



# 武漢有機控股有限公司

WUHAN YOUJI HOLDINGS LTD.

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 2881

## 2025 ANNUAL REPORT

綠色製造  
繽紛生活

武漢有機  
WUHAN YOUJI





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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zou Xiaohong (*Chairperson*)  
Mr. Chen Ping

### Non-executive Directors

Mr. Gao Lei  
Mr. Shen Yingming  
Ms. Li Deye

### Independent non-executive Directors

Dr. Liu Zhongdong  
Dr. Yuan Kang  
Mr. Liu Kai Yu Kenneth

## AUDIT COMMITTEE

Mr. Liu Kai Yu Kenneth (*Chairperson*)  
Dr. Liu Zhongdong  
Dr. Yuan Kang  
Mr. Gao Lei  
Mr. Shen Yingming

## REMUNERATION COMMITTEE

Mr. Liu Kai Yu Kenneth (*Chairperson*)  
Dr. Liu Zhongdong  
Dr. Yuan Kang  
Mr. Zou Xiaohong  
Mr. Gao Lei

## NOMINATION COMMITTEE

Mr. Zou Xiaohong (*Chairperson*)  
Dr. Liu Zhongdong  
Dr. Yuan Kang  
Mr. Liu Kai Yu Kenneth  
Ms. Li Deye

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Zou Xiaohong (*Chairperson*)  
Dr. Liu Zhongdong  
Ms. Li Deye  
Mr. Zhou Xu  
Mr. Shen Haifeng

## JOINT COMPANY SECRETARIES

Mr. Chen Ping  
Ms. Lai Ho Yan (*ACG, HKACG*)

## REGISTERED OFFICE IN CAYMAN ISLANDS

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

## COMPANY WEBSITE

[www.chinaorganic.com](http://www.chinaorganic.com)

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## COMPLIANCE ADVISER

BOCOM International (Asia) Limited

## LEGAL ADVISER AS TO HONG KONG LAW

Pillsbury Winthrop Shaw Pittman LLP

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1, Chemical Second Road  
Wuhan Chemical Industrial Park  
Qingshan District, Wuhan  
Hubei  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

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

## PRINCIPAL BANKS

Bank of Communications Wuhan Hongshan Branch  
Agricultural Bank of China, Dadongmen Branch  
Hankou Bank, Qiaokou Branch

## STOCK CODE

2881

## Financial Summary

### Year ended 31 December

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
	<b>(Audited)</b>	(Audited)
REVENUE	<b>2,657,358</b>	3,284,183
Gross profit	<b>319,545</b>	396,250
PROFIT FOR THE PERIOD	<b>62,494</b>	123,035
Profit attributable to owners of the parent	<b>62,494</b>	123,035
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:		
Basic and diluted (RMB per share)	<b>0.67</b>	1.45

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

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

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

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

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

## Chairman's Statement



It is my great pleasure to present to all the shareholders (the “**Shareholders**”) of Wuhan Youji Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) an overview of the performance for the year ended 31 December 2025 (the “**Review Year**”).

In 2025, the global economy navigated through mounting risks and uncertainties, with slowing growth and widening regional divergence. In April, the United States reinstated and escalated tariff measures, pushing the average effective tariff rate to its highest level since the 1930s, severely undermining the rules-based global multilateral trading system. Amid the protracted Russia-Ukraine conflict and volatile situation in the Middle East, geopolitical tensions remained frequent. Under the combined pressures of trade frictions, geopolitical conflicts, green transition and technological transformation, the global chemical industry underwent profound adjustments in 2025, characterized by “overcapacity, weak demand, regional restructuring, green upgrading, high-end competition and accelerated capacity integration”. Leveraging its operational strengths and adhering to its established competitive strategies, the Group maintained steady performance in the challenging market, consolidated the core businesses and preserved its leading market position.

## REVIEW

In 2025, the global political and economic landscape underwent profound restructuring, with a notable rise in uncertainties and complexities. The external operating environment for the Group faced unprecedented challenges in years, as the global economic recovery lacked momentum and structural contradictions persisted.

On the international front, trade protectionism and geopolitical risks became increasingly intertwined, with political and geopolitical factors emerging as the primary exogenous variables affecting the global chemical industry. The traditional rules-based international economic and trade order accelerated its reshaping, and global supply chains trended toward regionalization and diversification, driving up production and transaction costs and significantly increasing uncertainties for corporate operations. Monetary policies among major economies diverged; despite signals of partial easing, global interest rates remained elevated overall, continuing to constrain the real economy and corporate investment decisions.

From an industrial perspective, the Asia-Pacific region remained the core hub of global chemical production capacity and demand, and China's pivotal role in the global chemical supply chain remained unchanged. In contrast, the European chemical industry, affected by rising energy costs and increasingly stringent environmental compliance requirements, exhibited a growing trend of capacity contraction with further weakened regional competitiveness. Meanwhile, the competitive dynamics of the global chemical industry evolved rapidly, shifting the focus of industrial competitiveness from "scale and cost" to a comprehensive competition of "technological capabilities, compliance standards and regional positioning".

Domestically, the Chinese economy maintained overall stability amid the complex external environment, with continuous optimization of economic structure, accelerated fostering of new-quality productive forces and a further expansion of the annual economic aggregate, remaining a key engine of global economic growth. Nevertheless, factors including the ongoing adjustment of the real estate market, the slow recovery of consumer confidence and pressure on external demand imposed certain constraints on short-term economic growth.

At the industry level, the global traditional basic chemical industry remained in a downward cycle. The combination of insufficient demand, overcapacity and cost pressures squeezed industry profit margins and exacerbated market divergence. China's petrochemical and downstream industries also faced the dual challenges of price declines and structural adjustments, placing overall operational pressure on the sector. However, enterprises with technological and cost advantages were gradually consolidating their long-term competitive foundations.

Faced with the complex and volatile external environment, the Board has consistently adopted a prudent yet proactive operational approach, maintained strategic resolve, made advance arrangements and proactively responded to changes. Focusing on its core businesses, the Group continued to optimize its product mix and drive technological innovation, strengthened cost control and refined operations, and steadily advanced capacity deployment and market expansion, further consolidating its operational foundation.

Affected by industry cyclical adjustments and falling product prices, the Group's annual performance declined compared with the previous year and fell short of its established targets. However, the quality of operations and endogenous resilience continued to improve, with signs of stabilization and gradual recovery emerging in the latter part of the year. The Board believes that the current industry adjustment represents not only pressure but also an important window for optimizing structure, enhancing capabilities and strengthening long-term competitive advantages.

## Chairman's Statement

In 2025, in response to various adverse impacts arising from deglobalization, global supply chain decoupling and tariff barriers, the Group invested in the establishment of a wholly-owned subsidiary in Malaysia, with plans to construct a new toluene oxidation and chlorination factory. The construction of the new factory will further expand the Company's production capacity and global supply capabilities, enhancing the stability of its operations and global competitiveness. The Group also achieved major breakthroughs in technological innovation during the year. On 30 December, the Board approved the entering into of an agreement by Wuhan Youji (武漢有機), a wholly-owned subsidiary of the Group, with Wuhan Guangyao (武漢光耀), Wuhan Shengyu (武漢盛譽) and individual partners to jointly establish Wuhan Youji Photochemical Technology Co., Ltd. (武漢有機光化學科技股份有限公司) (in formation), a non-wholly owned subsidiary. The joint venture aims to commercialize photochemical oxidation technology and construct and operate an aromatic aldehyde/ester substitution project with an annual capacity of 15,000 tonnes in Wuhan, subject to approval by independent Shareholders at an extraordinary general meeting. The project integrates proprietary and breakthrough photochemical oxidation technologies from Wuhan Youji (武漢有機) and Wuhan Guangyao (武漢光耀), as well as financial support from Wuhan Youji (武漢有機), its senior management members and core technical team. Leveraging the existing capabilities in industrialization, construction and operation of Wuhan Youji (武漢有機), its sales network, and access to relevant infrastructure and industry resources, the non-wholly owned subsidiary is well-positioned to accelerate the incubation and commercialization of this innovative technology. The project is expected to generate significant economic and social benefits and support the Group's long-term sustainable growth. Construction of the Group's Hubei Xinxuanhong Production Plant (the "**Xinxuanhong Project**") and the Phase II Project of Kangxin Bio-Tech (康新生物) is also progressing steadily. The commissioning of new production capacity and ongoing construction are set to alleviate the insufficient production capacity within the Group, laying a solid foundation for enhancing our global market share of main products, bolstering our core business revenues, and fortifying our competitive edge on the global stage.

