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China Treasures New Materials Group Ltd.

中寶新材集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2439)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Treasures New Materials Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce the audited financial results of the Group for the year ended 31 December 2025 (the “**Year**” or “**FY2025**”) together with the comparative figures for the year ended 31 December 2024 (the “**Preceding Year**” or “**FY2024**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|--|------|-----------------------------|-----------------------|
| Revenue | 3 | 253,421 | 407,495 |
| Cost of sales | | <u>(155,160)</u> | <u>(245,457)</u> |
| Gross profit | | 98,261 | 162,038 |
| Other income | 4 | 2,672 | 20,277 |
| Selling and distribution expenses | | (3,564) | (5,405) |
| Administrative and other operating expenses | | (60,893) | (41,820) |
| Finance costs | 5 | <u>(1,026)</u> | <u>(3,287)</u> |
| Profit before tax | 5 | 35,450 | 131,803 |
| Income tax expenses | 6 | <u>(5,999)</u> | <u>(19,426)</u> |
| Profit for the year | | <u>29,451</u> | <u>112,377</u> |
| Other comprehensive (loss) income: | | | |
| <i>Item that will not be reclassified to profit or loss</i> | | | |
| Translation of the Company's financial statements into presentation currency | | (3,491) | 3,067 |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange difference on consolidation | | <u>3,693</u> | <u>(3,212)</u> |
| Total other comprehensive income (loss) | | <u>202</u> | <u>(145)</u> |
| Total comprehensive income for the year | | <u><u>29,653</u></u> | <u><u>112,232</u></u> |

| | <i>Note</i> | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|-------------|--------------------------------------|-------------------------|
| Profit for the year attributable to: | | | |
| Owners of the Company | | 29,114 | 111,161 |
| Non-controlling interests | | <u>337</u> | <u>1,216</u> |
| | | <u>29,451</u> | <u>112,377</u> |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 29,316 | 111,016 |
| Non-controlling interests | | <u>337</u> | <u>1,216</u> |
| | | <u>29,653</u> | <u>112,232</u> |
| | | <i>RMB cents</i> | <i>RMB cents</i> |
| Earnings per share attributable to owners of the Company | | | |
| Basic and diluted | 7 | <u>2.91</u> | <u>11.12</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

| | | 2025 | 2024 |
|--|------|----------------|----------------|
| | Note | RMB'000 | RMB'000 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 713,964 | 121,225 |
| Right-of-use assets | 10 | 10,572 | 1,028 |
| Intangible assets | | 64 | 73 |
| Deferred tax assets | | — | 86 |
| | | <u>724,600</u> | <u>122,412</u> |
| Current assets | | | |
| Inventories | | 17,279 | 22,172 |
| Trade and other receivables | 11 | 121,917 | 123,314 |
| Income tax recoverable | | 4,437 | — |
| Bank balances and cash | | 22,238 | 422,706 |
| | | <u>165,871</u> | <u>568,192</u> |
| Current liabilities | | | |
| Trade and other payables | 12 | 30,150 | 54,177 |
| Lease liabilities | | — | 30 |
| Interest-bearing borrowings | 13 | 81,123 | 70,724 |
| Deferred income | | 489 | 489 |
| Income tax payables | | — | 1,680 |
| | | <u>111,762</u> | <u>127,100</u> |
| Net current assets | | <u>54,109</u> | <u>441,092</u> |
| Total assets less current liabilities | | <u>778,709</u> | <u>563,504</u> |

| | <i>Note</i> | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|-------------|--------------------------------------|------------------------|
| Non-current liabilities | | | |
| Interest-bearing borrowings | <i>13</i> | 185,457 | 1,286 |
| Deferred income | | 1,373 | 1,862 |
| Deferred tax liabilities | | 1,870 | — |
| | | <u>188,700</u> | <u>3,148</u> |
| NET ASSETS | | <u>590,009</u> | <u>560,356</u> |
| Capital and reserves | | | |
| Share capital | | 8,800 | 8,800 |
| Reserves | | <u>576,854</u> | <u>547,538</u> |
| Equity attributable to owners of the Company | | 585,654 | 556,338 |
| Non-controlling interests | | <u>4,355</u> | <u>4,018</u> |
| TOTAL EQUITY | | <u>590,009</u> | <u>560,356</u> |

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 January 2022, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 March 2023 (the “**Listing**”). The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The Company’s principal place of business is situated at Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 3, Jing’Er Road, Kalun Industrial South Region, Jiutai Economics Development Zone, Changchun City, Jilin Province, the People’s Republic of China (the “**PRC**”).

The principal activity of the Company is investment holding and the Group is principally engaged in development and manufacture of biodegradable plastic products and non-biodegradable automobile plastic parts in the PRC.

At the date of this announcement, in the opinion of the directors of the Company, the ultimate controlling parties are Ms. Zhang Yuqiu and Mr. Shan Yuzhu.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”), which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise stated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following new/revised IFRS Accounting Standards and effective from the current year.

Adoption of new/revised IFRS Accounting Standards

The Group has applied, for the first time, the following new/revised IFRS Accounting Standards:

Amendments to IAS 21

Lack of exchangeability

Amendments to IAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the above amendment does not have any significant impact on the consolidated financial statements.

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable operating segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- 1) development and manufacture of biodegradable plastic products; and
- 2) development and manufacture of non-biodegradable automobile plastic parts.

Segment revenue and results

Segment revenue represents revenue derived from development and manufacture of biodegradable plastic products and non-biodegradable automobile plastic parts.

Segment results represent the gross profit reported by each segment without allocation of other income, selling and distribution expenses, administrative and other operating expenses, finance costs, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable operating segments for the reporting period is as follows:

| | Development and manufacture of biodegradable plastic products <i>RMB'000</i> | Development and manufacture of non- biodegradable automobile plastic parts <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|--------------------------------|
| Year ended 31 December 2025 | | | |
| Segment revenue | 237,164 | 16,257 | 253,421 |
| Segment cost of sales | <u>(145,525)</u> | <u>(9,635)</u> | <u>(155,160)</u> |
| Segment results | <u>91,639</u> | <u>6,622</u> | 98,261 |
| Other income | | | 2,672 |
| Selling and distribution expenses | | | (3,564) |
| Administrative and other operating expenses | | | (60,893) |
| Finance costs | | | <u>(1,026)</u> |
| Profit before tax | | | 35,450 |
| Income tax expenses | | | <u>(5,999)</u> |
| Profit for the year | | | <u>29,451</u> |
| <i>Other information</i> | | | |
| Research and development costs | 35,733 | – | 35,733 |
| Amortisation of intangible assets | 9 | – | 9 |
| Depreciation (<i>Note</i>) | | | |
| – Property, plant and equipment | 2,345 | 3,226 | 5,571 |
| – Right-of-use assets | 30 | – | 30 |
| Reversal of loss allowances on trade receivables, net | <u>(260)</u> | <u>(35)</u> | <u>(295)</u> |

