, thereby responding to customers' high-standard requirements for suppliers' sustainable development and full-chain decarbonisation. The Group's long-term sustained investment and capability accumulation in the fields of safety and environmental protection, and low-carbon governance, are transforming into significant compliance advantages and market competitiveness, providing solid guarantees for steady operations and global cooperation. On the safety front, the Group will also continue to strengthen risk control, improve the safe production environment, and eliminate safety accidents.

3. ***Focusing on Product Quality and Maintaining Brand Image***

   The Group regards quality as the foundation of its business, taking international top-tier brands as benchmarks, continuously improving product quality, deepening cooperation with end customers, providing customised solutions around customers' personalised needs, consolidating customer trust with high-quality products, continuously expanding the high value-added customer base, and increasing the proportion of high-end product sales.

4. ***Focusing on Market Expansion and Developing High-End End Customers***

   The Group is committed to the development of major customers and end-users, taking customers as the centre to meet diverse needs, and enhancing the visibility and overall competitiveness of the Changmao brand through improvements in product quality and services. At the same time, the Group will continue to focus on international market expansion, enhancing Changmao's international influence through cooperation with international major customers on new products and new technologies.

Looking Ahead, opportunities and challenges coexist. The Group will continue to focus on the production of food additives as its core business, enhance the competitiveness of existing products, accelerate the commercialisation of new products, and actively explore new market segments and application areas.

ANALYSIS OF KEY PERFORMANCE INDICATORS

Revenue *(2025: RMB556,925,000; 2024: RMB584,794,000) and* ***gross profit margin*** *(2025: 3.2%; 2024: 2.9%)*

The decrease in revenue for the year ended 31 December 2025 was primarily due to lower product selling prices and increased market competition. Gross margin for the year ended 31 December 2025 increased as compared with that of last year notwithstanding an impairment loss on property, plant and equipment of RMB10,735,000 (2024: RMB928,000) was made. Gross margin before impairment loss in 2025 was approximately 5.1%, which increased by approximately 2% as compared to that in 2024, as the Group had adjusted its sales and production plans in response to market conditions and reduced costs.

Selling and administrative expenses *(2025: RMB75,633,000; 2024: RMB81,019,000)*

The reduction in sales and administrative expenses was primarily due to measures taken by the Group to control management costs and a reduction in research and development expenses.

Other income *(2025: RMB7,712,000; 2024: RMB7,945,000)*

Other income in 2025 was at a similar level to that in 2024, and other income mainly consisted of government subsidies.

Other gains/(losses), net *(2025: RMB1,677,000; 2024: RMB(566,000))*

Other gains in 2025 mainly consisted of the reversal of provisions for the demolition of property, plant and equipment. Other losses in 2024 mainly consisted of losses from the sale of property, plant and equipment, and provisions for the demolition of property, plant and equipment while some losses were offset by exchange gains.

Finance costs, net *(2025: RMB16,593,000; 2024: RMB10,514,000)*

The increase in net financing costs was primarily due to a decrease in capitalised interest expense on eligible assets and an increase in interest expense recognized in the consolidated statement of comprehensive income.

Income tax expense *(2025: RMB2,207,000; 2024: RMB669,000)*

The increase in income tax expense was mainly due to the increase in pre-tax profit of the Company's Changzhou factory. The Company, being qualified as a High and New Technology Enterprise, is entitled to a preferential CIT rate of 15% for the year ended 31 December 2025. Other subsidiaries of the Group in Mainland China are subject to a standard tax rate of 25%.

Loss for the year attributable to the shareholders of the Company

For the year ended 31 December 2025, the Group recorded a loss attributable to the shareholders of the Company of approximately RMB66,763,000 (2024: RMB68,243,000), which includes an impairment loss on property, plant and equipment of RMB10,735,000 (2024: RMB928,000). Before deducting the impairment loss, the loss attributable to the shareholders of the Company was approximately RMB56,028,000 (2024: RMB67,315,000), a decrease of approximately 17% compared to that of previous year. This was mainly due to the Group's adjustment of its sales and production plans and the adoption of cost-saving measures that led to an increase in gross profit margin before impairment loss by approximately 2% and a decrease in some of the expenses.

