GHW International

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9933

2025
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Yin Yanbin (Chairman and Chief Executive Officer)
Zhuang Zhaohui
Chen Zhaohui
Zhou Chunnian
Chen Hua
Diao Cheng

Independent Non-executive Directors:

Sun Hongbin
Wang Guangji
Zheng Qing

AUDIT COMMITTEE

Zheng Qing (Chairlady)
Wang Guangji
Sun Hongbin

REMUNERATION COMMITTEE

Zheng Qing (Chairlady)
Zhuang Zhaohui
Sun Hongbin

NOMINATION COMMITTEE

Yin Yanbin (Chairman)
Zheng Qing
Sun Hongbin

RISK MANAGEMENT COMMITTEE

Chen Zhaohui (Chairman)
Zhou Chunnian
Chen Hua

AUTHORISED REPRESENTATIVES

Yin Yanbin
Wu Wing Hou

COMPANY SECRETARY

Wu Wing Hou

REGISTERED OFFICE

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
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Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

Loeb & Loeb LLP

PRINCIPAL BANKERS

Shanghai Pudong Development Bank (Nanjing Branch)
Bank of Nanjing
Industrial and Commercial Bank of China
(Nanjing City Xuanwu Sub-branch)
Bank of Communications
(Tai'an City Xiangyang Sub-branch)

AUDITORS

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
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38 Wang Chiu Road, Kowloon Bay
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COMPANY'S WEBSITE

www.goldenhighway.com

STOCK CODE

9933

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

GHW International (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") is an applied chemical intermediates provider in the integrated chemical services market, which primarily engages in the production and sales of chemicals and sales of chemicals produced by third party manufacturers based in mainland China, the Southeast Asia region, Europe and the United States (the "**US**"). With headquarters in mainland China, our Group offers a comprehensive product portfolio with a wide range of applications and a full spectrum of services relating to chemical intermediates supply chain through extensive global operations and sales network, including research and development ("**R&D**") on production processes, strong product customisation capabilities, manufacturing of quality chemical products, sourcing of wide-ranging chemicals manufactured by third party manufacturers, efficient and safe logistics services and after-sales services.

As at the date of this report, we have seven principal business segments, including: Methylamine Industry Series, Goldenhighway New Materials, Advanced Materials Intermediates Series, Green Products, Healthcare and Wellness, Iodine Derivatives and Supporting Products, as well as Happy Elephant Selections. For better segment identification, in our original Advanced Materials Intermediates Series segment, we have retained our self-manufactured products in it, while regrouping all trading products, as well as all products in Applied Chemicals Series segment, to a new segment: the Goldenhighway New Materials segment. Besides, we have renamed our Pharmaceutical Intermediates and Active Pharmaceutical Ingredients segment to Healthcare and Wellness segment.

The Methylamine Industry Series segment primarily consists of animal nutrition chemical products, with choline chloride and betaine being the two major products. These two products are additives commonly used in feeds for poultry and livestock, which are crucial to the downstream animal husbandry industries. Choline chloride is an additive in animal feeds to accelerate animal growth. It can also be used as a clay stabilizer in oil and gas drilling and hydraulic fracturing. Betaine can be used as dietary feeding, playing a vital physiological role in animal bodies and enhancing the growth and survival rate of fish, poultry, swine and other animals.

The Goldenhighway New Materials segment focuses primarily on our trading business, including fine chemicals and polyurethane materials, as well as self-manufacturing polymer polyethers. Regarding the fine chemicals products, our Group primarily sources products, such as carboxylic acids, resins and oleochemicals from third-party manufacturers for onward selling to our customers. Carboxylic acids have widespread applications in industries like the synthesis of dyes, production of lubricants, and the manufacture of flavors and fragrances. The major use of resins and oleochemicals involves the production of cosmetics, emulsifiers and lubricants. On the other hand, polyurethane materials, such as polymeric methylene diphenyl diisocyanate ("**polymeric MDI**") and toluene diisocyanate ("**TDI**"), have extensive use in manufacturing industries, including insulation, building materials, adhesives, sponges, shoe materials, foam pads, interior components, and other lightweight automotive parts to promote fuel and energy efficiency. Meanwhile, in 2024, the sales structure of polyether polyol shifted from the rigid foam insulation industry to the soft foam automotive interior sector. Our Group provides products with diverse formulations to offer customers more competitive and value-added solutions.

The Advanced Materials Intermediates Series segment mainly consists of two self-manufactured products, namely isooctanoic acid and diethyl sulfate. The Group's isooctanoic acid holds a significant market share in mainland China. It serves critical applications including paint drier, polyvinyl chloride (PVC) liquid stabilizer, catalyst and pharmaceutical raw materials, and synthesis of dyes, pesticides and pharmaceutical intermediates.

MANAGEMENT DISCUSSION AND ANALYSIS

With increasing emphasis on environmental protection and sustainable development of our downstream customers, our Group has expanded into the Green Products segment, primarily producing cardanol products. The global cardanol market is experiencing a steady growth, with rising demand in traditional application fields and expanding applications. Cardanol is a natural product extracted from cashew nutshell liquid and is widely used in coatings, resins, pharmaceuticals and other fields. It also serves as a bio-based raw material. Our Group manufactures cardanol products at its production facility in Vietnam.

In the field of Healthcare and Wellness segment, our Group sells pharmaceutical products, such as cefpodoxime proxetil dispersible tablets, as well as other pharmaceutical intermediates. We are developing our moxifloxacin hydrochloride side chain production line and anticpating its launch by end of 2025.

The Iodine Derivatives and Supporting Products segment primarily consists of organic and inorganic iodine derivatives, as well as iodine.

Happy Elephant Selections segment represents one of our Group's new business segments, which primarily focuses on selling nutrition products sourced from third parties. Since 2022, our Group has been selling supplements acquired from third party manufacturers, such as vitamin tablets. Additionally, our Group organized sports events during 2024, which effectively promoted the product brand and supported the development of the sales market for supplements and related products.

BUSINESS REVIEW

In the first half of 2025, China's chemical industry faced significant challenges, including subdued demand, pronounced supply-demand imbalances, and declining profit margins. Despite slight growth in major chemical product output, falling raw material prices triggered widespread price reductions for chemical products, dampening overall industry prosperity. Downstream demand remained weak, intensifying supply-demand tensions. While new capacity in basic chemicals was introduced, the pace of industry expansion was slow, leading to a loose supply-demand dynamic that further pressured profitability. Amid global low-carbon trends and China's "dual carbon" strategy, the fine chemicals sector is undergoing a transformative shift toward greener, smarter, and higher-value production processes, laying a robust foundation for sustainable industry growth.

Navigating a complex and dynamic industry landscape, the Group has solidified its leadership by leveraging technological innovation and integrated supply chain management to build robust core competencies. Despite challenges from weakened demand for traditional chemical products, the Group has achieved resilient growth, showcasing strong risk mitigation and adaptability. Embracing an innovation-driven philosophy, the Group continuously optimizes its product portfolio through in-depth market segmentation and operational expansion. By proactively exploring market needs and emerging opportunities, the Group refines its strategic business layout, adopting a diversified and specialized structure to address the market's evolving demands, thereby ensuring sustained and stable development.

In its pursuit of global expansion, the Group capitalizes on its technological expertise and brand strength to penetrate and cultivate international markets. Through strategic investments and collaborative partnerships with enterprises across multiple countries, the Group accelerates the global dissemination of its products and services. Simultaneously, it optimizes its global supply chain to enhance operational efficiency and reduce costs, strengthening its competitive edge in international markets. This strategic and comprehensive approach to globalization establishes a solid foundation for the Group's long-term growth, unlocking expansive opportunities for sustained global development.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2025, our Group recorded a revenue of approximately RMB1,856.7 million (2024: RMB1,790.2 million), representing an increase of 3.7% as compared to the corresponding period last year. Profit for the period significantly increased by 77.1% from approximately RMB4.4 million for the six months ended 30 June 2024 to approximately RMB7.9 million for the six months ended 30 June 2025. The increase in revenue for the period was primarily attributed to the increase in revenue from various segments, such as Green Products and Iodine Derivatives and Supporting Products, where:

– Revenue from the Green Products segment increased by 17.7% from RMB94.7 million to RMB111.5 million. Such increase was primarily attributable to the market recovery in Europe, leading to increased exports and higher production capacity, as well as the rising raw material prices contributing to an increase in the selling price of finished products.

– Revenue from the Iodine Derivatives and Supporting Products increased by 33.6% from RMB440.3 million to RMB588.3 million. Such increase was primarily attributable to the increased sales volume of the Group's expanded market share and higher market penetration rate in both iodine and iodine derivatives.