Overall, during the Review Year, the Group's total revenue decreased by approximately 19.1% compared to the same period in 2024, amounting to approximately RMB2,657.4 million (2024: approximately RMB3,284.2 million). Net profit decreased by approximately 49.2% compared to the same period in 2024, amounting to approximately RMB62.5 million (2024: approximately RMB123.0 million).

After a comprehensive and careful assessment of the Group's business prospects and in line with the dividend policy of actively rewarding Shareholders, the Board proposes to declare a final dividend of RMB0.3215 per ordinary share for the year ended 31 December 2025, subject to shareholders' approval at the annual general meeting.

## PROSPECTS

The Group adopts a stance of cautious optimism regarding its business prospects in the coming year, with challenges and opportunities coexisting. Many of the aforementioned adverse factors in the international and domestic macro environment are unlikely to be eliminated in the short term. The duration of the US-Israel-Iran conflict and its impact on the global political landscape and energy markets remain uncertain; the one-year truce in the China-US trade war may either lead to a compromise or reignite hostilities; and the outcome of the EU's anti-dumping investigation into sodium benzoate and benzyl alcohol from China will be clarified between August and September 2026. The challenges posed by these uncertainties are exceptionally severe, while the opportunities arising require timely and precise seizing. The Chinese government continues to promote the transformation of the economic growth model, accelerate the construction of a modern industrial system, and foster a new development paradigm featuring dual domestic and international circulations that reinforce each other. With a focus on stable growth, structural adjustment, green development and high-end upgrading, supportive policies for China's chemical industry have been rolled out intensively. We believe these efforts will contribute to the steady and long-term growth of the Chinese economy.

## Chairman's Statement

In 2026, we will fully ensure the continuous and stable operation of the Phase I of Xinxuanhong Project, steadily advance the construction of Phase II of Xinxuanhong Project and Phase I of Kangxin Bio-Tech (康新生物) Project, press ahead with the construction of the Malaysian factory, and accelerate the commercialization of photochemical oxidation technology. Leveraging our strong R&D capabilities, excellent technical processes, highly competitive cost advantages and flexible pricing strategies, we will continuously develop high-value products, further increase the market share of the Group's main products, and enhance the Group's operating revenue and profitability.

Looking ahead, the global economy will continue to seek a new balance amid volatility. The Group will remain committed to its core businesses, and focus on advantageous sectors supported by technological barriers and long-term demand. In line with the trends of industrial upgrading, green transformation and regionalized development, the Group will steadily enhance our core competitiveness and risk resilience, thereby delivering long-term and sustainable value for Shareholders and society.

On behalf of the Board

**Zou Xiaohong**

*Chairman*

Hong Kong, 26 March 2026

# Management Discussion and Analysis

## BUSINESS REVIEW

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

### Performance by Product Type

**For the year ended 31 December 2025**

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

**For the year ended 31 December 2024**

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

# Management Discussion and Analysis

## Revenue by geographical location of customers

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

### Notes:

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

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

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

## Management Discussion and Analysis

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

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

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

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

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

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

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

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

## Management Discussion and Analysis

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

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

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

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

### **Export**

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

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

# Management Discussion and Analysis

## REVIEW AND PROSPECTS

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

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

After the Reporting Period, military conflict broke out between the United States and Iran in the Middle East, leading to the blockade of the Strait of Hormuz, which has caused significant disruption to global energy and chemical supply chains. On one hand, energy prices, particularly crude oil, have risen markedly, directly increasing production costs for downstream chemical products. On the other hand, the sharp short-term rise in costs has forced some overseas and domestic manufacturers to reduce production loads or suspend operations, thereby leading to a contraction in overall supply. The Group will closely monitor developments in this geopolitical situation, assess its potential impact on product prices and earnings prospects in a timely manner, and adopt appropriate operational strategies to safeguard operational stability and profitability. Going forward, the Group will implement key initiatives, including: (i) actively responding to the policy orientation of counter-excessive competition by flexibly allocating production capacity and dynamically adjusting production rhythm to achieve a balance between supply and demand, thereby mitigating the squeeze on overall industry profitability caused by disorderly competition; (ii) optimizing product sales strategies by leveraging the elasticity of the Company’s manufacturing capabilities to adjust product mix, and continuing the value-oriented pricing model; (iii) actively expanding the coverage of our global sales and marketing network, steadily advancing the construction of overseas production capacity at the Malaysia production base, and enhancing international market penetration and supply chain resilience; and (iv) continuing to invest in the research and development of new high value-added products, with a focus on promoting the construction of the Phase II production lines of Xinxuanhong and photochemical projects, so as to cultivate new growth momentum through technological upgrades and capacity optimization.

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

## FINANCIAL REVIEW

### Revenue and Gross Profit

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

### Other Income and Gains

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

### Selling and Distribution Expenses

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

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

### Administrative Expenses

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

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

# Management Discussion and Analysis

## Research and Development Expenses

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

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

## Finance Costs

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

## Income Tax Expenses

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

## Profit for the Year

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

## Basic and diluted earnings per share

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

# Management Discussion and Analysis

## LIQUIDITY, GEARING RATIO AND CAPITAL STRUCTURE

### Treasury Policy

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

### Liquidity and Capital Structure

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

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

The Group adopts a prudent treasury policy. Its borrowings are primarily denominated in Renminbi, and the mix of fixed and floating interest rates is managed in line with business needs. For details, see Note 38.

### Gearing Ratio

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

The Group will continue to monitor its gearing ratio as part of its capital management to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

### Current Assets

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

# Management Discussion and Analysis

## Inventories

The inventories of the Group consist of raw materials, work in progress and finished goods. As at 31 December 2025, the total inventories of the Group amounted to approximately RMB328.1 million, representing an increase of approximately RMB35.7 million as compared with the total inventories of approximately RMB292.4 million as at 31 December 2024. Inventory turnover days were 48 days during the Reporting Period as compared with 37 days for the year ended 31 December 2024. The inventory turnover days for the Reporting Period increased as compared with the whole year of 2024, primarily attributable to the increase in the inventory of finished goods, resulting from the Company's overall adoption of a volume-controlled and price-protected sales strategy in the second half of the year. The Group has been focusing on daily inventory management by making reasonable arrangements for business processes such as procurement, production and sales to ensure that inventories are maintained at a reasonable level.

The Group's business is not operated on an order book basis; therefore, disclosure of an order book is not applicable.

## Trade and Bills Receivables

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

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

## Prepayments and Other Receivables

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

## Current Liabilities

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

## Trade and Bills Payables

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

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

# Management Discussion and Analysis

## Other Payables and Accruals

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

## Pledge of Assets

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

## Material Acquisitions, Disposals and Significant Investment

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

## Capital Expenditures and Capital Commitments

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

## Future Plans for Material Investment or Capital Assets

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

As at 31 December 2025, the Group did not hold any investments that are material under paragraphs 32(4) and 32(4A) of Appendix D2.