| | Development and manufacture of biodegradable plastic products <i>RMB'000</i> | Development and manufacture of non- biodegradable automobile plastic parts <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|--------------------------------|
| Year ended 31 December 2024 | | | |
| Segment revenue | 381,163 | 26,332 | 407,495 |
| Segment cost of sales | <u>(229,947)</u> | <u>(15,510)</u> | <u>(245,457)</u> |
| Segment results | <u>151,216</u> | <u>10,822</u> | 162,038 |
| Other income | | | 20,277 |
| Selling and distribution expenses | | | (5,405) |
| Administrative and other operating expenses | | | (41,820) |
| Finance costs | | | <u>(3,287)</u> |
| Profit before tax | | | 131,803 |
| Income tax expenses | | | <u>(19,426)</u> |
| Profit for the year | | | <u>112,377</u> |
| <i>Other information</i> | | | |
| Research and development costs | 26,196 | – | 26,196 |
| Amortisation of intangible assets | 9 | – | 9 |
| Depreciation (<i>Note</i>) | | | |
| – Property, plant and equipment | 2,808 | 3,080 | 5,888 |
| – Right-of-use assets | 69 | – | 69 |
| Provision for loss allowances on trade receivables, net | <u>43</u> | <u>25</u> | <u>68</u> |

Note: Unallocated depreciation of property, plant and equipment of approximately RMB7,645,000 (2024: approximately RMB5,217,000) and right-of-use assets of approximately RMB402,000 (2024: approximately RMB2,819,000) were not included in other information for the year ended 31 December 2025.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

| | Development and manufacture of biodegradable plastic products <i>RMB'000</i> | Development and manufacture of non-biodegradable automobile plastic parts <i>RMB'000</i> | Unallocated <i>RMB'000</i> | Total <i>RMB'000</i> |
|--------------------------------|--|---|-------------------------------|-------------------------|
| At 31 December 2025 | | | | |
| Assets | | | | |
| Reportable segment assets | 747,424 | 30,165 | 112,882 | 890,471 |
| Liabilities | | | | |
| Reportable segment liabilities | 194,203 | – | 106,259 | 300,462 |
| Other information | | | | |
| Capital expenditures | 627,818 | – | 1,433 | 629,251 |
| At 31 December 2024 | | | | |
| Assets | | | | |
| Reportable segment assets | 142,426 | 36,032 | 512,146 | 690,604 |
| Liabilities | | | | |
| Reportable segment liabilities | 40,471 | 1,009 | 88,768 | 130,248 |
| Other information | | | | |
| Capital expenditures | 3,322 | 62 | 31,251 | 34,635 |

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include inventories, trade receivables, certain property, plant and equipment, certain right-of-use assets, intangible assets and certain other receivables. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade payables. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. All of the Group's revenue from external customers during the years ended 31 December 2025 and 2024 is derived from the PRC and almost all of the Group's assets and liabilities are located in the PRC.

Information about major customers

Details of the customers (including entities under common control) individually accounting for 10% or more of total revenue of the Group during the reporting periods are as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Development and manufacture of biodegradable plastic products | | |
| Customer A | <u>39,228</u> | <u>58,924</u> |

3. REVENUE

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Revenue from contracts with customers within IFRS 15 | | |
| <i>At a point in time</i> | | |
| Development and manufacture of biodegradable plastic products | 237,164 | 381,163 |
| Development and manufacture of non-biodegradable automobile plastic parts | <u>16,257</u> | <u>26,332</u> |
| | <u>253,421</u> | <u>407,495</u> |

4. OTHER INCOME

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Interest income | 951 | 808 |
| Government grants (<i>Note (i)</i>) | 1,169 | 9,803 |
| Recovery of written-off receivables | 545 | – |
| Gain on early termination of leases (<i>Note (ii)</i>) | – | 1,751 |
| Extra refund of lease payment (<i>Note (iii)</i>) | – | 7,900 |
| Others | 7 | 15 |
| | <u>2,672</u> | <u>20,277</u> |

Notes:

- (i) Government grants represent various form of subsidies granted to the Group by the local government authorities in the PRC for compensation of expenses incurred and investments made by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group also received government grants in respect of its investments in the PRC. During the year ended 31 December 2025, amortisation of assets related grants was approximately RMB489,000 (2024: approximately RMB489,000).

There are no unfulfilled conditions or contingencies relating to these grants.

- (ii) During the year ended 31 December 2024, the Group has entered into three lease termination agreements with respective lessor, leading to the termination of three lease arrangements for leased properties/factories. Accordingly, the Group derecognised right-of-use assets with net book value of approximately RMB7,739,000 and the related lease liabilities with carrying amount of approximately RMB9,490,000, resulting in a total gain on early termination of lease of approximately RMB1,751,000.

- (iii) During the year ended 31 December 2023, the Group has entered into a lease termination agreement with a lessor, pursuant to which, a lease arrangement in respect of a factory (the “**2023 Terminated Lease**”) was terminated and a lease payment of RMB1,000,000 previously prepaid was refunded to the Group (the “**2023 Lease Termination**”).

Since the properties related to the 2023 Terminated Lease was unable to fulfil the environmental and fire safety requirements, the Group received an additional refund of lease payment of RMB7,900,000 according to a supplemental termination agreement entered with the lessor in July 2024 in respect of the 2023 Terminated Lease, which had been terminated in 2023. Since the effect of the 2023 Lease Termination was accounted for in prior year, the additional refund was directly credited to other income during the year ended 31 December 2024.