The increase in profit for the period was primarily attributable to increase in other gain due to the increase in net exchange gain as a result of the appreciation of various currencies, such as Russian Ruble and Mexican Peso against Renminbi ("**RMB**") during the period, as well as increase in other income derived from an additional value-added tax credit refund policy amounting to approximately RMB7.5 million; which is partially offset by the decrease in gross profits generated from particular self-manufacturing and trading products due to the expansion of market supply, leading to an intensive market competition.

Details of our financial performance are further explained below.

FINANCIAL REVIEW

Revenue

The table below sets forth the breakdown of our revenue by business segments during the six months ended 30 June 2025:

Total revenue by business segments

	For the six months ended 30 June			
	2025		2024	
	RMB'000	% of total revenue	RMB'000	% of total revenue
Methylamine Industry Series	600,981	32.4%	617,525	34.5%
Iodine Derivatives and Supporting Products	588,339	31.7%	440,302	24.6%
Goldenhighway New Materials	399,090	21.5%	399,570	22.3%
Advanced Materials Intermediates Series	132,537	7.1%	218,071	12.2%
Green Products	111,485	6.0%	94,706	5.3%
Healthcare and Wellness	15,001	0.8%	13,321	0.7%
Happy Elephant Selections	978	0.1%	—	0.0%
Sub-total	1,848,411	99.6%	1,783,495	99.6%
Others (note)	8,301	0.4%	6,699	0.4%
Total	1,856,712	100.0%	1,790,194	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended 30 June			
	2025		2024	
	RMB'000	% of total revenue	RMB'000	% of total revenue
Self-manufactured chemicals	**1,409,518**	**75.9%**	1,406,830	78.6%
Chemicals produced by third parties	**438,893**	**23.7%**	376,665	21.0%
Sub-total	**1,848,411**	**99.6%**	1,848,411	99.6%
Others (note)	**8,301**	**0.4%**	6,699	0.4%
Total	**1,856,712**	**100.0%**	1,790,194	100.0%

Note: Others primarily include revenue generated from transportation of hazardous chemicals for third parties in mainland China and other miscellaneous income.

Methylamine Industry Series

The revenue from choline chloride, betaine, methylamine, and other products in this segment decreased by 2.7% from approximately RMB617.5 million for the six months ended 30 June 2024 to approximately RMB601.0 million for the six months ended 30 June 2025. Such decrease was primarily attributable to the keen market competition of methylamine as new domestic production capacity became available in the market, leading to drops in sales volume, market price and profit margin during the period.

The sales volume of choline chloride and betaine increased by approximately 10% and 57%, respectively. This increase was primarily attributable to the Group's established strategy of gradually capturing more market share, further increasing market penetration. The increases in revenue and gross profit derived from choline chloride and betaine were partially offset by the price decline of trimethylamine, as the main raw material for choline chloride and betaine, which led to reduced costs but also significantly lowered the selling unit price.

Due to the market oversupply in methylamine, the average selling prices of choline chloride, betaine and methylamine decreased ranging from approximately 3% - 7% for the six months ended 30 June 2025.

Iodine Derivatives and Supporting Products

The revenue from this segment increased by 33.6% from approximately RMB440.3 million for the six months ended 30 June 2024 to approximately RMB588.3 million for the six months ended 30 June 2025, primarily because of the increased sales volume of the Group's expanded market share and higher market penetration rate in iodine and iodine derivatives.

The sales volume of trading iodine derivatives increased by approximately 14%, mainly due to a portion of sub-processing sales shifting to iodine salt trading at the request of customers. The average selling price of iodine derivatives rose by approximately 9%, driven by a tight supply of raw iodine, increasing prices, and a higher selling unit price for iodine salt.

The sales volume of sub-processing iodine derivatives decreased by approximately 130 tonnes, due to a partial shift from sub-processing to a trading model. The decrease in sub-processing iodine derivatives sales volume matched the increase in sales volume of trading iodine derivatives. Its average selling price dropped by approximately 27%, driven by our sales discount provided to loyal customers, leading to lower sales prices.

The sales volume of iodine significantly increased by approximately 104%, driven by increased market share, higher market occupancy, and greater sales volume. The average selling price of iodine rose by approximately 6%, driven by a continued tight supply of raw iodine, rising cost prices, and an increase in the selling unit price.

MANAGEMENT DISCUSSION AND ANALYSIS

Goldenhighway New Materials

The revenue from Goldenhighway new materials, with resins, polymeric MDI, TDI and polymer polyethers as the major traded products, slightly decreased by 0.1% from approximately RMB399.6 million for the six months ended 30 June 2024 to approximately RMB399.1 million for the six months ended 30 June 2025. In the first half of 2025, overall market prices in TDI and polymeric MDI fluctuated while downstream industries such as construction, real estate and infrastructure recovered at a slower pace. However, the Group managed to maintain overall stability and profitability by selling off its inventory accumulated at a lower cost.

The sales volume of TDI increased by approximately 15%, primarily because the Group intended to control the inventory at a low level at the end of the period, given the downward price trend over the period. However, the sales volume of resins and polymeric MDI decreased by approximately 17% and 1%, respectively. The decrease in sales volume of resins was due to sluggish downstream industries.

Despite the drop in sales volume of resins, its average selling price increased by approximately 40%, mainly attributable to the introduction of higher-priced polypropylene and polyethylene as substitutes for ethylene glycol starting in May 2025. The average selling price of polymeric MDI also rose by approximately 3%. In contrast, the average selling price of TDI decreased by approximately 28%, due to the impact of US tariffs, a sustained price decline from mid-February to mid-April, and competitors adopting a production-based sales strategy, leading to oversupply and continuously falling prices in mainland China.

Advanced Materials Intermediates Series

The revenue from isooctanoic acid and diethyl sulfate in this segment decreased from approximately RMB218.1 million for the six months ended 30 June 2024 to approximately RMB132.5 million for the six months ended 30 June 2025. Such decrease was due to a decline in domestic demand and a nearly month-long production halt caused by a malfunction in the Group's reactor equipment requiring maintenance, production volume was affected, leading to a decrease in sales volume.

The sales volume of isooctanoic acid and diethyl sulfate decreased by approximately 19% and 18%, respectively, mainly due to the Group's production disruption caused by a reactor equipment failure, which led to a maintenance shutdown of one month, and the keen competition in the market resulting from decreasing demand of diethyl sulfate.

The average selling price of diethyl sulfate remained stable. In contrast, the average selling price of isooctanoic acid decreased by approximately 28%, due to competitors with new production capacity entering the market and selling at low prices to capture market share, which further reduces the profit margins and selling prices.

Green Products

The revenue of cardanol significantly increased by 17.7% from approximately RMB94.7 million for the six months ended 30 June 2024 to approximately RMB111.5 million for the six months ended 30 June 2025, primarily because of the market recovery in Europe, leading to increased exports and higher production capacity, as well as the rising raw material prices contributing to an increase in the selling price of finished products.

In the past few years, the Group actively explored new geographic markets. The sales volume delivered to Europe for the six months ended 30 June 2025 was increased by more than 30% for the current period. Under the market recovery in Europe, overall, the sales volume of cardanol increased by approximately 11.0%. The average selling price also increased by approximately 6.0%.

MANAGEMENT DISCUSSION AND ANALYSIS

Healthcare and Wellness

The revenue from this segment increased by 12.6% from approximately RMB13.3 million for the six months ended 30 June 2024 to approximately RMB15.0 million six months ended 30 June 2025. The increase in revenue and gross profit was primarily attributable to increased sales volume, especially cefpodoxime proxetil dispersible tablets, resulting from new customer acquisition through participating in trade shows and online promotion.

Happy Elephant Selections

During the period, the Group sold supplements, such as vitamin tablets. The Group also engaged in the organisation of sports events to promote our brand. In the first half of 2025, the segment contribution increased significantly with a revenue of RMB1.0 million, mainly driven by the increase of sales volume in supplements.

During the period, the Group kept seeking collaborative product selection with third party customers, conducted promotion and marketing through tournament platforms, contestants and clubs. It planned to sign contracts with influencer and key opinion leaders (KOL) for live-streaming sales and establish a direct-to-consumer sales platform. Meanwhile, the Group developed its own branded products, built brand influence and Happy Elephant IP series.

The table below sets forth our total sales in terms of geographical locations of our customers during the six months ended 30 June 2025:

Total revenue by geographical locations

	For the six months ended 30 June			
	2025		2024	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Mainland China	**1,418,926**	**76.4%**	1,411,161	78.8%
Europe	**183,474**	**9.9%**	148,735	8.3%
Vietnam	**85,828**	**4.6%**	77,264	4.3%
Other countries in Asia (excluding mainland China and Vietnam)	**95,906**	**5.2%**	101,916	5.7%
Others	**72,578**	**3.9%**	51,118	2.9%
Total	**1,856,712**	**100.0%**	1,790,194	100.0%

Our revenue derived from mainland China contributed approximately 78.8% and 76.4% of our total revenue for the six months ended 30 June 2024 and 2025, respectively. Given that the revenue derived from mainland China constitutes a substantial portion of our total revenue, the fluctuations in revenue of sales in mainland China for our business segments were in line with the fluctuations in the overall revenue of each of these segments.