SEGMENTAL INFORMATION

Some of the Group's products are exported to Asia Pacific, Europe and America. As expressed as a percentage of revenue, export sales (excluding sales through import-export agents in the PRC) accounted for approximately 30.2% (2024: 30.8%) of the Group's revenue while domestic sales in the PRC accounted for approximately 69.8% (2024: 69.2%) of the Group's revenue.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had outstanding borrowings totaling RMB527,464,000 (2024: RMB524,540,000), including bank borrowings of RMB477,464,000 (2024: RMB524,540,000) and other borrowings of RMB50,000,000 (2024: Nil).

As at 31 December 2025, the secured bank borrowings are secured by the Group's land use rights in Dalian with the carrying value of RMB68,207,000 (2024: RMB69,715,000) and property, plant and equipment with carrying value of RMB78,490,000 (2024: 78,298,000) and guaranteed by the Company.

The new other borrowings in 2025 arose from the liabilities under a sale and leaseback agreement. Under the sale and leaseback agreement, Changmao Dalian sold and leased back certain equipment at a sale price of RMB50,000,000. As at 31 December 2025, the net book value of those assets was RMB140,420,000. Upon the expiry of the lease term, the lessor will transfer the ownership of those assets on an "as-is" basis back to Changmao Dalian with no consideration. The Company provided guarantee for the liabilities of Changmao Dalian to perform its obligations under the sale and leaseback agreement. The sale and leaseback arrangement is, in substance, a borrowing from the lessor during the lease period which is secured by certain equipment of Changmao Dalian.

For details of bank and other borrowings, please refer to Note 10 to the consolidated financial statements in this announcement.

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

As at 31 December 2025, the Group had capital commitments for property, plant and equipment amounting to approximately RMB33,053,000 (2024: RMB34,719,000). These capital commitments are mainly used for payment for the Dalian Factory's production lines. The Group intends to finance the capital commitment by cash flows generated from the Group's operations and/or bank financings.

Save as disclosed above, the Group did not have any charge on its assets during the year ended 31 December 2025. The liabilities-to-assets ratio (calculated based on total liabilities divided by total assets) was 56.2% (2024: 53.3%) as at 31 December 2025. The increase in liabilities-to-assets ratio is mainly due to decrease in property, plant and equipment resulting from depreciation and decrease in inventories resulting from higher turnover ratio and other borrowings. As at 31 December 2025, the Group's cash and cash equivalents amounted to RMB68,152,000 (2024: RMB57,963,000).

EMPLOYEES

Including the Directors and Supervisors, as at 31 December 2025, the Group had a total of 518 staff (2024: 582). Employees are remunerated in accordance with the nature of the job and also on individual merit. Total amount of staff costs for the year ended 31 December 2025 was approximately RMB86,674,000 (2024: RMB98,884,000). Staff costs decreased mainly because of the decrease in number of staff.

Under the staff incentive scheme for each of the three years ended 31 December 2028, so long as the audited profits (or, where applicable, combined or consolidated profits) attributable to the shareholders (after taxation and non-controlling interest (if any) but before payment of the bonuses referred to below) amount to not less than RMB40 million (the "Target Profit"):

(a) a sum equivalent to 5% of the amount in excess of the Target Profit will be payable to Mr. Rui Xin Sheng (the Chairman) as a bonus for the relevant year;

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

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

There was no profit-based incentive bonus for the year ended 31 December 2025 and 2024.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee, which is chaired by an independent non-executive Director and currently has a membership comprising three independent non-executive Directors, has reviewed with the management and approved the consolidated financial statements for the year ended 31 December 2025.

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2025.

DIVIDEND

The Directors do not recommend the payment of final dividend in respect of the year ended 31 December 2025.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 28 May 2026. A notice convening the annual general meeting will be published in due course.

SIGNIFICANT INVESTMENTS

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

Capital commitments are set out in the paragraph headed "Liquidity and Financial Resources" above. Save for that, the Group has no plans for material investments or capital assets.

CHANGES IN THE COMPOSITION OF THE GROUP DURING THE YEAR

There are no material acquisitions and disposals of subsidiaries and affiliated companies by the Group during the year ended 31 December 2025.