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Finance costs | | |
| Interest on bank loans | 8,638 | 2,936 |
| Interest on lease liabilities | 8 | 351 |
| | <u>8,646</u> | <u>3,287</u> |
| Less: interest on bank borrowings capitalised into construction in progress | <u>(7,620)</u> | <u>—</u> |
| | <u>1,026</u> | <u>3,287</u> |
| Staff costs (including directors' emoluments) | | |
| Salaries, discretionary bonus, allowances and other benefits in kind | 9,381 | 11,583 |
| Contributions to defined contribution plans | 2,696 | 2,845 |
| | <u>12,077</u> | <u>14,428</u> |
| Other items | | |
| Cost of inventories (<i>Note i</i>) | 153,909 | 229,946 |
| Auditor's remuneration | 1,967 | 2,007 |
| Amortisation of intangible assets (charged to " administrative and other operating expenses ") | 9 | 9 |
| Depreciation of property, plant and equipment (charged to " cost of sales ", " selling and distribution expenses " and " administrative and other operating expenses ", as appropriate) | 13,216 | 11,105 |
| Depreciation of right-of-use assets (charged to " cost of sales " and " administrative and other operating expenses ", as appropriate) | 432 | 2,888 |
| Loss on disposal of property, plant and equipment, net | 4,936 | 352 |
| Research and development expenses (charged to " cost of sales " and " administrative and other operating expenses ", as appropriate) (<i>Note ii</i>) | 35,733 | 26,196 |
| Expenses recognised under short-term leases | 1,914 | 559 |
| (Reversal of) Provision for loss allowance of trade receivables, net | <u>(295)</u> | <u>68</u> |

Notes:

- (i) Cost of inventories included the following items which were also included in the respective amounts as disclosed above.

| | 2025 | 2024 |
|---------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Staff costs | 6,774 | 8,134 |
| Depreciation on: | | |
| – Property, plant and equipment | 8,551 | 8,385 |
| – Right-of-use assets | – | 1,121 |
| | <u>15,325</u> | <u>17,640</u> |

- (ii) Research and development expenses included the following items which were also included in the respective amounts as disclosed above.

| | 2025 | 2024 |
|---|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Staff costs | 1,086 | 1,165 |
| Depreciation on property, plant and equipment | 340 | 370 |
| | <u>1,426</u> | <u>1,535</u> |

6. TAXATION

| | 2025 | 2024 |
|---|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current tax | | |
| PRC enterprise income tax (“PRC EIT”) | 4,043 | 19,365 |
| Deferred tax | | |
| Changes in temporary differences | 1,956 | 61 |
| Total income tax expenses for the year | <u>5,999</u> | <u>19,426</u> |

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 December 2025 and 2024.

The Group’s entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% except for Jilin Province Kaishun New Material Co., Ltd* (吉林開順新材料有限公司) (“**Jilin Kaishun**”) which was recognised as High and New Technology Enterprise (“**HNTE**”) and is entitled to a preferential tax rate of 15% during the years ended 31 December 2025 and 2024. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approval for Jilin Kaishun enjoying this tax benefit was obtained in November 2024 for the three years ending 31 December 2026.

* *English name for identification purpose only.*

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

| | 2025 <i>RMB’000</i> | 2024 <i>RMB’000</i> |
|--|------------------------|------------------------|
| Profit: | | |
| Profit attributable to owners of the Company used for the purpose of basic earnings per share | <u>29,114</u> | <u>111,161</u> |
| | <i>’000</i> | <i>’000</i> |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | <u>1,000,000</u> | <u>1,000,000</u> |

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

There were no dilutive potential ordinary shares during the years ended 31 December 2025 and 2024, and therefore, diluted earnings per share is the same as the basic earnings per share.

8. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2025 (2024: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

| | Buildings <i>RMB'000</i> | Leasehold improvements <i>RMB'000</i> | Plant and machinery <i>RMB'000</i> | Furniture, fixtures and office equipment <i>RMB'000</i> | Motor vehicles <i>RMB'000</i> | Construction in progress <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|-----------------------------|---|--|---|-------------------------------------|---|-------------------------|
| Reconciliation of carrying amount | | | | | | | |
| – year ended 31 December 2025 | | | | | | | |
| At 1 January 2025 | 19,035 | 51,220 | 50,192 | 151 | 627 | – | 121,225 |
| Additions | – | – | 18,275 | 1,143 | 328 | 609,505 | 629,251 |
| Disposal | – | – | (23,262) | – | (34) | – | (23,296) |
| Depreciation | (1,526) | (5,565) | (5,951) | (17) | (157) | – | (13,216) |
| At 31 December 2025 | 17,509 | 45,655 | 39,254 | 1,277 | 764 | 609,505 | 713,964 |
| Reconciliation of carrying amount | | | | | | | |
| – year ended 31 December 2024 | | | | | | | |
| At 1 January 2024 | 20,561 | 23,828 | 54,336 | 198 | 849 | – | 99,772 |
| Additions | – | 30,523 | 4,089 | 21 | 2 | – | 34,635 |
| Disposal | – | – | (2,077) | – | – | – | (2,077) |
| Depreciation | (1,526) | (3,131) | (6,156) | (68) | (224) | – | (11,105) |
| At 31 December 2024 | 19,035 | 51,220 | 50,192 | 151 | 627 | – | 121,225 |
| At 31 December 2025 | | | | | | | |
| Cost | 32,139 | 58,570 | 57,870 | 1,502 | 1,233 | 609,505 | 760,819 |
| Accumulated depreciation | (14,630) | (12,915) | (18,616) | (225) | (469) | – | (46,855) |
| | 17,509 | 45,655 | 39,254 | 1,277 | 764 | 609,505 | 713,964 |
| At 31 December 2024 | | | | | | | |
| Cost | 32,139 | 58,570 | 66,158 | 359 | 1,469 | – | 158,695 |
| Accumulated depreciation | (13,104) | (7,350) | (15,966) | (208) | (842) | – | (37,470) |
| | 19,035 | 51,220 | 50,192 | 151 | 627 | – | 121,225 |

The Group's buildings with a total carrying amount of approximately RMB17,509,000 and RMB19,035,000 at 31 December 2025 and 2024, respectively, were pledged to secure banking facilities granted to the Group (Note 13).

10. RIGHT-OF-USE ASSETS

| | Leasehold land <i>RMB'000</i> | Leased properties <i>RMB'000</i> | Motor vehicles <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|---|--|---|--------------------------------|
| Reconciliation of carrying amount | | | | |
| – year ended 31 December 2025 | | | | |
| At 1 January 2025 | 768 | 30 | 230 | 1,028 |
| Additions | 9,976 | – | – | 9,976 |
| Depreciation | (224) | (30) | (178) | (432) |
| At 31 December 2025 | 10,520 | – | 52 | 10,572 |
| Reconciliation of carrying amount | | | | |
| – year ended 31 December 2024 | | | | |
| At 1 January 2024 | 792 | 10,414 | 449 | 11,655 |
| Disposal upon early termination of lease | – | (7,739) | – | (7,739) |
| Depreciation | (24) | (2,645) | (219) | (2,888) |
| At 31 December 2024 | 768 | 30 | 230 | 1,028 |
| At 31 December 2025 | | | | |
| Cost | 10,949 | – | 1,399 | 12,348 |
| Accumulated depreciation | (429) | – | (1,347) | (1,776) |
| | 10,520 | – | 52 | 10,572 |
| At 31 December 2024 | | | | |
| Cost | 973 | 18,174 | 1,399 | 20,546 |
| Accumulated depreciation | (205) | (18,144) | (1,169) | (19,518) |
| | 768 | 30 | 230 | 1,028 |

The Group leases properties and motor vehicles for its daily operations and the lease terms are 3 to 6 years for each lease during the years ended 31 December 2025 and 2024. The leasehold land represents lump sum consideration paid by the Group, which are with initial lease period of 41 to 50 years and there are no ongoing payments to be made under the terms of the land leases.