Our revenue derived from Europe, Vietnam and Asia (excluding mainland China and Vietnam) changed from approximately RMB148.7 million, RMB77.3 million and RMB101.9 for the six months ended 30 June 2024 to approximately RMB183.5 million, RMB85.8 million and RMB95.9 million for the six months ended 30 June 2025, respectively. The fluctuation trend was in line with the financial performance of each of our business segments as described above.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

Our cost of sales comprises mainly cost of raw materials and inventories, staff costs, manufacturing overheads, depreciation and others. Cost of raw materials and inventories is our main cost of sales. Staff costs mainly comprise salaries, wages and social insurance costs for those who are directly involved in the production and the management team of the production plants.

Our cost of sales increased from approximately RMB1,595.7 million for the six months ended 30 June 2024 to approximately RMB1,686.2 million for the six months ended 30 June 2025. The increase in our cost of sales was mainly attributable to the increase in costs for iodine and the production of iodine derivatives, which was partially offset by the decrease in raw material costs of methylamine, isooctanoic acid and diethyl sulfate due to the reduction in sales volume.

Gross profit and gross profit margin

The table below sets forth a breakdown of gross profit and gross profit margin by business segments during the six months ended 30 June 2025:

Total gross profit by business segments

	For the six months ended 30 June			
	2025		2024	
	Gross profit		Gross profit	
	RMB'000	**margin %**	RMB'000	margin %
Methylamine Industry Series	**93,800**	**15.6%**	83,328	13.5%
Iodine Derivatives and Supporting Products	**27,020**	**4.6%**	36,873	8.4%
Goldenhighway New Materials	**26,639**	**6.7%**	31,519	7.9%
Advanced Materials Intermediates Series	**4,294**	**3.2%**	21,318	9.8%
Green Products	**12,803**	**11.5%**	17,568	18.6%
Healthcare and Wellness	**4,299**	**28.7%**	3,219	24.2%
Happy Elephant Selections	**480**	**49.1%**	6	730.6%
Others	**1,128**	**13.6%**	669	10.0%
Total	**170,463**	**9.2%**	194,500	10.9%

Our gross profit decreased from approximately RMB194.5 million for the six months ended 30 June 2024 to approximately RMB170.5 million for the six months ended 30 June 2025. Our overall gross profit margin decreased from 10.9% for the six months ended 30 June 2024 to approximately 9.2% for the six months ended 30 June 2025.

The decrease in our gross profit and gross profit margin was mainly due to the decrease in the gross profit and gross profit margin of (i) Advanced Materials Intermediates Series segment, as a result of the decline in domestic demand, new production capacity entering the market and the Group's production disruption as described above; and (ii) Green Products segment and Iodine Derivatives and Supporting Products segment, as a result of rapid increase in cost of raw materials outweighed the increase in their market prices.

Other income

Our other income primarily consists of one-off and unconditional subsidies from the relevant government authority and interest income.

Our other income increased from approximately RMB2.7 million for the six months ended 30 June 2024 to approximately RMB12.3 million for the six months ended 30 June 2025. The increase in our other income was mainly due to (i) an income derived from an additional value-added tax credit policy amounting to approximately RMB7.5 million (2024: nil) and (ii) increase in other government grants from approximately RMB1.4 million to RMB2.6 million.

Other gains and losses

Our other gains and losses primarily comprise (i) net foreign exchange gains or losses which primarily arose from appreciation or depreciation of United States dollar ("**US$**"), Russian Ruble, Mexican Peso and Ukrainian Hryvnia against RMB as the functional currency of our subsidiaries in the PRC is RMB while their export sale to customers and purchase from overseas suppliers were mainly settled in other currencies; (ii) gains/losses on disposals of plant and equipment; and (iii) net gains or losses arising from fair value changes on derivative financial instruments and financial asset at fair value through profit or loss ("**FVTPL**").

Our Group recorded net other losses of approximately RMB0.2 million for the six months ended 30 June 2024 and net other gains of approximately RMB8.9 million for the six months ended 30 June 2025. Such increase in gain in our net other gains and losses was mainly because of the increase in a net foreign exchange gain of approximately RMB9.5 million, as a result of the appreciation of various currencies, such as Russian Ruble and Mexican Peso against RMB during the period, comparing to the depreciation of US$ against RMB during the corresponding period last year.

Selling and distribution expenses

Our selling and distribution expenses primarily comprise transportation costs, staff remuneration for our sales and marketing team, port charges, storage costs, material costs for export and packaging materials and insurance costs.

Our selling and distribution expenses slightly decreased from approximately RMB75.8 million for the six months ended 30 June 2024 to approximately RMB72.3 million for the six months ended 30 June 2025. The decrease in our selling and distribution expenses was primarily due to the slight decrease in logistic costs (including transportation, port charges and shipment costs), as driven by the decrease in sales volumes of several products such as methylamine and ethylene glycol.

Administrative expenses

Administrative expenses primarily comprise staff costs, including salary, social insurance costs and provident funds for our staff (other than the staff who are directly involved in the production, the management team of the production plants and the sales and marketing team), entertainment expenses, travelling expenses, rent, depreciation and amortisation of leasehold improvements, office equipment and motor vehicle, safety costs, office expenses, repair expenses, and environmental protection costs in relation to implementation of safety and environmental protection measures and others.

Our administrative expenses slightly decreased from approximately RMB65.8 million for the six months ended 30 June 2024 to approximately RMB65.5 million for the six months ended 30 June 2025. The slight decrease in our administrative expenses was primarily due to the decrease in consultancy fee of approximately RMB2.6 million as a reduction of expenses related to origianising a mixed martial arts competition in Macau in last year, which is partially offset by the increase in staff costs derived from (i) new staff in Singapore; and (ii) share-based payment expense.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development ("R&D") expenses

R&D expenses primarily comprise raw materials consumed for conducting R&D activities, staff costs and social insurance costs for our R&D personnel, electricity expenses, depreciation of our research centre, hardware supplies and transportation cost of raw materials for conducting R&D.

R&D expenses consist of all costs that are directly attributable to our R&D activities. Because of the nature of our R&D activities which mainly aimed to develop production equipment and method for improving our own production efficiency, it is difficult to assess the probable future economic benefits in the research phase of a project and the criteria for recognition of such costs as an asset are not met. As such, our R&D costs are generally recognised as expenses in the period in which they are incurred.

Our R&D expenses decreased from approximately RMB26.9 million for the six months ended 30 June 2024 to approximately RMB26.0 million for the six months ended 30 June 2025, which was primarily due to a decrease in cost of raw materials as result of completion of some production technology enhancement projects during last year.

Finance costs

Finance costs represent interest on bank and other borrowings and loans from related companies, discounted bills and lease liabilities.

Our finance costs changed from approximately RMB19.9 million for the six months ended 30 June 2024 to approximately RMB19.6 million for the six months ended 30 June 2025. No material fluctuation was noted during the period.

Income tax expenses

Our income tax expenses increased from approximately RMB2.5 million for the six months ended 30 June 2024 to approximately RMB2.7 million for the six months ended 30 June 2025. Our effective tax rate was approximately 25.8% (2024: 35.8%) for the six months ended 30 June 2025. The increase of income tax expense was in line with the increase in profit before tax for the current year, whereas the decrease in effective tax rate was derived from the effect of underprovision of income tax expense in prior years recognised during last period.

Profit for the period

As a result of the foregoing, we recorded a profit for the period of approximately RMB7.9 million for the six months ended 30 June 2025, comparing to a profit for the period of approximately RMB4.4 million for the six months ended 30 June 2024, as a combined result of the above fluctuations.

PROSPECTS

Looking ahead to the latter half of 2025, the chemical industry is poised for an improved supply-demand balance, supported by declining prices of key raw materials such as crude oil and coal, which will alleviate cost pressures. Industry policies are expected to remain centered on green and environmental initiatives, fostering further improvements in supply-demand dynamics. Besides, the industry is building upward momentum, with many chemical products approaching their cost thresholds. This has led companies to increasingly implement production halts or reduce operational loads to address market slowdowns, indicating limited scope for further price reductions.

Despite market uncertainties, the Group will maintain its strategic commitment, capitalizing on the steady advancement of its smart manufacturing facility to support capacity expansion efforts, while broadening its footprint in varied regional markets through tiered customer collaborations and customized offerings. This approach will fortify supply chain resilience, creating a robust platform for sustainable long-term value growth.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders of the Company (the "**Shareholders**") through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including bank and other borrowings, and equity attributable to owners of the Company, comprising issued capital and reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issuance of debts and repayment of existing borrowings. The Group's overall strategy remained unchanged throughout the period.