## Contingent Liabilities

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

## Foreign Currency Risk and Interest Rate Risk

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

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

## Management Discussion and Analysis

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

### USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

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

Use of Proceeds	Proportion (%)	Net proceeds from the Global Offering (HK\$ million)	Utilised amount	Utilised amount	Unutilised amount	Expected timetable for fully utilising the unutilised amount <sup>(1)</sup>
			during the year ended 31 December 2025 (HK\$ million)	amount as of 31 December 2025 (HK\$ million)	amount as of 31 December 2025 (HK\$ million)	
Increasing our production capacity at Hubei Xinxuanhong Production Plant by constructing new production facilities	82.0	21.2	0.8	7.2	14.0	Before December 2028
Research and development activities	3.0	0.8	0	0.2	0.6	Before December 2026
Sales and marketing activities	5.0	1.3	0.4	0.8	0.5	Before December 2026
Working capital and general corporate purposes	10.0	2.6	—	2.6	0.0	
<b>Total</b>	<b>100</b>	<b>25.9</b>	<b>1.2</b>	<b>10.8</b>	<b>15.1</b>	

Note:

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

### EMPLOYEES AND REMUNERATION POLICIES

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

## Management Discussion and Analysis

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

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

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

### EVENTS AFTER THE REPORTING PERIOD

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

### FINAL DIVIDEND

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

### CLOSURE OF REGISTER OF MEMBERS

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

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

# Corporate Governance Report

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to present to the shareholders (the “**Shareholders**”) the corporate governance report for the year ended 31 December 2025 (the “**Year**”).

## CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that corporate affairs are conducted in accordance with high ethical standards. The Company upholds the belief that it must act with integrity, transparency and accountability in achieving its long-term objectives. The Company believes that only by conducting itself in such manner can shareholders’ wealth be maximised in the long run, and that the employees, business partners, and various stakeholders of the Company will benefit from it.

Corporate governance is the process by which the Board directs the management of the Group in handling corporate affairs to ensure the achievement of its objectives. The Board is dedicated to maintaining and developing robust corporate governance practises to ensure:

- delivery of satisfactory and sustainable returns for shareholders; and protection of interests of all stakeholders of the Company;
- identification, understanding, and appropriate management of overall business risks;
- assurance of operational safety, environmental friendliness, and sustainable development;
- provision of high-quality products and services that satisfy customers; and
- maintenance of high standards of professional ethics.

## CORPORATE GOVERNANCE PRACTISES

The Company has adopted and complied with the provisions of the Corporate Governance Code (the “**Corporate Governance Code**”)\* as set out in Appendix C1 to the Listing Rules, which outlines the principles of good corporate governance. For the year ended 31 December 2025, the Company has consistently complied with all applicable code provisions as set forth in the Corporate Governance Code.

The Company will continue to strengthen its corporate governance practises in line with the operation and growth of its business, and will periodically review these practises to ensure compliance with the Corporate Governance Code and alignment with the latest developments.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Management Securities Trading Code (the “**Management Securities Trading Code**”) as the standard of conduct for securities transactions by its Directors and relevant employees. The terms of this code are not less stringent than those set out in the model as stipulated in Appendix C3 to the Listing Rules (the “**Model Code**”).

Having made specific enquiry with each of the Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Management Securities Trading Code throughout the year.

To the best of the Company’s knowledge, no relevant employees have violated the Management Securities Trading Code during the year ended 31 December 2025.

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

## THE BOARD AND ITS COMPOSITION

The Company is led by an effective Board, which is responsible for its leadership and control. By guiding and overseeing the Company's affairs, the Board collectively ensures the success of the Company. Directors make decisions objectively, acting in the best interests of the Company and its shareholders.

The Board maintains a balance of skills, experience, and diversity of perspectives to meet the requirements of the Company's business. It regularly reviews the contributions made by Directors in fulfilling their responsibilities to the Company and assesses whether Directors have devoted sufficient time to perform their duties commensurate with their roles and Board responsibilities. The Board comprises a balanced composition of executive Directors, non-executive Directors, and independent non-executive Directors, ensuring strong independence and enabling the Board to exercise independent judgement effectively.

The Board has established four Board Committees, including the Audit Committee (the "**Audit Committee**"), the Remuneration Committee (the "**Remuneration Committee**"), the Nomination Committee (the "**Nomination Committee**"), and the ESG Committee (the "**ESG Committee**"), to oversee various aspects of the Company's affairs.

As of the date of this report, the Board consists of eight Directors, including two executive Directors; three non-executive Directors; and three independent non-executive Directors. Mr. Zou Xiaohong serves as the chairman of the Board. The current composition of the Board is as follows:

### Executive Directors

Mr. Zou Xiaohong (*chairman of the Board*)

Mr. Chen Ping (*joint company secretary*)

### Non-executive Directors

Mr. Gao Lei

Mr. Shen Yingming

Ms. Li Deye

### Independent non-executive Directors

Dr. Liu Zhongdong

Dr. Yuan Kang

Mr. Liu Kai Yu Kenneth

Details of the Directors' biographies are set out in the section headed "Biographies of Directors and Senior Management" on pages 76 to 81 of this annual report.

All Directors have obtained the legal opinions as required under Rule 3.09D of the Listing Rules on 18 June 2024 (the "**Listing Date**").

Each of our executive Directors has entered into a service contract with the Company on 30 May 2024, and the terms of appointment under the service contracts are for an initial term of three years from the Listing Date or until the third annual general meeting following the Listing Date, whichever is earlier, and may be subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

# Corporate Governance Report

Each non-executive Director and independent non-executive Director has entered into a letter of appointment with the Company, pursuant to which they have agreed to serve as non-executive Directors/independent non-executive Director for an initial term of three years from the Listing Date or until the third annual general meeting following the Listing Date, whichever is earlier. The term of the letter of appointment will continue until the expiry of the then-current term or until terminated by either party giving not less than three months' written notice to the other party.

There are no financial, business, or other material/connected relationships among the members of the Board.

## DIRECTORS' ATTENDANCE RECORD

During the year ended 31 December 2025, the attendance records of each Director at the Company's Board meetings, Board committee meetings, and general meeting are as shown in the table below:

Name of Directors	Number of Meetings Attended/Held					Annual General Meeting	Extraordinary General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee <sup>(1)</sup>		
<b>Executive Directors</b>							
Mr. Zou Xiaohong	4/4	N/A	1/1	2/2	2/2	1/1	1/1
Mr. Chen Ping	4/4	N/A	N/A	N/A	N/A	1/1	1/1
<b>Non-executive Directors</b>							
Mr. Gao Lei	4/4	2/2	1/1	2/2	N/A	1/1	1/1
Mr. Shen Yingming	4/4	2/2	N/A	N/A	N/A	1/1	1/1
Ms. Li Deye	4/4	N/A	N/A	N/A <sup>(2)</sup>	2/2	1/1	1/1
<b>Independent non-executive Directors</b>							
Dr. Liu Zhongdong	4/4	2/2	1/1	2/2	2/2	1/1	1/1
Dr. Yuan Kang	4/4	2/2	1/1	2/2	N/A	1/1	1/1
Mr. Liu Kai Yu Kenneth	4/4	2/2	1/1	2/2	N/A	1/1	1/1

Notes:

- (1) The ESG Committee is composed of five members. In addition to the Directors listed in the table above, Mr. Shen Haifeng and Mr. Zhou Xu are also members of the Committee. During the year, Mr. Shen Haifeng and Mr. Zhou Xu each attended two ESG Committee meetings.
- (2) Ms. Li Deye, a non-executive Director, has been appointed as a member of the Nomination Committee with effect from 26 June 2025 and Mr. Gao Lei, a non-executive Director, ceased to be a member of the Nomination Committee with effect from that date in compliance with code provision B.3.5 of the Corporate Governance Code (with effective on 1 July 2025).