The Group's leasehold land with a total carrying amount of approximately RMB10,520,000 and RMB768,000 at 31 December 2025 and 2024, respectively, were pledged to secure banking facilities granted to the Group (*Note 13*).

The Group's motor vehicles with a total carrying amount of approximately RMB230,000 at 31 December 2024, were pledged to secure the lease liabilities. The lease agreements do not impose any covenants other than the security interests in the motor vehicles those are held by the lessor.

Extension and termination options

Certain lease contracts of the leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased property is normally exercised because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased property without significant cost or acquisition of a new property or there exists special circumstance leading to termination of lease which would be negotiated with the lessor on case by case basis. The Group seldom exercises options that were not included in the lease liabilities. During the year ended 31 December 2025, the lease contract for the leased property contains an extension or termination option, in which the total lease payment made amounted to approximately RMB31,000 (2024: approximately RMB73,000), representing the total cash outflows for lease during the reporting period.

Restriction or covenants

Except for the leasehold land, other leases of the Group impose a restriction that, unless approval is obtained from the lessor, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

11. TRADE AND OTHER RECEIVABLES

| | <i>Note</i> | 2025 RMB'000 | 2024 RMB'000 |
|---|--------------|-------------------------------|-----------------|
| Trade receivables | | | |
| From third parties | | 56,228 | 114,981 |
| Less: Loss allowances | | (281) | (576) |
| | <i>11(a)</i> | 55,947 | 114,405 |
| Other receivables | | | |
| Prepayments | <i>11(b)</i> | 6,796 | 6,440 |
| Other deposits and receivables | <i>11(c)</i> | 8,823 | 2,073 |
| Value-added tax and other tax recoverable | | 50,351 | 396 |
| | | 65,970 | 8,909 |
| | | 121,917 | 123,314 |

11(a) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Within 30 days | 18,690 | 43,776 |
| 31 to 60 days | 22,102 | 37,771 |
| 61 to 90 days | 15,155 | 30,280 |
| Over 90 days | — | 2,578 |
| | <u>55,947</u> | <u>114,405</u> |

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Not yet due | 55,947 | 111,827 |
| Within 30 days | — | 1,283 |
| 31 to 60 days | — | 1,295 |
| | <u>55,947</u> | <u>114,405</u> |

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

11(b) The amount at 31 December 2025 mainly represents prepayment for purchase of raw materials amounted to RMB3,000,000 and prepaid consultancy fee amounted to RMB3,547,000 (2024: *prepaid consultancy amounted to RMB6,385,000*).

11(c) The amount at 31 December 2025 mainly represents consideration receivables from disposal of property, plant and equipment of approximately RMB7,892,000 which was fully settled in March 2026 (2024: *consideration receivables from disposal of property, plant and equipment of approximately RMB1,117,000 which was fully settled in January 2025*).

12. TRADE AND OTHER PAYABLES

| | <i>Note</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|--|-------------|-------------------------------|------------------------|
| Trade payables | | | |
| To third parties | 12(a) | <u>10,203</u> | <u>41,480</u> |
| Other payables | | | |
| Salary payables | | 1,018 | 1,380 |
| Value-added tax and other tax payables | | 38 | 1,313 |
| Amount due to a director | 12(b) | 5,978 | 1,617 |
| Accruals and other payables | 12(c) | <u>12,913</u> | <u>8,387</u> |
| | | <u>19,947</u> | <u>12,697</u> |
| | | <u>30,150</u> | <u>54,177</u> |

12(a) Trade payables

The trade payables are unsecured, interest-free and with normal credit terms up to 60 days.

At the end of reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

| | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|----------------|-------------------------------|------------------------|
| Within 30 days | 7,131 | 26,095 |
| 31 to 60 days | 2,864 | 15,227 |
| 61 to 90 days | <u>208</u> | <u>158</u> |
| | <u>10,203</u> | <u>41,480</u> |

12(b) Amount due to a director

The amount due is unsecured, interest-free and repayable on demand.

12(c) Accruals and other payables

The amount at 31 December 2025 included payable for purchase of property, plant and equipment of approximately RMB8,072,000 (2024: accrued interest expenses of approximately RMB1,334,000 and payable for purchase of property, plant and equipment of approximately RMB1,664,000), which is payable on demand or within one year upon the acceptance of relevant property, plant and equipment.

13. INTEREST-BEARING BORROWINGS

At the end of the reporting period, the interest-bearing borrowings were as follows:

| | <i>Note</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|--------------------------------------|-----------------|-------------------------------|------------------------|
| Secured and/or guaranteed borrowings | <i>(a), (c)</i> | | |
| – Bank and other loans | | <u>266,580</u> | <u>57,250</u> |
| Unsecured borrowings | <i>(b)</i> | | |
| – Other loan | | <u>–</u> | <u>14,760</u> |
| | | <u>266,580</u> | <u>72,010</u> |
| Current portion | | 81,123 | 70,724 |
| Non-current portion | | <u>185,457</u> | <u>1,286</u> |
| | | <u>266,580</u> | <u>72,010</u> |

The carrying amounts of the interest-bearing borrowings are denominated in the following currencies:

| | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|------|-------------------------------|------------------------|
| RMB | 266,580 | 67,250 |
| HK\$ | <u>–</u> | <u>4,760</u> |
| | <u>266,580</u> | <u>72,010</u> |

An analysis of the carrying amounts of the Group's interest-bearing borrowings by type is as follows:

| | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|----------------|-------------------------------|------------------------|
| At fixed rates | <u>266,580</u> | <u>72,010</u> |

Notes:

13(a) At 31 December 2025, the secured borrowings carry weighted average effective interest rate of approximately 3.92% (2024: approximately 4.41%) per annum.

13(b) The unsecured borrowings as at 31 December 2024 carry effective interest rate of 10.90% per annum and were fully settled during the year.