During the six months ended 30 June 2025, the Group's working capital was financed by both internal resources and borrowings.

As at 30 June 2025, the Group's total assets and bank balances and cash amounted to approximately RMB2,090.5 million (31 December 2024: RMB2,046.5 million) and RMB155.3 million (31 December 2024: RMB101.5 million), respectively. The bank balances and cash were mainly denominated in RMB and US$.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the borrowings (including loans from related companies) were approximately RMB926.8 million (31 December 2024: RMB852.2 million). As at 30 June 2025, borrowings amounting to approximately RMB926.8 million (31 December 2024: RMB816.0 million) are carried at fixed interest rates ranging from 2.6% to 7.2% (31 December 2024: from 3% to 4.5%) per annum and repayable from 2025 to 2050 (31 December 2024: from 2025 to 2050). As at 31 December 2024, borrowings amounting to approximately RMB36.2 million are carried at variable interest rates ranging from 3.5% to 6.5% per annum and repayable in 2025.

The gearing ratio of the Group, which was calculated by dividing the total external borrowings by total equity as at the end of the period and multiplied by 100%, is 146.6% (31 December 2024: 137.1%). The increase in gearing ratio of the Group was mainly due to the increasing borrowing as at 30 June 2025.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk (currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Group's activities expose it primarily to currency risk and interest rate risk. There has been no change in the Group's exposure to these risk or the manner in which it manages and measure the risks.

Currency risk

Certain financial instruments are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest Rate Risk

The Group is exposed to fair value interest rate risk for certain financial assets, financial liabilities and lease liabilities, which carried interests at fixed interest rates.

The Group is also exposed to cash flow interest rate risk for its interest bearing financial liabilities and certain of its interest bearing financial assets, which carried interests at variable interest rates.

The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Credit Risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the condensed consolidated statement of financial position at the end of the reporting period.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group performs impairment assessment under expected credit loss model upon the application of IFRS 9 on trade receivables. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has applied the simplified approach to measure the loss allowance on trade receivables at lifetime expected credit loss.

The credit risk on bill receivables at fair value through other comprehensive income are limited as those bills are issued by banks with high credit ratings assigned by international credit-rating agencies and no history of default in the past, thus no loss allowance provision for bills was recognised during the period.

For other receivables, rental deposits and amount due from an associate, management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of these receivables based on historical settlement records, past experience and also available and supportive forward-looking information. The management of the Group believes that the credit risk inherent in the Group's outstanding balances of other receivables, rental deposits and amount due from an associate is insignificant.

The Group has concentration of credit risk on bank balances and restricted bank deposits which are deposited with several banks. However, the credit risk on bank balances and restricted bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies, and expected credit loss is insignificant.

The credit risk on loan receivable is limited because the counterparty is a state-owned entity with high reputation. The management is of the opinion that the average loss rate is insignificant, thus no loss allowance provision is recognised for the six months ended 30 June 2025.

Except for loan receivable, the Group has no significant concentration of credit risk on trade and bill receivables and other receivables, with exposure spread over a large number of counterparties and customers.

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the period. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and US$. The Group has currency exposure as certain income and expenses incurred in mainland China were denominated in RMB and certain overseas sales income were denominated in US$ and other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the period, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL EXPENDITURES

During the period, the Group's capital expenditures consisted of additions to property, plant and equipment and construction in progress in our operations amounting to approximately RMB70.1 million (2024: RMB55.4 million).

CAPITAL COMMITMENT

As at 30 June 2025, the Group had a capital commitment of approximately RMB10.9 million (31 December 2024: RMB17.9 million). The capital commitments were primarily related to the purchase of machinery and equipment in mainland China for existing usage. We intend to fund these commitments with cash generated from our operations and bank and other borrowings.

PLEDGE OF ASSETS

As at 30 June 2025, save as (i) restricted bank deposits of approximately RMB30.4 million (31 December 2024: RMB33.9 million); (ii) right-of-use assets and property, plant and equipment of approximately RMB62.9 million and RMB317.8 million respectively (31 December 2024: right-of-use assets and property, plant and equipment of approximately RMB64.4 million and RMB330.3 million respectively); (iii) bill receivables at fair value through other comprehensive income of approximately RMB81.1 million (31 December 2024: RMB102.4 million); (iv) cash and cash equivalents of approximately RMB1.9 million (31 December 2024: RMB1.3 million); (v) inventories of approximately RMB17.1 million (31 December 2024: RMB14.2 million); and (vi) trade receivables and other receivables and prepayments of approximately RMB1.3 million (31 December 2024: RMB4.6 million) to secure the borrowings, the Group did not pledge any other assets.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of 1,093 (2024: 1,086) employees, including the Directors. Total staff costs (including Directors' remuneration) was approximately RMB71.8 million (2024: RMB67.9 million) for the six months ended 30 June 2025.

Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of the basic salaries, bonuses may be paid by reference to the Group's performance as well as the individual's performance. Other major staff benefits include contributions to defined contribution retirement benefit plan, Hong Kong's Mandatory Provident Fund Scheme and the state-managed retirement benefit schemes.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 16 December 2019 where options to subscribe for Shares may be granted to the Directors and employees of the Group.

The Company adopted a share award plan on 1 March 2023. Please refer to the section headed "Share Award Plan" below for details.

SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2025, the Group did not hold any significant investment or capital assets (2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL EXPENDITURES

Save as disclosed in the prospectus of the Company dated 31 December 2019 and in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" below, the Group did not have any other plans for material investments or capital expenditures in the coming year.

The Group will finance the future acquisitions through internally generated funds and other fund-raising activities, including but not limited to issue of new debts or equity instruments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group has not acquired nor disposed of any of its material subsidiaries, associates or joint ventures during the six months ended 30 June 2025.

EVENTS AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the six months ended 30 June 2025 and up to the date of this report.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provision (the "**Code Provisions**") as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the six months ended 30 June 2025, the Company has complied with all the Code Provisions of the CG Code, save and except for the Code Provision C.2.1. Details of the deviation from the Code Provision C.2.1 are explained in the section "Chairman and Chief Executive Officer" of this report. The Board is committed to complying with the principles of the CG Code contained in the Appendix C1 to the Listing Rules. The Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the Shareholders. The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all the Shareholders. The Board will continue to review and enhance its corporate governance practice to ensure compliance with the CG Code, and make necessary changes as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provision C.2.1 of the CG Code, the roles of the Chairman of the Board and chief executive officer of the Company should be separated and should not be performed by the same individual.

During the six months ended 30 June 2025, the Company has not separated the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Yin Yanbin ("**Mr. Yin**") is the Chairman of the Board and also the Chief Executive Officer of the Company responsible for overseeing the operations of the Group during the period. The Board believes that vesting the roles of both the Chairman of the Board and the Chief Executive Officer of the Company in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules as its own code of conduct regarding the dealings in securities of the Company by the Directors and employees during the six months ended 30 June 2025.

Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the required standard set out in the Model Code during the six months ended 30 June 2025.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Related Party Transactions/Exempted Continuing Connected Transactions" in this report and notes 15 and 19 to the condensed consolidated financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company's holding company or any of the Company's subsidiaries was a party during or at the end of the six months ended 30 June 2025, and no contract of significance to which the Company or any of its subsidiaries was a party and in which Mr. Yin and Ms. Wu Hailing ("**Ms. Wu**"), the spouse of Mr. Yin, Ms. Wang Wei, Mr. Pan Bing, Commonwealth B Limited ("**Commonwealth B**"), Commonwealth Yanbin Limited ("**Commonwealth Yanbin**"), Commonwealth Violet Limited, Commonwealth YYB Limited ("**Commonwealth YYB**"), Commonwealth Happy Elephant Limited ("**Commonwealth Happy Elephant**"), HMZ Holdings Ltd and HappyBean Holdings Limited (collectively, the "**Controlling Shareholders**") or an entity connected with the Controlling Shareholders had a material interest, either directly or indirectly, subsisted during or at the end of the six months ended 30 June 2025.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors had interests in business which competes or may compete with the Group's business.

RELATED PARTY TRANSACTIONS/EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Details of the related party transactions of the Group are set out in notes 15 and 19 to the condensed consolidated financial statements.

During the period, the Group had the following continuing connected transactions which are exempted from the reporting, announcement or independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules and are included herein for information only.

On 1 April 2025, an agreement was entered into between Nanjing Hanhe Enterprises Co., Ltd. ("**Hanhe Enterprises**"), an indirectly-owned subsidiary of Mr. Yin, as lender and the Group as borrower, pursuant to which Hanhe Enterprises had agreed to provide a loan facility to the Group in the aggregate amount of RMB100,000,000 at interest rate of 3.5% per annum. The repayment term of each respective loan will be mutually agreed upon the respective loan advance dates. As at 30 June 2025, the outstanding loan from Hanhe Enterprises amounting to approximately RMB26,850,000 (31 December 2024: RMB27,250,000), with repayment dates ranging from January 2026 to December 2026. Detailed terms of the loan facilities were disclosed in note 15 of the condensed consolidated financial statements.