In addition to the regular Board meetings, the chairman of the Board held one meeting with the independent non-executive Directors during the year, and all other Directors abstained from attending this meeting.

## BOARD MEETINGS

The Company holds regular Board meetings, with a minimum of four meetings per year, approximately once every quarter, to discuss the Group's financial performance, business operations, and strategic development, among other matters. Extraordinary Board meetings are also convened as necessary. Notice of regular Board meetings is sent to all Directors at least 14 days in advance, ensuring that all Directors have the opportunity to attend and discuss agenda items. For extraordinary Board meetings, reasonable notice is also provided to Directors. Directors may participate in meetings either in person or via electronic means.

The agenda and Board documents with complete and reliable information are distributed to all Directors three days prior to the meeting. All Directors are provided with sufficient resources to fulfill their duties, and there is an agreed procedure for Directors to seek independent professional advice at the Company's expense, where appropriate. All Directors have the opportunity to include discussion items on the agenda of Board meetings. The company secretary is responsible for maintaining minutes of Board meetings and Board Committee meetings, and Directors may access all meeting minutes at reasonable times upon giving reasonable notice.

## RESPONSIBILITIES, DUTIES, AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership and control of the Company, and it collectively guides and oversees the Company's affairs. The Board leads and directs management, either directly or indirectly, by setting strategies and overseeing their implementation, monitors the Group's operations and financial performance, and ensures the establishment of robust internal control and risk management systems.

All Directors, including non-executive Directors and independent non-executive Directors, bring a wide range of valuable business experience, knowledge, and professionalism to the Board, enabling it to function efficiently and effectively. Independent non-executive Directors are responsible for ensuring high standards of regulatory reporting and maintaining a balance on the Board, providing effective independent judgement on the Company's actions and operations.

All Directors have full and timely access to all Company information and, upon request, may, where appropriate, seek independent professional advice at the Company's expense to fulfill their duties to the Company.

All significant matters relating to policy issues, strategy and budgeting, internal controls and risk management, major transactions (particularly those that may involve conflicts of interest), financial information, Director appointments, and other significant operational matters of the Company are decided by the Board. Responsibilities related to executing Board decisions, directing, and coordinating the day-to-day operations and management of the Company are delegated to management.

The Company has arranged appropriate insurance coverage for the liabilities of Directors and senior management in connection with any legal proceedings brought against them due to corporate activities. The insurance coverage is reviewed annually by the Company.

## CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

In accordance with Provision C.2.1 of the Corporate Governance Code, the roles of the chairman of the Board and the chief executive officer shall be separate and not be assumed by the same individual, ensuring their respective independence, accountability, and responsibilities.

During the year ended 31 December 2025, Mr. Zou Xiaohong served as the chairman of the Board, while Mr. Zhou Xu held the position of chief executive officer. The chairman of the Board is responsible for leading the functioning and leadership of the Board, whereas the chief executive officer is primarily responsible for the Company's business development and day-to-day management and operations. As such, the division of responsibilities between the chairman of the Board and the chief executive officer has been clearly established.

# Corporate Governance Report

## INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2025, the Board has consistently complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules, which mandate the appointment of at least three independent non-executive Directors, one of whom possesses appropriate professional qualifications or expertise in accounting or related financial management.

The Company has also adhered to Rule 3.10A of the Listing Rules, which requires that independent non-executive Directors constitute at least one-third of the Board membership.

The Company has received annual written confirmations from each independent non-executive Director (namely Dr. Liu Zhongdong, Dr. Yuan Kang, and Mr. Liu Kai Yu Kenneth) regarding their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

In addition to regular Board meetings, the chairman of the Board has held a meeting with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

## BOARD'S INDEPENDENCE EVALUATION MECHANISM

In 2025, the Company established a Board's independence evaluation mechanism, implementing processes and procedures to ensure independence of the Board at a high level, so that it can exercise independent judgement effectively and better safeguard the interests of shareholders.

The Company ensures independent views and input are available to the Board via the following mechanisms:

- (1) the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board;
- (2) on an annual basis, all independent non-executive Directors are required to confirm their compliance with independence requirements and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments;
- (3) the chairman of the Board shall meet with the independent non-executive Directors at least once annually; and
- (4) all members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

Under the Board's independence evaluation mechanism, the Board conducts an annual review of its independence. The Board independence evaluation report is submitted to the Board, which collectively discusses the results and the action plan for improvement.

As of 31 December 2025, the Board has reviewed the implementation and effectiveness of the Board's independence evaluation mechanism, and the results are satisfactory.

## APPOINTMENT, RE-ELECTION, AND REMOVAL OF DIRECTORS

The Board shall have the power to appoint any person as a Director at any time or from time to time to fill any casual vacancy or to increase the membership of the existing Board, provided that the number of Directors shall not exceed such upper limit as the general meeting may determine. Any Director appointed to fill a casual vacancy or to join the existing Board shall hold office only until the next annual general meeting of the Company following their appointment, at which they shall be eligible for re-election. When determining the number of Directors or the number of Directors retiring by rotation at a general meeting, any Director appointed by the Board in this manner shall not be taken into account.

In accordance with the Company's Articles of Association, one-third of the Directors in office at each annual general meeting shall retire by rotation. However, if the number of Directors is not a multiple of three, the number of Directors retiring shall be the number closest to but not less than one-third. The Directors to retire each year shall be those who have been in office the longest since their last re-election or appointment. If multiple Directors were appointed or last re-elected on the same day, the Director to retire shall be determined by drawing lots.

Unless recommended by the Board for election, no person other than a retiring Director is eligible for election as a Director at any general meeting unless a written notice of intention to propose that person for election as a Director, along with a written notice from that person indicating his/her willingness to be elected, has been delivered to the Company's registered office. The Company must include details of the proposed candidate in its announcement or supplementary circular, and provide shareholders with it at least seven days prior to the meeting date to consider the information disclosed in the announcement or supplementary circular.

Any Director may be removed from office before the expiration of their term by an ordinary resolution of the Company's shareholders (without prejudice to any claim for damages for breach of any contract between the Director and the Company), and the Company may, by ordinary resolution, appoint another person to fill the vacancy. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be fewer than two.

## ONGOING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall remain informed about regulatory developments and changes to effectively fulfill their duties and ensure that their contributions to the Board are well-informed and relevant.

Upon their initial appointment, each newly appointed Director undergoes a formal and comprehensive induction programme to ensure a proper understanding of the Company's business and operations, as well as a full awareness of their responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are expected to engage in appropriate ongoing professional development to expand and update their knowledge and skills. Where applicable, the Company arranges internal briefings and provides Directors with relevant reading materials on pertinent topics.