CONTINGENT LIABILITIES

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

DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 28 March 2025 in relation to, among others, the disclosure pursuant to Rule 13.19 of the Listing Rules. The Group has two project loans (the "Project Loans") with total outstanding balance of RMB207,568,000 as at 31 December 2025 (31 December 2024: RMB282,634,000). As at 31 December 2024, one of the Group's subsidiaries (the "Subsidiary") did not meet the requirement of one of the financial covenants under the Project Loans regarding its debt-to-assets ratio ("1st Requirement"). As at 31 December 2025, the 1st Requirement has not been rectified and the Subsidiary also did not meet another covenant requiring positive operating cash flow for two consecutive years and in any year after commencement of operation of the production lines. These non-compliances render the Project Loans immediately repayable if requested by the banks. No formal wavier of these covenants has been obtained from the banks.

Management of the Company understood from the banks that they will not demand immediate repayment of the Project Loans if the Group repays the principal and interests thereon according to the original terms despite the non-compliance of the financial covenants. For the year ended 31 December 2025, the Subsidiary has made repayments of RMB75,066,000 for the Project Loans in accordance with the original repayment terms. Based on the discussion with the banks and no demand from the banks for early repayment, the Directors believe the Project Loans will continue to be advanced by the banks in accordance with the original terms of the Project Loans in 2026.

Further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate or required.

GOING CONCERN

For the year ended 31 December 2025, the Group incurred a net loss of RMB67,170,000, and as of that date, the Group's current liabilities exceeded its current assets by RMB276,435,000 and the total bank and other borrowings amounted to RMB527,464,000, of which RMB477,643,000 were current bank borrowings, while the Group's cash and bank balances amounted to RMB68,152,000.

Due to the reason stated in Note 1 to the consolidated financial statements above, the non-current portion of the Project Loans amounting to RMB128,961,000 with the original contractual repayment dates beyond 31 December 2026 were classified as current liabilities.

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

In view of such circumstances, the Directors have given due consideration to the liquidity and performance of the Group and available financing to assess whether the Group will have sufficient financial resources to continue as a going concern. Plans and measures ("Plans and Measures") as set out in Note 1 to the consolidated financial statements have been taken to mitigate the liquidity pressure and to improve the Group's financial position.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025. In the opinion of the Directors and taking into account the anticipated cash flows to be generated from the Group's operations as well as the Plans and Measures, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2025.

Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cashflows through the Plans and Measures.

Please refer to Note 1 to the consolidated financial statements for further details.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The section below sets out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2025:

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB67,170,000 during the year ended 31 December 2025 and, as of that date, the Group's current liabilities exceeded its current assets by RMB276,435,000 and the total bank and other borrowings amounted to RMB527,464,000, of which RMB477,643,000 were current bank borrowings and other borrowings, while the Group's cash and bank balances amounted to RMB68,152,000. One of the Group's subsidiaries did not meet the requirement of the financial covenants with respect to two project loans (the "Project Loans") regarding the subsidiary's debt-to-assets ratio and operating cash flows. The principal of these two Project Loans amounted to RMB207,568,000 as at 31 December 2025. Consequently, the Project Loans became immediately repayable on request by the banks. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

As at 31 December 2025, the interests (including interests in shares and short positions) of the Directors, the Supervisors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) Section 352 of the SFO to be entered in the register referred to in that section; or (c) Appendix C3 of the Listing Rules relating to securities transactions by Directors; or (d) the Hong Kong Companies Ordinance (Cap. 622), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares:

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

Notes:

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

(b) Ms. Leng is the registered holder and beneficial owner of 73,500 Class "A" shares and 53,000 Class "B" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. Ms. Leng is also the registered holder and beneficial owner of 30% of the registered capital of Changzhou Xinsheng, which is the registered holder and beneficial owner of 2,500,000 Domestic Shares. Ms. Leng is the beneficial owner of 52,000 H Share and Mr. Rui Xin Sheng (a Director and spouse of Ms. Leng) is the beneficial owner of 12,184,000 H Shares. Mr. Rui is also interested in HK Xinsheng and Changzhou Xinsheng, details of which are set out in Note (a) above.