On 1 April 2025, an agreement was entered into between Nanjing Jinhan Tianxia Sports Culture Development Company Limited ("**Jinhan Tianxia**"), an indirectly-owned subsidiary of Mr. Yin, as lender and the Group as borrower, pursuant to which Jinhan Tianxia had agreed to provide loans to the Group in the aggregate amount of RMB100,000,000 at an interest rate of 3.5% per annum. The repayment term of each respective loan will be mutually agreed upon the respective loan advance dates. As at 30 June 2025, the outstanding loan from Jinhan Tianxia amounted to RMB56,200,000 (31 December 2024: RMB53,800,000), with repayment dates ranging from December 2025 to September 2026. Detailed terms of the loan facilities were disclosed in note 15 of the condensed consolidated financial statements.

As at the dates of the above principal loan agreements, Mr. Yin held approximately 54.79% of the issued share capital of the Company in aggregate and is a Controlling Shareholder and is therefore a connected person of the Company. Accordingly, the above principal loan agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The above principal loan agreements had been reviewed by the Independent Non-executive Directors who have confirmed that the transactions were entered into: (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of Shareholders as a whole. Accordingly, the above principal loan agreements are fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

Save in the notes to the condensed consolidated financial statements and as disclosed above, the Group has not entered into any connected transaction or continuing connected transaction during the year which should be disclosed pursuant to the requirements under the Listing Rules.

OTHER INFORMATION

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2025, the interests and short positions of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required, to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Positions in the Shares

Name	Capacity/ Nature of Interests	Number of Shares held		Approximate Shareholding Percentage	
		Long Position	Short Position	Long Position	Short Position
Mr. Yin (Note)	Interest in a controlled corporation	553,141,500	Nil	54.79%	Nil
Mr. Chen Zhaohui	Beneficial Owner	52,536,750	Nil	5.20%	Nil
Mr. Zhuang Zhaohui	Beneficial Owner	31,509,000	Nil	3.12%	Nil
Mr. Zhou Chunnian	Beneficial Owner	12,323,250	Nil	1.22%	Nil
Mr. Chen Hua	Beneficial Owner	8,215,500	Nil	0.81%	Nil
Mr. Diao Cheng	Beneficial Owner	1,232,250	Nil	0.12%	Nil

Note:

Among these Shares, (a) 375,000,000 Shares are held by Commonwealth B, which is owned as to 80% by Commonwealth Yanbin which is in turn wholly owned by Mr. Yin; and (b) 178,141,500 Shares are held by Commonwealth Happy Elephant, which is owned as to approximately 98.26% by Commonwealth YYB which is in turn wholly owned by Mr. Yin. By virtue of the SFO, Mr. Yin is deemed to be interested in the 375,000,000 Shares held by Commonwealth B and the 178,141,500 Shares held by Commonwealth Happy Elephant.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required, to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of the Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 16 December 2019 (the "**Share Option Scheme**") which became effective on 21 January 2020. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Eligible persons of the Share Option Scheme, amongst others, include any employee (whether full-time or part-time, including any executive Director but excluding any Non-executive Director) of the Group, any Non-executive Director (including Independent Non-executive Directors) of the Group, any supplier, any customer, any person or entity that provides research, development or other technological support to the Group, any Shareholder of any member of the Group, any adviser (professional or otherwise) or consultant to the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group. The Share Option Scheme will be valid and effective for a period of ten years from 21 January 2020. Please refer to the Prospectus for details of the Share Option Scheme.

As at 30 June 2025, no Share options were granted, cancelled, lapsed or forfeited under the Share Option Scheme and there were no outstanding Share options under the Share Option Scheme as at 30 June 2025.

At the beginning and the end of the period ended 30 June 2025, the total number of Shares that can be granted under the Share Option Scheme was 100,000,000 and 100,000,000 respectively, which represented approximately 9.91% and 9.91% of the issued share capital of the Company at such dates, respectively. As at the date of this report, the total number of Shares available for issue under the Share Option Scheme was 100,000,000 Shares, representing approximately 9.91% of the total number of issued Shares on such date.

SHARE AWARD PLAN

On 1 March 2023 (the "**Adoption Date**"), the Company adopted a share award plan (the "**Share Award Plan**"). Details of which were disclosed in the announcement (the "**Announcement**") dated 1 March 2023 (the "**Adoption Date**"). The purposes of the Plan are to recognise and reward the contribution of Eligible Participants (as defined in the Announcement), to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The vesting date in respect of any award shall be not less than 12 months from the grant date. The aggregate maximum number of Shares (the "**Plan Mandate Limit**") (i) to be purchased by the trustee by applying the group contribution; and (ii) to be issued under any other share option schemes adopted or to be adopted by the Company from time to time, shall not exceed 10% of the total number of issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit. The aggregate maximum number of Shares (the "**Service Provider Sub-limit**") to be purchased by the trustee by applying the group contribution for the awards to be awarded to all service providers pursuant to the Share Award Plan shall not exceed 10% of the total number of issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Service Provider Sub-limit. The maximum entitlement of each Eligible Participant shall not exceed 1% of the issued Shares at the Adoption Date (i.e. 10,000,000 Shares). The number of awards available for grant as of 1 January 2025 and 30 June 2025 are 65,180,000 Shares and 64,276,000 Shares, respectively, representing approximately 6.46% and 6.37% of the total number of issued share capital of the Company at such dates respectively.

OTHER INFORMATION

The Share Award Plan shall be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by the Board or the Remuneration Committee, provided that such termination shall not affect any subsisting rights of any selected participant.

On 23 December 2024, the Company entered into a public relation consultancy agreement with DLK Advisory Group Limited ("**DLK**"), pursuant to which (i) DLK has consented to deliver business consultancy services to the Company, encompassing a wide array of strategic guidance on business development, financial management, and corporate communication, for a one year term, effective from 23 December 2024 and (ii) the Company agreed to settle part of the consultancy fee by granting a total of 66,070 Shares at nil consideration with a vesting period of 1 year from the date of grant. Details of the transaction can be referred to the announcement of the Company dated 23 December 2024. As at the date of this report, no Shares have been granted to DLK.

As at the date of this report, 904,000 Shares were granted under the Share Award Plan. Details of the awards granted and outstanding are set out below:

				Number of Shares under the Share Awards				
Name of Grantee	Headcount	Date of Grant	Vesting Period	Outstanding as at 1 January 2025	Granted during the six months ended 30 June 2025	Vested during the six months ended 30 June 2025	Lapsed/ cancelled during the six months ended 30 June 2025	Outstanding as at 30 June 2025
Directors:								
Mr. Zhuang Zhaohui		20 January 2025	One year	—	36,000	—	—	36,000
Mr. Zhou Chunnian		20 January 2025	One year	—	20,000	—	—	20,000
Mr. Chen Hua		20 January 2025	One year	—	12,000	—	—	12,000
Mr. Diao Cheng		20 January 2025	One year	—	6,000	—	—	6,000
Employees:								
Connected persons — Group A (Note 1)	2	20 January 2025	One year	—	20,000	—	—	20,000
Connected persons — Group B (Note 2)	11	20 January 2025	One year	—	184,000	—	—	184,000
Connected persons — Group B (Note 2)	2	20 January 2025	One year	—	20,000	—	—	20,000
Employees	129	20 January 2025	One year	—	337,500	—	—	337,500
Employees	87	21 January 2025	One year	—	268,500	—	—	268,500
Total:				—	904,000	—	—	904,000

Notes:

1. Connected persons- Group A represents Ms. Wang Wei and Mr. Pan Bing, who are viewed as controlling shareholders of the Company and thus connected persons of the Company. For details, please refer to the prospectus of the Company dated 31 December 2019.

2. Connected persons- Group B represents directors of subsidiaries of the Company, and thus connected persons of the Company.

The fair values of the share awards determined at the dates of grant were HK$1,398,000 and HK$601,000 (equivalent to RMB1,287,000 and RMB553,000), respectively. The closing prices of the Company's shares immediately before 20 January 2025 and 21 January 2025, the dates of grant, was HK$2.20 and HK$2.24, respectively. The fair value of the share awards was measured at the market price of the Company's share at the date at which the share awards were granted.

As no options were granted during the six months ended 30 June 2025 and no new Shares will be issued pursuant to the Share Award Plan, the aggregate number of Shares that may be issued in respect of the options and awards granted under all schemes of the Company during the six months ended 30 June 2025 was nil, representing 0% of the weighted average number of Shares in issue (excluding treasury shares) for the six months ended 30 June 2025.