# Corporate Governance Report

The training records of the Directors for the year ended 31 December 2025 are summarised as follows, covering the following topics: (i) duties of board and directors; (ii) Listing Rules and Hong Kong law compliance (including regulatory update); (iii) corporate governance and environmental, social and governance (ESG); (iv) risk management and internal controls; and (v) industry and business updates:

Name of Director	Type of Training <sup>(1)</sup>	
	A	B
<b>Executive Directors</b>		
Mr. Zou Xiaohong	✓	✓
Mr. Chen Ping	✓	✓
<b>Non-executive Directors</b>		
Mr. Gao Lei	✓	✓
Mr. Shen Yingming	✓	✓
Ms. Li Deye	✓	✓
<b>Independent Non-executive Directors</b>		
Dr. Liu Zhongdong	✓	✓
Dr. Yuan Kang	✓	✓
Mr. Liu Kai Yu Kenneth	✓	✓

Note:

(1) Types of Training

A: Attending training programmes, including but not limited to briefings, seminars, conferences, and workshops

B: Reading relevant news alerts, newspapers, journals, magazines, and related publications

## CONFLICTS OF INTEREST

If a Director has a material conflict of interest in a transaction or proposal to be considered by the Board, the Director must declare such interest and abstain from voting on the matter. The transaction will be considered and voted on by Directors who do not have a material interest in the transaction during the Board meeting.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code.

The Board acknowledges that corporate governance shall be a shared responsibility of all Directors, whose corporate governance functions include:

- Reviewing and monitoring the Company's policies and practises in compliance with legal and regulatory requirements;
- Reviewing and monitoring the training and ongoing professional development of Directors and senior management;
- Developing, reviewing, and monitoring the code of conduct and compliance manuals applicable to employees and Directors;
- Formulating and reviewing the Company's corporate governance policies and practises, and making recommendations to the Board and report on these matters;
- Reviewing the Company's compliance with the Corporate Governance Code and its disclosures in the corporate governance report; and

- (f) Reviewing and monitoring the Company's compliance with its whistleblowing policy.

During the year ended 31 December 2025, the Board also conducted an annual review to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

## BOARD COMMITTEES

### Audit Committee

The Board has established an Audit Committee in accordance with Rule 3.21 of the Listing Rules and Code Provision D.3 of the Corporate Governance Code, with written terms of reference. As at the date of this report, the Audit Committee comprises Mr. Liu Kai Yu Kenneth (independent non-executive Director), Dr. Liu Zhongdong (independent non-executive Director), Dr. Yuan Kang (independent non-executive Director), Mr. Gao Lei (non-executive Director), and Mr. Shen Yingming (non-executive Director), with Mr. Liu Kai Yu Kenneth (an independent non-executive Director with appropriate professional qualifications) serving as the chairman.

The primary responsibilities of the Audit Committee include providing recommendations to the Board on the appointment and removal of external auditors, reviewing the consolidated financial statements and significant financial reporting matters, and overseeing the Company's internal control and risk management systems.

During the Reporting Period, the Audit Committee held two meetings to review and approve (i) the consolidated financial statements, (ii) the interim results announcement and interim report for the six months ended 30 June 2025, and (iii) the preparation of the annual results announcement and annual report for the year ended 31 December 2025.

During the Reporting Period, all members of the Audit Committee held a meeting with the external auditors without the presence of management and executive Directors.

### Remuneration Committee

The Board has established a Remuneration Committee in accordance with Rule 3.25 of the Listing Rules and Code Provision E.1 of the Corporate Governance Code, with written terms of reference. The Remuneration Committee comprises Mr. Liu Kai Yu Kenneth, Dr. Liu Zhongdong, Dr. Yuan Kang, Mr. Zou Xiaohong, and Mr. Gao Lei, with Mr. Liu Kai Yu Kenneth serving as the chairman.

The primary responsibilities of the Remuneration Committee include reviewing the terms of remuneration, bonuses, and other benefits payable to Directors and senior management, and making recommendations to the Board. Pursuant to Code Provision E.1.2(c)(ii) of Part 2 of the Corporate Governance Code, the Remuneration Committee adopts the model of recommending to the Board the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee is responsible for, annually or as needed, evaluating and reviewing the remuneration and overall benefits of the Company's Directors and senior management, and making recommendations to the Board; providing advice on consultancy agreements, service contracts, remuneration policies and structures, and management remuneration proposals; considering the remuneration levels of peer companies and the Company's employment conditions; reviewing and approving relevant compensation arrangements to ensure fairness and reasonableness; ensuring that Directors do not participate in decisions regarding their own remuneration; and reviewing/approving matters related to share plans as described in Chapter 17 of the Listing Rules.

# Corporate Governance Report

The Company's remuneration policy aims to ensure that the compensation provided to employees (including Directors and senior management) is based on their skills, knowledge, responsibilities, and level of involvement in the Company's affairs. The remuneration of executive Directors is determined based on the Company's performance and profitability, prevailing market conditions, and the individual performance or contribution of each executive Director. The remuneration policy for independent non-executive Directors ensures that their efforts and time devoted to the Company's affairs, including participation in Board Committee work, are appropriately compensated. The remuneration of independent non-executive Directors primarily consists of Director's fees, which are determined by the Board based on their duties and responsibilities. Individual Directors and senior management do not participate in decisions regarding their own remuneration.

During the Reporting Period, the Remuneration Committee held one meeting to review the remuneration policies and structures for all Directors and senior management and to make recommendations to the Board.

## Nomination Committee

The Board has established a Nomination Committee in accordance with Rule 3.27A of the Listing Rules and Code Provision B.3 of the Corporate Governance Code, with written terms of reference. The terms of reference of the Nomination Committee were amended with effect from June 26, 2025. As Ms. Li Deye, a non-executive Director, has been appointed as a member of the Nomination Committee with effect from 26 June 2025 and Mr. Gao Lei, a non-executive Director, ceased to be a member of the Nomination Committee with effect from 26 June 2025, the current Nomination Committee comprises Mr. Zou Xiaohong, Dr. Liu Zhongdong, Dr. Yuan Kang, Mr. Liu Kai Yu Kenneth, and Ms. Li Deye, with Mr. Zou Xiaohong serving as the chairman.

The primary responsibility of the Nomination Committee is to make recommendations to the Board on the appointment of Directors and manage Board succession planning.

The Nomination Committee is responsible for reviewing the structure, size, composition (including skills, knowledge, and experience), and diversity of the Board annually, and proposing changes in line with the Company's strategy; identifying suitable candidates for directorship, and considering their strengths and the benefits of diversity; assessing the independence of independent non-executive Directors; and making recommendations to the Board on the appointment, removal, and succession planning of Directors, with appointments and removals recommended by the Committee in accordance with the Listing Rules and the Articles of Association.

During the Reporting Period, the Nomination Committee held two meetings to review the policy for nominating Directors, the Board's structure, size, and composition, and assess the independence of independent non-executive Directors.

The Company has adopted a Director nomination policy, which sets out the selection criteria, nomination procedures, and succession planning considerations related to the nomination and appointment of Directors of the Company. The policy aims to ensure a balanced Board in terms of skills, experience, and diverse perspectives appropriate to the Company, as well as continuity and appropriate leadership at the Board level. The Board has delegated the responsibility and authority for Directors' selection to the Nomination Committee.

The Nomination Committee reviews the Directors' nomination policy annually to ensure its effectiveness.

## ESG Committee

To further enhance the Company's environmental, social, and governance ("ESG") management standards, strengthen the ESG management system, and improve ESG management capabilities, the Board has established an ESG Committee with written terms of reference. The ESG Committee comprises Mr. Zou Xiaohong, Dr. Liu Zhongdong, Ms. Li Deye, Mr. Zhou Xu, and Mr. Shen Haifeng, with Mr. Zou Xiaohong serving as the chairman.

The primary responsibilities of the ESG Committee are to monitor the Company's progress toward achieving ESG-related objectives and evaluate its performance in this regard, and to make recommendations to the Board on actions needed to improve such performance.