13(c) The secured borrowings are secured by:

- (i) a leasehold land of the Group with aggregate net carrying amounts of approximately RMB10,520,000 and RMB768,000 at 31 December 2025 and 2024, respectively (Note 10);
- (ii) buildings of the Group with aggregate net carrying amounts of approximately RMB17,509,000 and RMB19,035,000 at 31 December 2025 and 2024, respectively (Note 9);
- (iii) personnel guarantee provided by Mr. Shan Yuzhu, an executive director of the Company, against certain loans with carrying amount of approximately RMB237,880,000 (2024: RMB3,000,000);
- (iv) personnel guarantee provided by Ms. Zhang Yuqiu, an executive director of the Company, against certain loans with carrying amount of approximately RMB234,500,000 (2024: Nil); and
- (v) joint personnel guarantees provided by Mr. Shan Yuzhu and Ms. Zhang Yuqiu, the executive directors of the Company, against certain loans with carrying amount of approximately RMB3,000,000 (2024: Nil); and
- (vi) properties held by Mr. Shan Yuzhu against a loan with carrying amount of approximately RMB16,000,000 (2024: RMB15,990,000).

In addition, the secured borrowings are guaranteed by a non-wholly owned subsidiary, 儀徵市聚鑫源生物科技有限公司 Yizheng City Juxinyuan Biotechnology Co., Ltd.* (“**Yizheng Juxinyuan**”), Changchun Guangke and the Company.

All facilities obtained from banks and other financial institutions are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.

* *English name for identification purpose only.*

14. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the year ended 31 December 2025, further information of the related party transactions is set out below.

- (a) Balance with related parties:

At 31 December 2025, there was no significant balance with related parties except for the amount due to a director with carrying amount of approximately RMB5,978,000 (2024: approximately RMB1,617,000) as set out in Note 12(b).

(b) Remuneration for key management personnel (namely the Company's directors) of the Group:

| | 2025 | 2024 |
|--|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Salaries, discretionary bonus, allowances and other benefits in kind | 1,518 | 1,791 |
| Contributions to defined contribution plans | 236 | 269 |
| | 1,754 | 2,060 |

15. COMMITMENTS

(a) Capital expenditure commitments

| | 2025 | 2024 |
|---|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Contracted but not provided net of deposits paid for acquisition of | | |
| – leasehold land (<i>Note</i>) | – | 9,976 |
| – property, plant and equipment | 8,072 | – |

Note:

The amount represents consideration for purchase of leasehold land located in Changchun, the PRC and has been subsequently settled in January 2025.

(b) Commitments under leases

The Group as lessee

At 31 December 2025 and 2024, the Group was committed to approximately RMB531,000 and RMB962,000 for short-term leases, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group was established in March 2014 primarily engaging in the development and manufacturing of non-biodegradable automobile plastic parts. In response to the PRC Government's environmental protection policies and regulations relating to restriction and prohibition of the use of non-biodegradable plastics and controlled plastic pollution (the "**Policies and Regulations**"), we, since 2015, had gradually diversified our business into the development and manufacturing of biodegradable plastic products while maintaining the operation for non-biodegradable automobile plastic parts which accounted for approximately 6.4% and approximately 6.5% of the Group's total revenue during FY2025 and FY2024, respectively.

Our biodegradable products mainly comprise (i) biodegradable produce bag rolls; (ii) biodegradable shopping bags; and (iii) biodegradable stretch wraps. During the Year, all our biodegradable products were sold to customers in the PRC, mainly in the Northeast China, which accounted for approximately 90.3% of the Group's revenue in biodegradable plastic products (*FY2024: approximately 80.4%*), whilst the sales to other cities in the PRC accounted for the remaining approximately 9.7% (*FY2024: approximately 19.6%*).

The Group faced a challenging operating environment during FY2025, due to a subdued domestic consumer demand, a shift in shopping habits from in-store to online purchasing and increased adoption of substitute products. These factors led to a decrease in orders from existing customers, particularly supermarket chains and resulted in a decline in revenue and profitability. Discussion on the Group's FY2025 financial results is set out in this section below.

Despite these headwinds, we remained steadfast in our commitment to sustainable development and innovation. A key milestone in FY2025 was the construction of our new production base in a land located in the Changchun Jiutai Economic Development Zone* (長春市九台經濟開發區), covering a total site area of 31,615 square meters (the "**Land**"). In June 2025, we entered into a construction contract to develop a production base with a gross floor area of approximately 80,298 square meters on the Land (the "**Construction**"). As of the date of this announcement, the Construction work has been completed and have passed all requisite acceptance inspections. The trial production and the application for the real estate ownership certificate* (不動產權證) are currently in progress. We believe that establishing the additional production base in Changchun will deliver multiple benefits, including (i) strategic consolidation and cost efficiency; (ii) market realignment to serve core customer base; (iii) enhance control and proven execution capability in Changchun; and (iv) resource optimisation.

We had contributed the discussion and formulation of the national standard for biodegradable plastic shopping bags, namely, "GB/T 38082-2019", which was issued by The State Administration for Market Regulation of the PRC and The Standardization Administration of the PRC in October 2019. The "GB/T 38082-2019" has remained as the sole and only national standard in the PRC for biodegradable plastic shopping bags since then.

During the Year, we continued to devote resources to further strengthen our production capacity and deepen our cooperation with major research organizations, including the research and development (“R&D”) of biodegradable plastic products through collaboration with The Changchun Institute of Applied Chemistry Chinese Academy of Science (“CIAC”), a third-party research institute, in which we owned the rights to the R&D results. Our ongoing R&D efforts have enabled us to improve product performance and cost-efficiency, thereby expanding the market potential for plastic products.

The Group also joined as members of those plastic production related industry associations in the PRC, including the Degradable Plastics Committee of China Plastic Processing Industry Association and The Changchun Die & Mold Industry Association so as to embrace the changing market trends and bring new growth momentum to the Group’s business development.

PROSPECT

The development of the biodegradable plastic products market in the PRC remains driven by a series of supportive Policies and Regulations. The PRC Government remains firmly committed to promoting a clean and sustainable environment and continues to support industries focused on environmental protection and the development of eco-friendly products. Since 2021, the PRC Government has progressively implemented these policies across various provinces, particularly regarding the prohibition of non-biodegradable plastics.

In recent years, the PRC Government has successively issued a series of policies to support the development of biodegradable materials, such as the “Opinions on Further Strengthening the Control of Plastic Pollution* (關於進一步加強塑料污染治理的意見)” and “Catalogue of Plastic Products Prohibited or Restricted From Production, Sale and Use (Draft for comments) * (禁止、限制生產、銷售和使用的塑料製品目錄(徵求意見稿))”, which clearly stipulate and promote the application of biodegradable materials.

According to the articles published by The State Administration for Market Regulation of the PRC in July 2025 (the “Articles”), more than five years after the implementation of the national standard for biodegradable plastic shopping bags, combined with the enforcement of the national “Plastic Ban* (限塑令)”, the annual usage of traditional plastic bags has decreased by approximately 20 billion units. This has significantly mitigated the “white pollution” problem caused by improper disposal of conventional plastics. Additionally, consumer awareness of biodegradable bags has increased by over 50%, with a corresponding rise in willingness to pay for such products. The use of biodegradable bags has become commonplace in shopping malls, supermarkets, and wet markets.