EQUITY-LINKED AGREEMENTS

For the period, save for the Share Option Scheme previously mentioned, the Company has not entered into any equity-linked agreements, and there did not subsist any equity-linked agreement entered into by the Company as at 30 June 2025.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors or chief executive of the Company), who had interests or short positions in the shares and the underlying Shares which were recorded in the register required to be kept under Section 336 of the SFO were as follows.

Positions in the Shares

Name	Capacity/ Nature of Interests	Number of Shares held		Approximate Shareholding Percentage	
		Long Position	Short Position	Long Position	Short Position
Commonwealth B	Beneficial owner	375,000,000	Nil	37.15%	Nil
Commonwealth Yanbin	Interest in controlled Corporation (Note 1)	375,000,000	Nil	37.15%	Nil
Commonwealth Happy Elephant	Beneficial owner	178,141,500	Nil	17.65%	Nil
Commonwealth YYB	Interest in controlled Corporation (Note 2)	178,141,500	Nil	17.65%	Nil
Ms. Wu	Interest of spouse (Note 3)	553,141,500	Nil	54,79%	Nil
Endless Reward Limited	Beneficial owner (Note 4)	65,180,000	Nil	6.46%	Nil
SP Global Trust Limited	Trustee of a trust (Note 4)	65,180,000	Nil	6.46%	Nil

Notes:

1. Commonwealth B is owned as to 80% by Commonwealth Yanbin which is in turn wholly-owned by Mr. Yin. By virtue of the SFO, each of Commonwealth Yanbin and Mr. Yin is deemed to be interested in the Shares held by Commonwealth B.

2. Commonwealth Happy Elephant is owned as to approximately 98.26% by Commonwealth YYB which is in turn wholly owned by Mr. Yin. By virtue of the SFO, each of Commonwealth YYB and Mr. Yin is deemed to be interested in the Shares held by Commonwealth Happy Elephant.

3. Ms. Wu is the spouse of Mr. Yin and is deemed to be interested in the Shares which are interested by Mr. Yin under the SFO.

4. Endless Reward Limited is wholly-owned by SP Global Trust Limited, which is the trustee of GHW International Employee Incentive Trust. On 14 July 2025, HY Management Consultant Limited became the trustee of GHW International Employee Incentive Trust.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, no person, other than the Directors and Chief Executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the six months ended 30 June 2025 are set out in note 16 to the condensed consolidated financial statements of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "**Articles**") and there is no restriction against such rights under the laws of the Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the section headed "Share Award Plan" in this report, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil). No dividend was paid during the period under review.

AUDIT COMMITTEE AND REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal control and risk management systems, including, among others, material risks relating to environmental, social and governance ("**ESG**"), of the Group. The Audit Committee comprises three independent non-executive Directors, namely Ms. Zheng Qing (chairlady), Mr. Sun Hongbin and Mr. Wang Guangji.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal control, including, among others, material risks relating to environmental, social and governance, of the Group and risk management and financial reporting matters, including review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 with the management.

On behalf of the Board
Yin Yanbin
Chairmen and Chief Executive Officer

Hong Kong, 27 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
	Notes	**2025 RMB'000 (Unaudited)**	2024 RMB'000 (Unaudited)
Revenue	4	**1,856,712**	1,790,194
Cost of sales		**(1,686,249)**	(1,595,694)
Gross profit		**170,463**	194,500
Other income	5	**12,315**	2,691
Other gains and losses	5	**8,905**	(167)
Impairment losses reversal/(recognised) under expected credit loss model, net of reversal		**2,356**	(1,656)
Selling and distribution expenses		**(72,324)**	(75,834)
Administrative expenses		**(65,490)**	(65,785)
Research and development expenses		**(25,973)**	(26,915)
Finance costs		**(19,639)**	(19,902)
Share of results of associates		**—**	—
Profit before taxation	6	**10,613**	6,932
Taxation	7	**(2,736)**	(2,485)
Profit for the period		**7,877**	4,447
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**2,207**	(3,558)
Fair value loss on bill receivables at fair value through other comprehensive income ("**FVTOCI**")		**(103)**	(346)
Income tax relating to an item that may be reclassified subsequently to profit or loss		**15**	53
Other comprehensive income/(expense) for the period, net of income tax		**2,119**	(3,851)
Total comprehensive income for the period		**9,996**	596
Profit for the period attributable to:			
Owners of the Company		**7,036**	4,447
Non-controlling interests		**841**	—
		7,877	4,447
Total comprehensive income attributable to:			
Owners of the Company		**9,155**	596
Non-controlling interests		**841**	—
		9,996	596
Earnings per share for profit attributable to owners of the Company			
– Basic (RMB per share)	9	**0.007**	0.005
– Diluted (RMB per share)	9	**0.007**	0.005

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**836,865**	813,295
Right-of-use assets	10	**73,828**	74,699
Interest in associates		**1,744**	1,744
Rental deposits		**1,191**	1,082
Deferred tax assets		**7,310**	7,084
Loan receivable		**—**	17,266
Deposits for acquisition of land use right		**10,000**	10,000
		930,938	925,170
Current assets			
Inventories		**426,607**	414,619
Trade receivables	11	**270,195**	286,452
Bill receivables at FVTOCI	12	**117,027**	127,229
Other receivables and prepayments		**124,867**	142,723
Loan receivable		**17,563**	—
Tax recoverable		**1,074**	696
Financial assets at FVTPL		**265**	274
Derivative financial instruments		**3**	22
Amount due from an associate		**16,270**	12,956
Amount due from a non-controlling shareholder		**—**	1,000
Restricted bank deposits		**30,440**	33,945
Cash and cash equivalents		**155,278**	101,461
		1,159,589	1,121,377
Current liabilities			
Trade and bill payables	13	**379,703**	404,024
Other payables and accrued charges		**86,226**	99,912
Lease liabilities		**4,943**	4,366
Contract liabilities		**27,869**	33,550
Tax liabilities		**4,281**	2,069
Amount due to an associate		**1,650**	—
Loans from a related company	15	**2,450**	—
Borrowings	14	**739,967**	705,211
		1,247,089	1,249,132
Net current liabilities		**(87,500)**	(127,755)
Total assets less current liabilities		**843,438**	797,415

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Borrowings	14	103,773	65,939
Loans from related companies	15	80,600	81,050
Lease liabilities		5,325	5,786
Deferred tax liabilities		21,402	23,064
		211,100	175,839
Net assets		632,338	621,576
Capital and reserves			
Share capital	16	8,930	8,930
Reserves		586,773	576,852
Equity attributable to owners of the Company		595,703	585,782
Non-controlling interests		36,635	35,794
Total equity		632,338	621,576

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 (Note a)	Safety reserve RMB'000 (Note b)	Translation reserve RMB'000	Statutory reserve RMB'000 (Note c)	FVTOCI reserve RMB'000	Share-based payments reserve RMB'000	Treasury reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024 (audited)	8,844	78,219	58,363	1,709	(10,007)	96,479	(294)	–	(23,021)	371,125	581,417	–	581,417
Profit for the period	–	–	–	–	–	–	–	–	–	4,447	4,447	–	4,447
Other comprehensive expense for the period	–	–	–	–	(3,558)	–	(293)	–	–	–	(3,851)	–	(3,851)
Total comprehensive (expense) income for the period	–	–	–	–	(3,558)	–	(293)	–	–	4,447	596	–	596
At 30 June 2024 (unaudited)	8,844	78,219	58,363	1,709	(13,565)	96,479	(587)	–	(23,021)	375,572	582,013	–	582,013
At 1 January 2025 (audited)	**8,930**	**100,361**	**58,363**	**1,709**	**(17,260)**	**97,605**	**(248)**	**–**	**(47,232)**	**383,554**	**585,782**	**35,794**	**621,576**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,036**	**7,036**	**841**	**7,877**
Other comprehensive income/ (expense) for the period	**–**	**–**	**–**	**–**	**2,207**	**–**	**(88)**	**–**	**–**	**–**	**2,119**	**–**	**2,119**
Total comprehensive income/ (expense) for the period	**–**	**–**	**–**	**–**	**2,207**	**–**	**(88)**	**–**	**–**	**7,036**	**9,155**	**841**	**9,996**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**766**	**–**	**–**	**766**	**–**	**766**
At 30 June 2025 (unaudited)	**8,930**	**100,361**	**58,363**	**1,709**	**(15,053)**	**97,605**	**(336)**	**766**	**(47,232)**	**390,590**	**595,703**	**36,635**	**632,338**

Note a: Capital reserve represented (i) the capital injection from owners of Nanjing Goldenhighway International Supply Chain Management Company Limited ("**GHW International SCM**"), a subsidiary of the Company, in excess of nominal value of share capital amounting to RMB26,071,000 prior to reorganisation; (ii) contribution from shareholders net of capital gain tax related to reorganisation amounting to RMB28,336,000; (iii) acquisition of additional interest in Taian Havay Group Co., Ltd., a subsidiary of the Company, related to reorganisation amounting to RMB1,717,000; (iv) deemed contribution from a shareholder in relation to a waiver of amount due to a shareholder amounting to RMB444,000; (v) effect of re-denominating the par value of the Company's shares amounting to RMB60,000; and (vi) deemed contribution from a shareholder in relation to loans from a related company controlled by Mr. Yin Yanbin amounting to RMB1,735,000.