(c) Mr. Pan is the registered holder and beneficial owner of 2,000 Class "B" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. He is also the registered holder and beneficial owner of 200,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.

(d) Mr. Yu and his spouse (who is not a Director) taken together are interested in the entire issued capital of Jomo Limited which is the registered holder and beneficial owner of 66,000,000 Foreign Shares. Mr. Yu's spouse, Ms. Lam Mau, is also the beneficial owner of 3,774,000 H shares.

(e) Ms. Zhou is the registered holder and beneficial owner of 220,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.

(f) Mr. Zhang is the registered holder and beneficial owner of 800 Class "B" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. Mr. Zhang is also the registered holder and beneficial owner of 120,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.

(g) The percentage is calculated based on the 2,500,000 Domestic Shares in issue as at 31 December 2025.

(h) The percentage is calculated based on the 343,500,000 Foreign Shares in issue as at 31 December 2025.

(i) The percentage is calculated based on the 183,700,000 H Shares in issue at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors, Supervisors or chief executives of the Company have interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporations (within the meaning of Part XV of the SFO) (including interests in shares and short positions) which were required to notify the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) Section 352 of the SFO to be entered in the register referred to in that section; or (c) Appendix C3 of the Listing Rules relating to securities transactions by Directors; or (d) the Hong Kong Companies Ordinance (Cap. 622), to be notified to the Company and the Stock Exchange.

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

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

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

So far as known to the Directors, as at 31 December 2025, the followings, not being a Director, Supervisor or chief executive of the Company, had interests or short positions in the shares or underling shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in shares:

Name of Shareholder	Capacity	Number of Foreign Shares	Approximate Percentage shareholding in the Foreign Shares *(Note (e))*	Number of H Shares	Approximate Percentage shareholding in the H Shares *(Note (f))*
Hong Kong Xinsheng Pioneer Investment Company Limited	Beneficial owner	135,000,000	39.30%	–	–
Hong Kong Bio-chemical Advanced Technology Investment Company Limited	Beneficial owner	67,500,000	19.65%	–	–
Jomo Limited	Beneficial owner	66,000,000	19.21%	–	–
Ms. Lam Mau	Interest of spouse, interest of controlled corporation and beneficial owner	66,000,000 *(Note (a))*	19.21%	3,774,000 *(Note (a))*	2.05%
Kehai Venture Capital (Hong Kong) Limited	Beneficial owner	62,500,000	18.20%	–	–
上海科技創業投資股份有限公司 (Shanghai S&T Investment Company Limited*, formerly 上海科技投資股份有限公司)	Interest of controlled corporation	62,500,000 *(Note (b))*	18.20%	–	–
上海科技創業投資有限公司 (Shanghai Technology Entrepreneur Investment Company*, formerly 上海科技投資公司)	Interest of controlled corporation	62,500,000 *(Note (c))*	18.20%	–	–
上海科技創業投資(集團)有限公司 (Shanghai S&T Venture Capital (Group) Co., Ltd*)	Interest of controlled corporation	62,500,000 *(Note (d))*	18.20%	–	–

Notes:

(a) Ms. Lam Mau and her spouse, Mr. Yu Xiao Ping (who is a Director) taken together are interested in the entire issued capital of Jomo Limited which is the registered holder and beneficial owner of 66,000,000 Foreign Shares. Ms. Lam Mau is also the beneficial owner of 3,774,000 H shares.

(b) Shanghai S&T Investment Company Limited is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited, which is the registered holder and beneficial owner of 62,500,000 Foreign Shares.

(c) Shanghai Technology Entrepreneur Investment Company is the beneficial owner of 62.3% of the issued share capital of Shanghai S&T Investment Company Limited, which is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited. Kehai Venture Capital (Hong Kong) Limited is the registered holder and beneficial owner of 62,500,000 Foreign Shares.

(d) Shanghai S&T Venture Capital (Group) Co., Ltd is the beneficial owner of 100% of the issued capital of Shanghai Technology Entrepreneur Investment Company. Shanghai Technology Entrepreneur Investment Company is the beneficial owner of 62.3% of the issued capital of Shanghai S&T Investment Company Limited, which is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited. Kehai Venture Capital (Hong Kong) Limited is the registered holder and beneficial owner of 62,500,000 Foreign Shares.