Furthermore, according to the Articles, China’s biodegradable plastic shopping bag production capacity grew at an annual rate exceeding 20% from 2020 to 2024. In 2024, total market output reached nearly 500,000 tons, with a market value surpassing RMB10 billion. It is projected that by 2030, production capacity will reach 2 million tons, with market value exceeding RMB60 billion.

In view of (i) the increasing demand for biodegradable plastic products in compliance with government policies; (ii) favorable policies and initiatives promulgated by the PRC Government; and (iii) the Group's strengthened production capacity, technological innovation and industry-leading expertise, we remain confident in the prospects for our business. To stimulate revenue growth, the Group plans to introduce new product varieties and to broaden its sales channels by expanding both online and offline sales. The Group is well positioned to navigate the opportunities and challenges ahead.

* *English for identification purpose only*

FINANCIAL REVIEW

Revenue

For FY2025, the Group's revenue recorded a decrease of approximately RMB154.1 million or 37.8% to approximately RMB253.4 million, as compared with approximately RMB407.5 million recorded for FY2024. This decline was primarily attributable to weakened domestic consumer demand during FY2025, driven by a shift in shopping habits from in-store to online purchasing and increased adoption of substitute products. Consequently, there was a reduction in orders from existing customers, particularly supermarket chains, notably affecting sales of biodegradable shopping bags and biodegradable produce bag rolls.

Cost of Sales

During the Year, the Group's cost of sales amounted to approximately RMB155.2 million, representing a decrease of approximately RMB90.3 million or 36.8%, as compared with approximately RMB245.5 million for the Preceding Year. This decrease was primarily due to the decrease in production costs and raw material costs in line with the decreased revenue during the Year.

Gross Profit and Gross Profit Margin

During the Year, as a result of decrease in revenue, the Group recorded gross profit amounted to approximately RMB98.2 million, versus approximately RMB162.0 million recorded for the Preceding Year, representing a decrease of approximately RMB63.8 million or 39.4%. The gross profit margin for the Year held steady at approximately 38.8% (*FY2024: approximately 39.8%*).

Other Income

During the Year, the Group's other income amounted to approximately RMB2.7 million, as compared with approximately RMB20.3 million recorded for the Preceding Year, representing a decrease of approximately RMB17.6 million or 86.7%. Such decrease was mainly attributable to (i) the absence in FY2025 of a one-off lease payment refund recognised for FY2024, which amounted to RMB7.9 million, arising from the early terminated lease agreement of Huizhou factory; (ii) the decrease in government grant, which amounted to approximately RMB1.2 million for the Year (*FY2024: approximately RMB9.8 million*), mainly due to the absence in FY2025 of a one-off government grant recognised for FY2024 in connection with the Company's successful listing on the Stock Exchange; and (iii) the absence in FY2025 of gain on early termination of leases (*FY2024: approximately RMB1.8 million*).

Selling and Distribution Expenses

The Group's selling and distribution expenses for FY2025 amounted to approximately RMB3.6 million, representing a decrease of approximately RMB1.8 million or 33.3%, as compared with approximately RMB5.4 million recorded for FY2024. Such decrease was mainly due to lower logistics service fee and staff costs incurred in line with decrease in revenue during the Year.

Administrative and Other Operating Expenses

During the Year, the Group's administrative and other operating expenses increased to approximately RMB60.9 million from approximately RMB41.8 million recorded for the Preceding Year. Such increase of approximately RMB19.1 million or 45.7% was primarily attributed to the combined impacts of the following factors: (i) the increase in the R&D expenses by approximately RMB9.5 million, mainly for new R&D projects in collaboration with CIAC; and (ii) the increase in the loss on disposal of property, plant and equipment, net, by approximately RMB4.6 million.

Finance Costs

During the Year, the Group's finance costs amounted to approximately RMB1.0 million, as compared with the amount of approximately RMB3.3 million for the Preceding Year, representing a decrease of approximately RMB2.3 million or 69.7%. Such decrease was mainly due to the capitalisation of interest on bank loans at approximately RMB7.6 million for the Year (*FY2024: Nil*). Excluding the effect of the capitalisation of interest, the finance costs would be amounted to approximately RMB8.6 million for FY2025, representing an increase of approximately RMB5.3 million or 160.6%, primarily due to higher balance of interest-bearing borrowings during the Year.

Taxation

The Group's income tax expenses decreased from approximately RMB19.4 million for the Preceding Year to approximately RMB6.0 million for the Year, representing a decrease of approximately RMB13.4 million or 69.1%, which was mainly attributable to the decrease in profit before tax, reflecting the Group's business performance during the Year.

Profit for the Year

The Group recorded a profit for the Year of approximately RMB29.5 million, as compared to the profit for the Preceding Year of approximately RMB112.4 million. The decrease in profit of approximately RMB82.9 million or 73.8% for the Year was mainly due to (i) the decrease in gross profit derived from the decrease in revenue; (ii) the decrease in other income; and (iii) the increase in administrative and other operating expenses, as analysed above.

Property, Plant and Equipment

The property, plant and equipment of the Group significantly increased by approximately RMB592.8 million or 489.1% to approximately RMB714.0 million as at 31 December 2025, as compared with approximately RMB121.2 million as at 31 December 2024, which was mainly due to additions on construction in progress regarding to the new production base in Changchun, Jilin Province, the PRC of approximately RMB609.5 million; partially offset by the disposal and depreciation of property, plant and equipment of approximately RMB23.3 million and RMB13.2 million, respectively.

Right-of-use Assets

The right-of-use assets of the Group significant increased by approximately RMB9.6 million or 960% to approximately RMB10.6 million as at 31 December 2025, as compared with approximately RMB1.0 million as at 31 December 2024. Such increase was due to the acquisition of the Land completed in January 2025.

Inventories

As at 31 December 2025, the inventories of the Group amounted to approximately RMB17.3 million, as compared with the balance of approximately RMB22.2 million as at 31 December 2024, represented a decrease of approximately RMB4.9 million or 22.1%. The decrease in balance was primarily due to the decrease in the raw materials by approximately RMB4.4 million, with some materials utilised for new R&D projects.