Note b: Pursuant to the relevant regulation in the People's Republic of China (the "**PRC**"), a subsidiary of the Group in the mainland of China is required to provide for safety reserve based on annual sales amount. The reserve can be used for improvements of safety storage and production process, and eligible to be transferred to retained earnings upon utilisation.

Note c: As stipulated by the relevant laws in the mainland of China, the mainland of China subsidiaries are required to maintain a statutory reserve fund. The minimum transfer to statutory reserve is 10% of profit after tax of the mainland of China subsidiaries according to the mainland of China subsidiaries' statutory financial statements. No appropriation is required if the balance of the statutory reserve has reached 50% of the registered capital of the mainland of China subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**67,386**	39,923
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(75,376)**	(67,734)
Placements of restricted bank deposits	**(37,586)**	(31,454)
Advance to an associate	**(25,565)**	(4,262)
Net payments for rental deposits	**(109)**	(158)
Withdrawal of restricted bank deposits	**41,091**	30,404
Repayment from an associate	**22,251**	—
Interest received	**600**	637
Proceeds on disposals of property, plant and equipment	**137**	210
Purchase of derivative financial instruments	**—**	(7)
Withdrawal of financial asset at FVTPL	**—**	1
Net cash used in investing activities	**(74,557)**	(72,363)
FINANCING ACTIVITIES		
New borrowings raised	**457,077**	316,345
Loans from related companies	**19,000**	42,600
Advance from an associate	**1,650**	—
Repayment from a non-controlling interest	**1,000**	—
Repayments of borrowings	**(382,926)**	(286,437)
Repayments to related companies	**(18,570)**	(12,975)
Interest paid	**(16,530)**	(18,099)
Repayments of lease liabilities	**(3,666)**	(2,725)
Proceeds from underecognised discounted bills	**—**	15,392
Net cash generated from financing activities	**57,035**	54,101
NET INCREASE IN CASH AND CASH EQUIVALENTS	**49,864**	21,661
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**101,461**	77,393
Effect of foreign exchange rate changes	**3,953**	(2,067)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**155,278**	96,987

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands as an exempted company with limited liability on 25 April 2018 and its shares are listed on the Main Board of the Stock Exchange with effect from 21 January 2020. The controlling shareholders of the Company are Mr. Yin and Ms. Wu. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and 6th Building, Xincheng Science Park, No. 69 Aoti Street, Nanjing, the PRC, respectively.

The Company is an investment holding company. The principal activities of its subsidiaries are the manufacture and sale of chemical and pharmaceutical products.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (**"IASB"**) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements are presented in RMB, which is the same as the functional currency of the Company.

3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than the change in accounting policies resulting from application of amendments to IFRS Accounting Standards, agenda decisions of the IFRS Interpretations Committee (the **"Committee"**) of the IASB, and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

In the current interim period, the Group has applied the amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated financial statements.

The application of the amendments to IFRS Accounting Standards and the Committee's agenda decisions in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from manufacture and sale of chemical and pharmaceutical products for both periods.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Types of goods		
Methylamine Industry Series	**600,981**	617,525
Iodine Derivatives and Supporting Products	**588,339**	440,302
Goldenhighway New Materials	**399,090**	399,570
Advanced Materials Intermediates Series	**132,537**	218,071
Green Products	**111,485**	94,706
Healthcare and Wellness	**15,001**	13,321
Happy Elephant Selections	**978**	—
Others	**8,301**	6,699
	1,856,712	1,790,194
Timing of revenue recognition		
A point in time	**1,856,712**	1,790,194

The categorisation of types of goods has been revised to provide a more precise and accurate representation of the Group's financial performance and operations.

The Group's revenue are under fixed price arrangement with corporate customers. Under the Group's standard contract terms, the credit term is generally 60 days and customers have a right to exchange or return the goods only under the condition of quality issue tested by a third-party testing institution. In the opinion of Directors, based on historical experiences, the impact of revenue reversal would be immaterial.

All performance obligations for sales of goods are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to unsatisfied performance obligations as at the end of the reporting period is not disclosed.

For the purpose of resources allocation and performance assessment, the key management of the Group, being the chief operating decision maker, reviews the consolidated results as a whole when making decisions about allocating resources and assessing performance of the Group and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers.

	Revenue from external customers Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
The mainland of China	**1,418,926**	1,411,161
Europe	**183,474**	148,735
Vietnam	**85,828**	77,264
Other countries in Asia (excluding the mainland of China and Vietnam)	**95,906**	101,916
Others	**72,578**	51,118
	1,856,712	1,790,194

Information about major customers

There was no revenue from individual customer contributing over 10% of total revenue of the Group during both periods.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Other income		
Government grants (note i)	**2,560**	1,409
Value-added tax ("**VAT**") additional deduction benefits (note ii)	**7,452**	—
Bank interest income	**600**	637
Interest income on loan receivable	**297**	299
Others	**1,406**	346
	12,315	2,691
Other gains and losses		
Net exchange gains/(losses)	**9,427**	(114)
Losses on disposals of plant and equipment	**(1,090)**	(654)
Fair value changes on financial assets at FVTPL	**(8)**	(144)
Fair value changes on derivative financial instruments		
– commodity derivative contracts (note iii)	**3**	—
– foreign currency future contracts (note iii)	**(82)**	(7)
Others	**655**	752
	8,905	(167)

5. OTHER INCOME AND OTHER GAINS AND LOSSES *(Continued)*

Notes:

(i) The relevant government authority granted one-off and unconditional subsidies to the Group which were recognised in the profit or loss in the period which they received.

(ii) Under the China Unveils End-of-Period VAT Credit Refund Policy for Advanced Manufacturing Sector, advanced manufacturing industry taxpayers are now entitled to additional 5% input VAT deduction with output VAT. One of the subsidiaries of the Group is benefited from this policy amounted to approximately RMB7,452,000 (2024: nil) for the period.

(iii) During the six months ended 30 June 2025, amounts represented realised gains of nil (2024: nil) and unrealised gains of RMB3,000 (2024: nil) arising on changes in fair value of commodity derivative contracts, and realised losses of RMB84,000 (2024: nil) and unrealised gains of RMB2,000 (2024: unrealised losses of RMB7,000) arising on changes in fair value of foreign currency future contracts.

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Profit before taxation has been arrived at after charging/(crediting) to profit and loss:		
Cost of inventories recognised as expenses	**1,686,256**	1,594,853
Depreciation of property, plant and equipment	**42,953**	36,168
Depreciation of right-of-use assets	**3,326**	3,263
Total depreciation	**46,279**	39,431
Capitalised as cost of inventories manufactured	**(35,628)**	(32,063)
	10,651	7,368
(Reversal of)/recognised write-down of inventories, net of reversal	**(7)**	841

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

7. TAXATION

	Six months ended 30June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax	**4,311**	3,495
Underprovision in prior years	**9**	1,324
	4,320	4,819
Deferred tax		
Current period	**(1,584)**	(2,334)
Total	**2,736**	2,485

8. DIVIDENDS

No dividend was paid or declared by the Company for the six months ended 30 June 2025 and 2024.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share attributable to owners of the Company	**7,036**	4,447

	Six months ended 30 June	
	2025	2024
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**944,320**	949,100
Effect of dilutive potential ordinary shares:		
Share awards	**224**	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**944,544**	949,100

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group disposed of property, plant and equipment with an aggregate carrying amount of RMB1,227,000 (2024: RMB864,000) for cash proceeds of RMB137,000 (2024: RMB210,000), resulting in a loss on disposal of RMB1,090,000 (2024: RMB654,000).

In addition, during the current interim period, the Group acquired property, plant and equipment with an aggregate amount of RMB70,110,000 (2024: RMB55,374,000).

As at 30 June 2025, the Group has pledged buildings, plant and machinery and motor vehicles with a total net book value of RMB317,759,000 (31 December 2024: RMB330,280,000) to secure general banking and other facilities granted to the Group.

During the current interim period, the Group entered into several new lease agreements for the use of offices and warehouses for 1 year to 3 years (2024: 1 year to 3 years). On lease commencement, the Group recognised RMB3,692,000 (2024: RMB4,317,000) of right-of-use assets and lease liabilities. The Group is required to make fixed monthly payments.