# Corporate Governance Report

During the Reporting Period, the responsibilities of the ESG Committee are to formulate and review the Company's ESG objectives, strategies, risks, opportunities, measures, policies, management guidelines, and corporate governance policies, and make recommendations to the Board; to monitor the Company's progress toward achieving ESG-related objectives, evaluate its performance, and make recommendations to the Board on actions needed to improve such performance; and to identify and prioritise significant ESG risk issues for the Company and make recommendations to the Board.

During the Reporting Period, the ESG Committee held two meetings to update the terms of reference of the ESG Committee, review the ESG strategic implementation plan and make recommendations to the Board.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5 of Part 2 of the Corporate Governance Code, details of the remuneration of senior management serving in the Company during the year ended 31 December 2025 are set out below:

Remuneration Range for Senior Management	Number of Individuals
RMB1,000,001 to RMB2,000,000	1
RMB3,000,001 to RMB4,000,000	1

Details of the remuneration of Directors are disclosed in Note 8 to the consolidated financial statements.

## Board Performance Review

Pursuant to Code Provision B.1.4 of the Corporate Governance Code (with effective on 1 July 2025), an issuer should conduct a formal evaluation of the board's performance ("**Board Performance Evaluation**") at least every two years.

During the year ended 31 December 2025, the Board, with the support of the Nomination Committee, conducts an annual performance evaluation in accordance with established procedures. Each Director completes a questionnaire assessing the effectiveness of the Board and its committees. The evaluation results are reviewed by the Nomination Committee and the Board. The Board concluded that the Board and its committees had operated effectively during the Reporting Period.

## Board Skills Matrix

Pursuant to Code Provision B.1.5 of the Corporate Governance Code (with effective on 1 July 2025), an issuer should maintain a board skills matrix. The Board shall set up a board skills matrix during the year ending 31 December 2026.

## BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy, which outlines the methods for achieving Board diversity. The Company recognises and acknowledges the benefits of having a diverse Board and believes that greater diversity at the Board level, including gender diversity, is a critical factor in maintaining competitive advantage and enhancing our ability to attract, retain, and motivate talented employees. When reviewing and evaluating suitable candidates for directorship, the Nomination Committee will consider various aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, as well as industry and regional experience.

The Company aims to maintain an appropriate balance of diverse perspectives relevant to its business growth and is committed to ensuring that recruitment and selection practises at all levels, starting from the Board, are structured to consider a wide range of candidates.

# Corporate Governance Report

Our Directors possess diverse knowledge and skills, including expertise in general management and strategic development, procurement and supply chain management, finance and accounting, technology and research, consulting, and corporate governance. The Company has three independent non-executive Directors with diverse industry backgrounds, accounting for one-third of the Board members. Additionally, the age range of Board members is well-balanced, spanning from 40 to 66 years old, with each member having over 10 years of experience in their respective fields. The composition of the Board aligns with the Board Diversity Policy. Following the appointment of Ms. Li Deye as a non-executive Director, the Board has achieved its gender diversity target of appointing at least one female Director by the end of 2024. The Board regularly evaluates its performance through directors' evaluation questionnaires to ensure that the Board can obtain independent opinions and input. During the Reporting Period, the Board reviewed the implementation and effectiveness of the mechanism.

## GENDER DIVERSITY

The Company values gender diversity at all levels of the Group. However, due to the nature of work in the chemical industry, the Group has a relatively higher number of male employees and a relatively lower number of female employees currently. The table below lists the gender ratio of the Group's employees, including the board of directors, senior management, and middle management, for the year ended 31 December 2025:

	Female	Male
Board	12.5%	87.5%
Senior management	0	100%
Middle management	13.76%	86.24%
Other employees	14.48%	85.52%
Total employees	13.95%	86.05%

The Board is committed to enhancing gender diversity at the Board, senior management, and other employees. The Board considers that it has achieved gender diversity and hopes that the proportion of female members will remain at least at the current level or not decrease significantly. The Company is not aware of any factors or circumstances that would make achieving gender diversity more challenging or less relevant for all employees (including senior management). The Company strictly implements the Labour Contract Law and other relevant regulations. In recruitment and promotion, strict inspection and control procedures are adopted, and any discrimination against employees based on gender, age, or other aspects is strictly prohibited. This ensures that the recruitment and selection of personnel at all levels are conducted according to appropriate structural procedures, in order to attract candidates from diverse backgrounds. The Company is also concerned about female employees, safeguarding their rights and interests, providing precise and thoughtful services to a large number of female employees, and retaining female talent.

## RISK MANAGEMENT AND INTERNAL CONTROL

With the growth and expansion of our operations, potential risks associated with our business increase as well. In order to identify, assess and control the risks that may impede our business growth, we have designed and implemented risk management policies to address various potential risks identified in relation to our operations, including operational risks, credit risks, market risks, financial risks and legal risks. Our risk management policies set forth procedures to identify, analyse, categorise, mitigate and monitor various risks as well as the reporting hierarchy of risks identified in the course of our operation. Each of our business and functional departments is responsible for identifying and evaluating the risks relating to its area of operations and implementing our risk management and internal control systems. Our Audit Committee is responsible for overseeing our management in the implementation of our overall risk management and internal control systems and assessing the efficiency of our risk management and internal control systems. Key personnel of our internal control team include one internal audit manager and two internal auditors with extensive experience in the professional field.

Our Board takes the responsibility to ensure that we maintain sound and effective internal controls to safeguard our Shareholders' investment and our assets. We have adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance to achieve these objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. We ensured the effective implementation of our internal control system by establishing a team to organise and review our internal control system and by providing guidance to our Directors, senior management and employees with respect to our internal control policies and the duties and responsibilities of directors and management of listed companies under the Listing Rules and other applicable laws and regulations.

The Company has carried out risk list collection and comprehensive risk assessment in the reporting year. By collecting the risk control opinions of all business departments and senior leaders, the Company has sorted out the top ten major risks of the year, conducted corresponding risk analysis on them, and defined the corresponding risk control means.

At present, the Company has established a basic internal control management system, sorted out the whole business process of the Company and formulated a basic internal control management manual to strengthen the internal control management. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## **RISK MANAGEMENT AND INTERNAL CONTROL REVIEW**

For the year ended 31 December 2025, the audit department of the Company was instructed to conduct an internal review of the current status of the Company's internal control management. This was done to ensure the effectiveness and efficiency of the Group's risk management and internal control systems, and to summarise and analyse any identified internal control management deficiencies. Management confirms that the internal audit department of the Company has determined that there were no significant weaknesses or deficiencies in the internal control system for the year ended 31 December 2025.

The Board has conducted an annual review of the Group's risk management and internal control systems and procedures, covering all significant controls, including financial, operational, and compliance aspects. The Board considers the internal control and risk management functions to be reasonably effective and adequate for the year ended 31 December 2025.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries in a timely manner in accordance with applicable laws and regulations. Senior executive managements are delegated with responsibilities to control and monitor the proper procedures for disclosing the inside information. Directors and employees are restricted from dealing in the Company's securities when they are in possession of unpublished inside information. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

## **DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The Directors confirm that they are responsible for preparing the Company's financial statements for the Reporting Period, which present a true and fair view of the Company's and the Group's state of affairs, financial performance, and cash flows.

Management has provided the Board with the necessary explanations and information to enable the Board to make an informed assessment of the Company's financial statements submitted for Board approval. The Company provides all Board members with monthly updates on the Company's performance, financial position, and prospects.

The Directors have not identified any material uncertainties or circumstances that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements are prepared on a going concern basis, and the Directors believe that the financial statements present a true and fair view of the Group's financial position, performance, and cash flows for the year ended 31 December 2025. The disclosure and reporting of other financial information comply with relevant legal requirements.