Trade and Other Receivables

As at 31 December 2025, the trade and other receivables of the Group amounted to approximately RMB121.9 million, as compared with approximately RMB123.3 million recorded as at 31 December 2024. Such decrease of approximately RMB1.4 million or 1.1% was primarily attributable to the combined effects of (i) decrease in balance of trade receivables by approximately RMB58.5 million, driven by declined revenue during the Year; and (ii) increase in balance of value-added tax and other tax recoverable by approximately RMB50.0 million due to the increase in input value-added tax arising from significant capital expenditure incurred during the Year.

Trade and Other Payables

As at 31 December 2025, the trade and other payables of the Group amounted to approximately RMB30.2 million, as compared with approximately RMB54.2 million as at 31 December 2024. Such decrease of approximately RMB24.0 million or 44.3% was mainly due to the combined effects of (i) decrease in trade payables by approximately RMB31.3 million due to decrease in procurement during the Year; (ii) increase in accruals and other payables by approximately RMB4.5 million due to the increase in other payables from purchase of property, plant and equipment to approximately RMB8.1 million (2024: approximately RMB1.7 million), partially offset by the decrease in other accrued expenses; and (iii) increase in amount due to a director by approximately RMB4.4 million for operating purpose. This amount is unsecured, interest-free and repayable on demand.

Liquidity and Financial Resources and Capital Structure

The Group exercised high level of prudence through stringent review of liquidity, risk exposure and market conditions and reacted swiftly to identify and mitigate risks.

As at 31 December 2025, the Group had maintained adequate liquidity with bank balances and cash in a total of approximately RMB22.2 million as compared with approximately RMB422.7 million as at 31 December 2024.

During FY2025, the Group financed its operations and the Construction with borrowings from banks and financial institutions and internal cash flows. As at 31 December 2025, the Group had interest-bearing borrowings of approximately RMB266.6 million, against approximately RMB72.0 million as at 31 December 2024.

The Group's gearing ratio as at 31 December 2025 was approximately 45.2%, compared to approximately 12.9% as at 31 December 2024. The gearing ratio equals to total debts divided by total equity, whereby total debts include interest-bearing borrowings and lease liabilities.

Treasury Policies

The Group implemented prudent treasury policies to maintain strong flexibility and capability to fund its business operations and manage unexpected contingencies. During the Year, the management performed credit assessments and evaluation of financial status of its customers to mitigate the Group's credit risk exposure while closely monitored the Group's liquidity position to ensure availability of sufficient financial resources to meet with the Group's funding requirements and commitments.

Exchange Rate Exposure

The majority of the Group's transactions, assets and liabilities were denominated in RMB. Since the exchange rate risk was not significant, the Group did not commit to any financial instruments to hedge against its foreign exchange exposure during the Year. The Directors and senior management closely monitor the foreign exchange exposure of the Group and will consider applicable financial derivatives as and when necessary.

Charge on Group Assets

As at 31 December 2025, the Group's interest-bearing borrowings and lease liabilities were secured by charges over the following assets of the Group:

| | As at 31 December | |
|----------------|-------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Buildings | 17,509 | 19,035 |
| Leasehold Land | 10,520 | 768 |
| Patents | — | 73 |
| | <u>28,029</u> | <u>19,876</u> |

Contingent Liabilities

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

Commitments

As at 31 December 2025, the Group had capital expenditure commitments of approximately RMB13.2 million (2024: approximately RMB10.0 million), details of which are set out in note 15 to the consolidated financial statements in this announcement.

Significant Investments, Material Acquisitions and Disposals

Construction Contract of the Group's New Production Base Located at Changchun, Jilin Province, the PRC

On 5 June 2025, Jilin Province Kaishun New Material Co., Ltd.* (“**Jilin Kaishun**”, 吉林省開順新材料有限公司), an indirect 99.01%-owned subsidiary of the Company, entered into a construction contract with Henan Naiwo Construction Engineering Co., Ltd.* (河南耐沃建設工程有限公司) (the “**Contractor**”), pursuant to which the Contractor agreed to perform the construction project of the Group's production base with gross area of approximately 80,298 sq.m. at the total consideration of approximately RMB236.7 million (the “**Consideration**”) located at Changchun Jiutai Economic Development Zone* (長春市九台經濟開發區). The Construction has commenced in June 2025. Up to the date of this announcement, the Construction work has been completed and have passed all requisite acceptance inspections. The trial production and the application for the real estate ownership certificate* (不動產權證) are currently in progress.

As the highest applicable percentage ratio (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) in respect of the transactions contemplated under the Construction Contract exceeds 25% but is less than 100%, the transactions contemplated thereunder constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules. Details regarding the Construction Contract and the Construction are set out in the Company's circular dated 26 June 2025.

Save for the aforementioned, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries or associated companies or joint ventures during the Year. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

* *English for identification purpose only*

Final Dividend

The Directors do not recommend the payment of a final dividend for the Year (FY2024: Nil).

Significant Events After the Reporting Period

The Group did not have any significant events after the reporting period and up to the date of this announcement.

Human Resources

As at 31 December 2025, the Group had a total of 157 employees (As at 31 December 2024: 161) serving its business in the PRC, all our employees stationed in the PRC. Total staff cost including Directors' emoluments and retirement benefit costs for FY2025 amounted to approximately RMB12.1 million, against approximately RMB14.4 million as recorded in the Preceding Year.

The Group remunerated its employees and Directors in line with the prevailing market practices after taking into account their experience, responsibilities and scope of works. The Group has established a share option scheme and share options will be granted to the employees and Directors in accordance with the Group's remuneration policy with reference to the performance of the respective employees and Directors under the terms and conditions of the share option scheme.

OTHER INFORMATION

USE OF PROCEEDS

The shares of the Company (the "**Shares**") were listed on the Stock Exchange on the Listing Date, a total of 190,000,000 offer Shares were allotted and issued and the net proceeds raised therefrom amounted to approximately HK\$155.4 million (the "**Net Proceeds**").