For both periods, the Group leases various offices, warehouses and parking spaces for its operations. Lease contracts are entered into for fixed term of 2 months to 120 months. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 30 June 2025, the Group has pledged leasehold land with a net book value of RMB62,884,000 (31 December 2024: RMB64,414,000) to secure general banking facilities granted to the Group.

11. TRADE RECEIVABLES

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	**273,203**	291,869
Less: allowance for credit losses	**(3,008)**	(5,417)
	270,195	286,452

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

11. TRADE RECEIVABLES *(Continued)*

Generally, credit terms of 60 days is granted to customers. An aging analysis of the trade receivables presented based on the invoice dates, which approximate the dates of revenue recognition, at the end of the reporting period:

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
0-30 days	**169,508**	186,358
31-60 days	**63,038**	52,546
61-90 days	**25,675**	34,866
Over 90 days	**11,974**	12,682
	270,195	286,452

The management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly.

As at 30 June 2025, carrying amount of trade receivables amounted to RMB1,103,000 (31 December 2024: RMB4,616,000) have been pledged as security for the Group's borrowing.

The Group does not hold any collateral over these balances.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
(Reversal of)/recognised impairment loss in respect of trade receivables	**(2,356)**	1,656

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

During the six months ended 30 June 2025, the Group provided impairment allowance of RMB136,000 (2024: RMB1,834,000). In particular a specific loss allowance of RMB136,000 (2024: RMB551,000) has been made to individual debtors because the debtors are in severe financial difficulty and there is no realistic prospect of recovery.

During the six months ended 30 June 2025, the Group reversed the impairment allowance of RMB2,492,000 (2024: RMB248,000).

12. BILL RECEIVABLES AT FVTOCI

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Bill receivables at FVTOCI	**117,027**	127,229

The following is an aging analysis of bill receivables at FVTOCI presented based on bill issuance date or endorsement date at the end of the reporting period:

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
0-180 days	**117,027**	127,229

As at 30 June 2025, the Group has pledged bill receivables at FVTOCI with a total net book value of RMB81,092,000 (31 December 2024: RMB102,385,000) to secure general banking facilities and suppliers payments granted to the Group.

13. TRADE AND BILL PAYABLES

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables	**367,213**	363,403
Bill payables (note)	**12,490**	40,621
	379,703	404,024

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these payables as the Group is obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

13. TRADE AND BILL PAYABLES *(Continued)*

The following is an aging analysis of bill payables at the end of the reporting period:

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
0-180 days	**12,490**	40,621

All bill payables of the Group are with a maturity period of less than one year.

The credit period on purchase of inventories is generally 90 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
0-30 days	**157,804**	207,405
31-60 days	**102,347**	39,702
61-90 days	**60,959**	67,922
Over 90 days	**46,103**	48,374
	367,213	363,403

14. BORROWINGS

	As at	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Secured bank loans	**249,937**	360,811
Unsecured bank loans	**447,880**	304,300
Other loans	**145,923**	106,039
	843,740	771,150
The carrying amounts of the above borrowings are repayable based on scheduled repayment terms:		
Within one year	**739,967**	705,211
More than one year but not more than two years	**44,025**	45,000
More than two years but not more than five years	**58,725**	19,900
More than five years	**1,023**	1,039
	843,740	771,150
Less: Amounts shown under current liabilities	**(739,967)**	(705,211)
Amounts shown under non-current liabilities	**103,773**	65,939

15. LOANS FROM RELATED COMPANIES

	As at	
	31 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Hanhe Enterprises	**26,850**	27,250
Jinhan Tianxia	**56,200**	53,800
	83,050	81,050
Less: Amounts shown under current liabilities	**(2,450)**	—
Amounts shown under non-current liabilities	**80,600**	81,050

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

15. LOANS FROM RELATED COMPANIES *(Continued)*

On 1 April 2025, an agreement was entered into between Hanhe Enterprises as lender and the Group as borrower, pursuant to which Hanhe Enterprises had agreed to provide a loan facility to the Group in the aggregate amount of RMB100,000,000 at interest rate of 3.5% per annum. The repayment term of each respective loan will be mutually agreed upon the respective loan advance dates. As at 30 June 2025, the outstanding loan from Hanhe Enterprises amounting to approximately RMB26,850,000 (31 December 2024: RMB27,250,000), with repayment dates ranging from January 2026 to December 2026.

On 1 April 2025, an agreement was entered into between Jinhan Tianxia as lender and the Group as borrower, pursuant to which Jinhan Tianxia had agreed to provide loans to the Group in the aggregate amount of RMB100,000,000 at an interest rate of 3.5% per annum. The repayment term of each respective loan will be mutually agreed upon the respective loan advance dates. As at 30 June 2025, the outstanding loan from Jinhan Tianxia amounted to RMB56,200,000 (31 December 2024: RMB53,800,000), with repayment dates ranging from December 2025 to September 2026.

16. SHARE CAPITAL

	Number of Shares	Amount HK$
Ordinary shares of HK$0.01 each		
Authorised		
At 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	10,000,000,000	100,000,000
Issued and fully paid		
At 1 January 2024 (audited) and 30 June 2024 (unaudited)	1,000,000,000	10,000,000
Placing of new shares	9,500,000	95,000
At 1 January 2025 (audited) and 30 June 2025 (unaudited)	1,009,500,000	10,095,000

	RMB'000
Presented as at 1 January 2025 (audited) and 30 June 2025 (unaudited)	8,930
Presented as at 1 January 2024 (audited) and 30 June 2024 (unaudited)	8,844

17. SHARE-BASED PAYMENTS

The Company's Share Award Plan was adopted pursuant to a resolution passed on 1 March 2023. The purposes of the Share Award Plan are to recognise and reward the contribution of Eligible Participants (as defined in the Announcement), to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group, and will expire on 28 February 2033.

Details of the Share Award Plan was disclosed in the Group's consolidated financial statements for the year ended 31 December 2024.

The table below discloses movement of the share awards granted to the Directors:

Date of grant	Vesting period	Exercise price per share	Balance as at 1 January 2025	Granted during the period (Unaudited)	Balance as at 30 June 2025 (Unaudited)
20 January 2025	1 year from the date of grant	Nil	—	74,000	74,000

The table below discloses movement of the share awards granted to the employees of the Group:

Date of grant	Vesting period	Exercise price per share	Balance as at 1 January 2025	Granted during the period (Unaudited)	Balance as at 30 June 2025 (Unaudited)
20 January 2025	1 year from the date of grant	Nil	—	561,500	561,500
21 January 2025	1 year from the date of grant	Nil	—	268,500	268,500

In the current interim period, 635,500 share awards and 268,500 share awards were granted on 20 January 2025 and 21 January 2025, respectively. The fair values of the share awards determined at the dates of grant were HK$1,398,000 and HK$601,000 (equivalent to RMB1,287,000 and RMB553,000), respectively. The closing prices of the Company's shares immediately before 20 January 2025 and 21 January 2025, the dates of grant, was HK$2.20 and HK$2.24, respectively.

The fair value of the share awards was measured at the market price of the Company's share at the date at which the share awards were granted.

At the end of each interim period, the Group revises its estimates of the number of share awards that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share-based payments reserve.

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18. CAPITAL COMMITMENTS

	As at	
	31 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**10,913**	17,864

19. RELATED PARTY TRANSACTIONS

During both periods, other than those disclosed in elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related companies:

Provision of guarantees by related party of the Group

Certain related party of the Group have provided guarantees to banks to support facilities granted by those banks to the Group as follows:

	As at 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Provision of guarantees		
Mr. Yin	**132,000**	127,000

Non-trade transactions with related parties of the Group

Certain related parties of the Group have non-trade transactions with the Group as follows:

	As at 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest on loans from a related company - Hanhe Enterprises	**478**	821
Interest on loans from a related company – Jinhan Tianxia	**964**	1,104
	1,442	1,925
Advisory fee paid to an associate	**3,182**	3,182

19. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the period was as follows:

	As at 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short-term benefits	**2,653**	2,495
Post-employment benefits	**265**	264
Share-based payments	**62**	—
	2,980	2,759

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following provides information about how the Group determines fair value of various financial assets.

(i) Fair value measurement of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair values at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at			
Unobservable	**30 June 2025 RMB'000 (Unaudited)**	31 December 2024 RMB'000 (Audited)	**Fair value hierarchy**	**Valuation techniques and key inputs**
Commodity derivative contracts	**3**	22	Level 1	Quoted bid prices in Zhengzhou Commodity Exchange
Listed equity securities at FVTPL	**265**	274	Level 1	Quoted bid prices in respective stock exchange markets
Bill receivables at FVTOCI	**117,027**	127,229	Level 2	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the bill receivables

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20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of the financial assets and financial liabilities of the Group recorded at amortised cost in the condensed consolidated financial statements at the end of the reporting period approximate their fair values.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.