# Corporate Governance Report

The external auditor's statement regarding their reporting responsibility for the financial statements is included in the Independent Auditor's Report on pages 96 to 99 of this annual report.

## AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the fees in respect of audit and non-audit services provided by the auditors to the Company are as follows:

Service Category	Fees Paid/ Payable
Audit services:	
Interim report review services	RMB600,000
Annual report audit services	RMB1,800,000
Non-audit services:	<u>RMB250,000</u>
Total	<u>RMB2,650,000</u>

During the period from the Listing Date to 31 December 2025, the Company has not changed its auditor.

## JOINT COMPANY SECRETARIES

Mr. Chen Ping ("**Mr. Chen**") and Ms. Lai Ho Yan ("**Ms. Lai**") have been appointed as the joint company secretaries of the Company. Ms. Lai is currently a senior manager of corporate secretarial services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate, and investor services. Ms. Lai's primary contact at the Company is Mr. Chen.

All Directors have access to the advice and services of the joint company secretaries on corporate governance, Board practises, and other matters. Mr. Chen, who serves as both an executive Director and joint company secretary, works closely with Ms. Lai on corporate governance, secretarial and administrative matters of the Company.

During the year ended 31 December 2025, both Mr. Chen and Ms. Lai completed no less than 15 hours of relevant professional training in accordance with the requirements of Rule 3.29 of the Listing Rules.

Details of the biography of Mr. Chen are set out in the section headed "Biographies of Directors and Senior Management" on pages 76 to 77 of this annual report, and details of the biography of Ms. Lai are set out in the section headed "Biographies of Directors and Senior Management" on page 81 of this annual report.

## SHAREHOLDERS' RIGHTS

Shareholders who intend to submit proposals may request the Company to convene an extraordinary general meeting ("**EGM**") in accordance with the procedures set out below under "Convening an Extraordinary General Meeting".

## CONVENING AN EXTRAORDINARY GENERAL MEETING

The Board may convene an EGM at any time it deems appropriate. An EGM may also be convened upon the request of one or more shareholders who, on the date of submitting the request, hold not less than one-tenth of the paid-up share capital of the Company carrying the right to vote at general meetings. Such request must be submitted in writing to the Board or the secretary, requesting the Board to convene an EGM to address any matters specified in the request. The meeting must be held within two months since submission of the request. If the Board fails to convene the meeting within 21 days since submission of the request, the requesting shareholder(s) may convene the meeting themselves in the same manner, and the Company shall reimburse the requesting shareholder(s) for all reasonable expenses incurred due to the Board's failure to convene the meeting.

## PROPOSALS FOR GENERAL MEETINGS

There is no provision allowing the Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director (Article 113) under the Companies Act or the Articles of Association. Shareholders who wish to put forward a resolution may follow the procedures set out in the preceding paragraph to request the Company to convene an extraordinary general meeting for any business specified in such written requisition.

## SUBMITTING INQUIRIES TO THE BOARD

Shareholders may submit written inquiries to the Company via email at [ir@chinaorganic.com](mailto:ir@chinaorganic.com). The Company generally does not handle oral or anonymous inquiries.

## CONTACT DETAILS

For shareholders who, for any reason, have difficulty receiving or accessing the Company's website, or who wish to receive printed copies of all future corporate communications and actionable corporate communications, the Company will, upon receipt of a written request by such shareholder(s) sent to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited (17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong), or via email to [2881-ecom@vistra.com](mailto:2881-ecom@vistra.com), promptly provide printed copies of the relevant corporate communications free of charge.

## SHAREHOLDER COMMUNICATION POLICY

The Company has established a shareholder communication policy. This policy aims to promote effective communication with shareholders and other stakeholders, encourage active engagement between shareholders and the Company, and enable shareholders to effectively exercise their rights as shareholders. The Board has reviewed the implementation and effectiveness of the shareholder communication policy, and the results are satisfactory and the Board confirmed its effectiveness.

The Company has established multiple channels to maintain ongoing dialogue with shareholders, as follows:

- The annual general meeting provides a platform for shareholders to raise questions and exchange views with the Board;
- On the Company website, it publishes the latest important information about the Group to ensure shareholders and the investment community have timely access to relevant updates; and
- Investors may submit their opinions to the Board through the company secretary, whose contact details are disclosed in this report and on the Company's website.

The chairman and Directors (including the chairmen and/or members of various Board Committees) will attend the AGM to address questions raised by shareholders.

# Corporate Governance Report

## AMENDMENTS TO ARTICLES OF ASSOCIATION

During the year ended 31 December 2025, the Company has not made any amendments to its Articles of Association.

In connection with the proposed change of domicile of the Company from the Cayman Islands to Hong Kong, the Company proposes to adopt new articles in compliance with the laws of Hong Kong to replace the existing memorandum and the articles. For more details, please refer to the announcement and the circular of the Company dated 27 November 2025.

## DIVIDEND POLICY

Currently, the Company has established a Dividend Policy, but it does not specify a fixed dividend payout ratio. Subject to the Cayman Islands law and the Articles of Association, the Board will determine future dividend payment recommendations and amounts at its discretion. These decisions will depend on the Company's overall business conditions, strategy, cash flow, financial performance, capital requirements, shareholder interests, tax considerations, legal and regulatory restrictions, and other factors deemed relevant by the Board. The Company will review its Dividend Policy from time to time.

# Environmental, Social and Governance Report

## ABOUT THE REPORT

### Report Overview

Wuhan Youji Holdings Ltd. and its subsidiaries (hereinafter collectively referred to as “Wuhan Youji”, “the Group” or “we”) are pleased to issue this 2025 Environmental, Social and Governance (“ESG”) Report (hereinafter referred to as “this Report”). Adhering to the principles of objectivity, standardization and transparency, this Report systematically discloses the philosophies, strategies, initiatives and achievements of Wuhan Youji in environmental, social and governance aspects throughout 2025. By publishing the ESG Report, we aim to address the concerns of stakeholders, build consensus, and jointly advance the sustainable development of the environment, society and economy.

### Reporting Scope

**Organizational Scope:** This Report covers Wuhan Youji and its subsidiaries. Unless otherwise specified, the scope of relevant information and data statistics is consistent with that of the consolidated financial statements in the 2025 Annual Report of Wuhan Youji.

**Time Scope:** 1 January 2025 to 31 December 2025 (hereinafter referred to as “the year” or “the Reporting Period”). To enhance the comparability, completeness and continuity of information in this Report, certain disclosures have been appropriately expanded.

### Basis of Preparation

This Report is issued pursuant to Appendix C2 *Environmental, Social and Governance Reporting Code* (the “ESG Reporting Code”) as set out in the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

### Reporting Principles

This Report is in compliance with the “comply or explain” provisions set out in the ESG Reporting Code and is prepared following the reporting principles of materiality, quantitative, balance, and consistency, with the aim of fully reflecting the Group’s ESG management and performance during the year under review.

**“Materiality”:** This Report has been prepared to identify key stakeholders and their concerns about ESG issues and to make targeted disclosures based on the relative materiality of their concerns. We followed the ESG Reporting Code in conducting materiality assessments, which include: i) identifying relevant ESG issues, ii) assessing the materiality of the issues, and iii) the Board review and validate the assessment process and results. We report on ESG issues based on the materiality assessment results. Details of the materiality assessment process are described in the “Stakeholder Engagement” and “Materiality Assessment” sections below.

**“Quantitative”:** This Report presents key performance indicators (KPIs) in respect of ESG in quantitative terms. The measurement criteria, methodology, assumptions, and/or calculation tools for KPIs, as well as the sources of the conversion factors used, have been described where appropriate.