On 28 March 2025, the Board, having considered the reasons set out in "Reason for the Change in Use of Proceeds" under "Management Discussion and Analysis – Future Plan and Use of Proceeds" section in the 2024 annual report of the Company, resolved to change the use of unutilised net proceeds as at 31 December 2024 (the "**Unutilised Net Proceeds**"). The change in use of proceeds, the revised allocation of adjusted Net Proceeds and the amount of the Unutilised Net Proceeds, and the utilization of Net Proceeds up to 31 December 2025 are set out in the table below:

| Original use of proceeds as disclosed in the Prospectus | Original allocation of adjusted Net Proceeds <i>HK\$'000</i> | Changed use of proceeds | Revised allocation of adjusted Net Proceeds <i>HK\$'000</i> | Amount of utilised Net | Amount of unutilised Net | Expected timeline for the utilising unutilized Net Proceeds amount |
|---|---|--|--|--|--|--|
| | | | | Proceeds as at 31 December 2025 <i>HK\$'000</i> | Proceeds as at 31 December 2025 <i>HK\$'000</i> | |
| Expand biodegradable plastic products production lines at the Changchun Production Base | 51,743 | same | 51,743 | 51,743 | – | Not applicable |
| Establish the Huizhou Production Base in the Southeast China | 51,588 | Establish the new production base in Changchun at the Land | 51,588 | 51,588 | – | Not applicable |
| Strengthen R&D capabilities and upgrade existing R&D equipment of the Group | 6,682 | same | 6,682 | 6,682 | – | Not applicable |
| Finance R&D projects of the Group | 33,253 | same | 33,253 | 33,253 | – | Not applicable |
| Strengthen IT system of the Group | 4,662 | same | 4,662 | 4,662 | – | Not applicable |
| General working capital | <u>7,458</u> | same | <u>7,458</u> | <u>7,458</u> | <u>–</u> | Not applicable |
| | <u><u>155,386</u></u> | | <u><u>155,386</u></u> | <u><u>155,386</u></u> | <u><u>–</u></u> | |

As at 31 December 2025, all of the Net Proceeds have been fully utilised.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “**Share Option Scheme**”) on 9 March 2023 (the “**Adoption Date**”) and effective upon the Listing Date for a period of 10 years and will expire on 30 March 2033. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of any manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

(B) Participants

In accordance with the terms of the Share Option Scheme, our Board may, at its absolute discretion, offer the grant of options (“**Options**”) to subscribe for such number of Shares to:

- (a) any full-time employee of any member of the Group (“**Employee**”); and
- (b) any director of any member of the Group who does not perform an executive function (the person referred to in paragraphs (a) and (b) above are the “**Eligible Persons**”).

(C) Total Number of Shares Available for Issue

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date.

At the date of this announcement, a total of 100,000,000 Shares, representing 10% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

(D) Maximum Entitlement of Each Participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (excluding any Options lapsed in accordance with the terms of the Share Option Scheme) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. The Company shall send a circular to the Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted in the 12-month period) to such Eligible Person, the purpose of granting options to the Eligible Person and an explanation as to how the terms of the options serve such purpose, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of the Shareholders and the date of the meeting or resolution of the Board proposing such grant shall be taken as the offer date for the purpose of calculating the exercise price of those Options.

(E) Offer and Grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

(F) Minimum Vesting Period

All Options granted under the Share Option Scheme will be subject to a vesting period of no less than 12 months from the date of grant except for the specific circumstances set out in the Share Option Scheme.

(G) Subscription Price

The subscription price in respect of any particular Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business Days (as defined in the Listing Rules) immediately preceding the offer date.

(H) Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.0 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the "**Acceptance Date**"). Such remittance shall in no circumstances be refundable. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

(I) Exercise of Option

An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot for dealing in the Shares on the Stock Exchange, as the case may be, or any integral multiple thereof) within the Option period in the manner as set out in the Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given.

The exercise of any Option may be subject to a vesting schedule to be determined by our Board in its absolute discretion, which shall be specified in the offer letter.

Subject as hereinafter provided and subject to the terms and conditions upon which the Option is granted, an Option may be exercised by the grantee at any time during the Option period, provided that, among others:

- (i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full) and none of the events for termination of employment or engagement stated in the relevant terms of the Share Option Scheme exists with respect to such grantee, he or she (or his or her legal representative(s)) may exercise the Option up to the grantee's entitlement immediately prior to the death or permanent disability (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability or such longer period as our Board may determine;
- (ii) in the event that the grantee ceases to be a full-time employee of any member of our Group for any reason (including his or her employing company ceasing to be a member of our Group) other than his or her death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his or her employment to a member of our Group or the termination of his or her employment with the relevant member of our Group by resignation or culpable termination, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;
- (iii) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
- (iv) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his or her legal representatives or receiver) may until the expiry of the earlier of:
 - (1) the Option period;
 - (2) the period of two months from the date of such notice; or
 - (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his or her Option.

- (v) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily windup our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her options at any time not later than two Business Days (as defined in the Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully-paid.

(J) Life of Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, being 31 March 2023, and will expire on 30 March 2033, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

For a more details, please refer to section headed “Statutory and General Information – F. Share Option Scheme” in Appendix V to the Prospectus.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and up to date of this announcement. As at 1 January 2025 and 31 December 2025, the total number of options available for grant under the Share Option Scheme are 100,000,000 Shares and 100,000,000 Shares, respectively.

There is no service provider sublimit under the Share Option Scheme.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year and up to the date of this announcement, there was no material breach of or non-compliance with the applicable of relevant laws and regulations by the Group.

Since the Listing Date and up to the date of this announcement, the Board has all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive directors representing at least one-third of the Board.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the “**CG code**”) as set out in Appendix C1 to the Listing Rules on the Stock Exchange during the Year. The Board considered that the Company has complied with all applicable code provisions set out in the CG Code during the Year.

CONNECTED/RELATED PARTIES TRANSACTIONS

The Company had not entered into any connected transaction during the Year, which is required to be disclosed under the Listing Rules. Save for the related party transactions as disclosed in note 14 to the consolidated financial statements in this announcement, there were no other related party transactions, connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions as the Listing Date. Based on specific enquiry made to the Directors, all of the Directors have confirmed that they had complied with the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

During FY2025 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares). As at 31 December 2025, there were no treasury shares (as defined under the Listing Rules) held by the Company.

2026 AGM AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the annual general meeting to be held on Thursday, 25 June 2026 (the “**2026 AGM**”), the register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026 (both days inclusive) during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 18 June 2026.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the Group's financial results for FY2025 including the accounting principles and practices adopted by the Group. There is no disagreement between the Board and the Audit Committee on the Group's financial results for FY2025.

SCOPE OF WORK OF THE COMPANY'S AUDITOR ON THE RESULTS ANNOUNCEMENT

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position of the Group and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Company's auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"), Certified Public Accountants, to the amounts set out in the audited consolidated financial statements of the Group for the year ended 31 December 2025. The work performed by Forvis Mazars 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF THE FINANCIAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.jl-ks.cn. The Company's annual report for FY2025 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

For and on behalf of the Board
China Treasures New Materials Group Ltd.
ZHANG Yuqiu
Chair and Executive Director

Changchun, Jilin, the PRC, 31 March 2026

As at the date of this announcement, the executive Directors are Ms. ZHANG Yuqiu, Mr. SHAN Yuzhu, Mr. LI Xiquan and Mr. LI Peng; and the independent non-executive Directors are Dr. LAI King Yin, Dr. SONG Xiaofeng and Mr. LEUNG Tsz Wing.