(e) The percentage is calculated based on the 343,500,000 Foreign Shares in issue at 31 December 2025.

(f) The percentage is calculated based on the 183,700,000 H Shares in issue at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any person, not being a Director, Supervisor or chief executive of the Company, had interests or short positions in the shares or underling shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE CAPITAL STRUCTURE

As at 31 December 2025, the category of the issued shares of the Company is as follows:

	No. of Shares
H shares *(Note (a))*	183,700,000
Domestic Shares *(Note (b))*	2,500,000
Foreign Shares *(Note (c))*	343,500,000
	529,700,000

Notes:

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

(b) Ordinary shares in the capital of the Company, with a RMB-denominated par value of RMB0.10 each, which were credited as fully paid up in RMB and issued to the promoters of the Company.

(c) Ordinary shares in the capital of the Company, with a RMB-denominated par value of RMB0.10 each, which were credited as fully paid up in a currency other than RMB and issued to the promoters of the Company.

The H Shares were listed on GEM on 28 June 2002 and the listing of which was transferred from GEM to the Main Board on 28 June 2013.

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

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

(a) to receive dividends declared by the Company in foreign currencies;

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

(c) disputes between holders of Domestic Shares and Foreign Shares may upon agreement between them may be resolved by way of arbitration and in case no such agreement is reached, any of the disputing parties could submit the dispute to the courts with competent jurisdiction for determination. These methods of dispute resolution apply equally to disputes between holders of Foreign Shares and overseas listed foreign shares; and

(d) upon all necessary approvals from the relevant regulatory authorities in the PRC and the Stock Exchange being obtained, the Foreign Shares may be converted into overseas listed foreign shares and shall thereafter carry the same rights and obligations attaching to overseas listed foreign shares.

PUBLIC FLOAT

At the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

COMPLIANCE WITH CODE PROVISIONS OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2025, the Company complied with the code provisions of Corporate Governance Code as set out by the Stock Exchange in part 2 of Appendix C1 to the Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company had also made specific enquiry of all Directors in relation to the compliance of the Model Code. Save for the above, the Company was not aware of any non-compliance with the Model Code for the year ended 31 December 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rule and the Company considers the independent non-executive Directors remained independent.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Listing Rules. As at 31 December 2025, the audit committee comprises three independent non-executive Directors, namely, Ms. Cheng Mun Wah, Mr. Zhou Zhi Wei and Mr. Shu Rong Xin.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including to review, inter alia, the Group's interim and annual results during the year ended 31 December 2025 and to recommend the Board the appointment of external auditors.

By order of the Board
Rui Xin Sheng
Chairman

The PRC, 30 March 2026

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

DEFINITIONS

Board	Board of Directors of the Company
CG Code	Code provision of the Corporate Governance Code in part 2 of Appendix C1 of the Listing Rules
Changmao or the Company	Changmao Biochemical Engineering Company Limited
Changmao Dalian	Changmao (Dalian) New Material Company Limited, a subsidiary of the Company
Changzhou Xinsheng	常州新生生化科技開發有限公司 (Changzhou Xinsheng Biochemical Technology Development Company Limited*)
CIT	Corporate Income Tax
Director(s)	Director(s) of the Company
Domestic Shares	Domestic shares of the Company
Foreign Shares	Foreign shares of the Company
GEM	Growth Enterprise Market of the Stock Exchange
Group	the Company and its subsidiaries
H Shares	H shares of the Company
HKAS	Hong Kong Accounting Standard
HK Bio	Hong Kong Bio-chemical Advanced Technology Investment Company Limited
HK Xinsheng	Hong Kong Xinsheng Pioneer Investment Company Limited
Lianyungang Changmao	Changmao Biochemical Lianyungang Company Limited, a subsidiary of the Company
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange

Main Board	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM, and for avoidance of doubt, it does not include GEM for the purpose hereof
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
PRC	The People's Republic of China
RMB	Renminbi
SFO	Securities and Futures Ordinance
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	Supervisor(s) of the Company
USD	United States Dollars