**“Balance”:** This Report objectively discloses both positive and negative information to present the Group’s ESG performance during the Reporting Period in an unbiased way.

**“Consistency”:** Unless otherwise indicated, the statistical methods used in this Report are consistent.

# Environmental, Social and Governance Report

## Source of Information

The information and data disclosed in this Report are sourced from official internal documents, statistical reports and publicly disclosed documents such as the annual reports of Wuhan Youji. The Board of Directors and all directors of the Group confirm that this Report contains no false representations, misleading statements or material omissions, and accept responsibility for the authenticity, accuracy and completeness of its contents.

## Statement of Board of Directors

The Board of Directors recognises the critical importance of Environmental, Social, and Governance in meeting the changing expectations of stakeholders while enhancing the value and performance of the Group. Hence, the Board of Directors, together with the management, is committed to environmental protection and assumes the overall responsibility for assessing and identifying risks associated with the Group's Environmental, Social, and Governance matters. Additionally, the Group is committed to promoting a culture of environmental awareness and social sustainability among its employees, safeguarding the long-term development of the Group.

The Board of Directors, as the highest ESG supervising and decision-making body, oversees and manages ESG-related matters. The Board is committed to establishing a comprehensive ESG governance system. It has set up an ESG Committee and an ESG Working Group. The ESG Working Group coordinates and promotes the ESG practices of various functional departments, facilitating the implementation of ESG initiatives.

The Board of Directors reviewed and approved the Environmental, Social, and Governance Report on 26 March 2026.

# Environmental, Social and Governance Report

## Awards and Certifications

The major awards, honors, qualifications, and certifications obtained by the Group are listed below:

### Awards and Honors Summary

Awards	Year of Award	Issuing Authority
Top 100 Private Manufacturing Enterprises in Hubei Province	2025	Hubei Federation of Industry and Commerce
Membership Certificate	2025	Hubei Feed Industry Association
Advanced Enterprise in Technological Innovation	2025	Hubei Feed Industry Association
Top 100 Manufacturing Enterprises in Wuhan	2025	Wuhan Enterprise Confederation & Wuhan Entrepreneurs Association
Top 100 Private Enterprises in Wuhan	2025	Wuhan Federation of Industry and Commerce
Top 50 Private Manufacturing Enterprises in Wuhan	2025	Wuhan Federation of Industry and Commerce
Third Batch of Pollution Discharge Permit Management Benchmark Enterprises in Wuhan	2024	Wuhan Municipal Ecology and Environment Bureau
Level 2 Work Safety Standardization Enterprise	2025	Department of Emergency Management of Hubei Province
First Batch of “Zero-Waste Factory” Demonstration Enterprises in Wuhan	2025	Wuhan Municipal Bureau of Economy and Information Technology, Wuhan Municipal Ecology and Environment Bureau
Specialized and innovative “little giant” enterprise	2025	Ministry of Industry and Information Technology of the People’s Republic of China

Note: All listed awards and honors remain valid as of December 31, 2025.

### Certifications and Qualifications Summary

Certification	Issue Year	Expiration Year
ISO 9001 Quality Management System	2024	2027
ISO 14001 Environmental Management System	2024	2027
ISO 45001 Occupational Health & Safety Management System	2024	2027
ISO 50001 Energy Management System	2024	2027
FSSC 22000 Food Safety Management System	2025	2028
BRC International Food Safety Standard	2025	2026
FAMI-QS Feed Safety & Quality Management	2023	2026
HALAL Certification (Indonesia)	2022	Long Term
HALAL Certification (Malaysia)	2023	2026
KOSHER	2025	2026
Assessment of the Integration of Informatization and Industrialization Management System	2023	2026

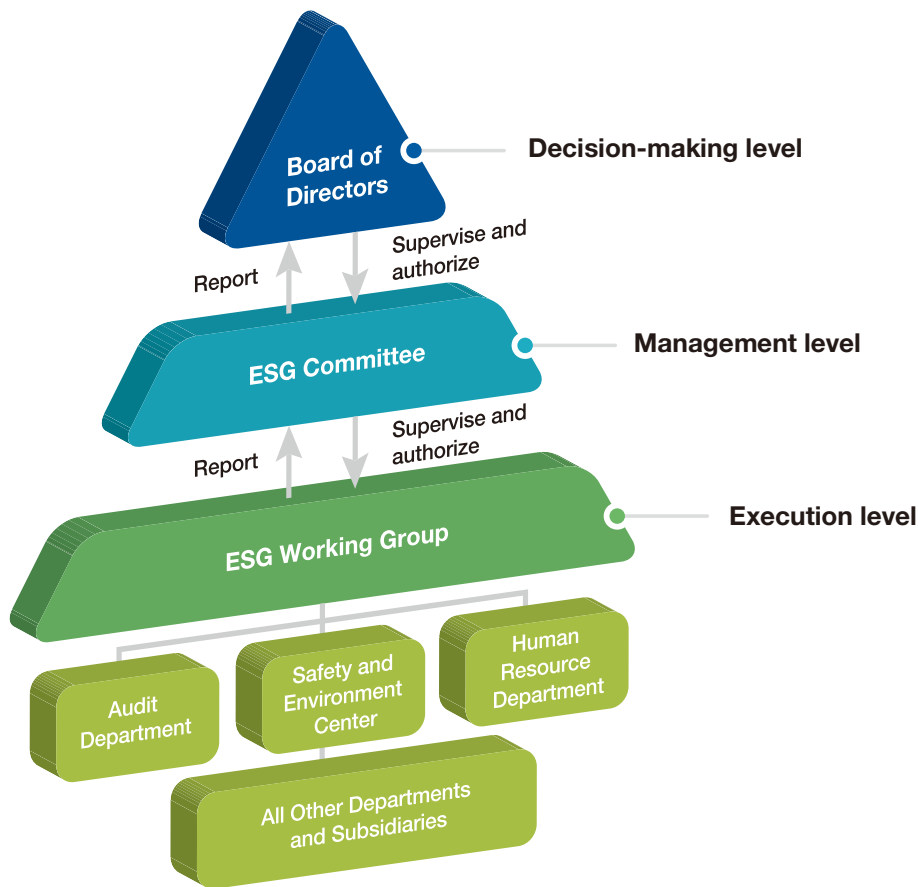
# Environmental, Social and Governance Report

## ESG MANAGEMENT

### The ESG Structure

The Group attaches great importance to ESG governance. By establishing an ESG governance framework and a normalised mechanism for ESG management and responsibility fulfillment, the Group continuously enhances its own ESG governance capabilities. During the Reporting Period, the Group initiated the relevant procedures for redomiciling its place of incorporation from the Cayman Islands to Hong Kong in November 2025. As of the end of the Reporting Period, the shareholder approval process had been completed. The primary objectives of this Hong Kong re-domiciliation are to upgrade the Group's corporate governance framework to international high standards, strengthen its ESG governance capabilities, and enhance information transparency and compliance management. Following the re-domiciliation, the Group will be directly governed by the *Hong Kong Companies Ordinance* and the ESG regulatory rules of the Hong Kong Stock Exchange (HKEX), which will fully eliminate compliance conflicts arising from dual regulatory requirements by the Cayman Islands and Hong Kong, and optimise the efficiency of governance decision-making.

We have established a top-down, three-tier ESG governance structure comprising the Board of Directors — ESG Committee — ESG Working Group, forming a closed-loop management system covering decision-making, communication, implementation and reporting. This ensures close collaboration across all levels to jointly drive the implementation of the Group's ESG strategy and objectives.



#### Decision-making level: Board

The Board of Directors is the highest supervisory and decision-making body of the Group. It ensures that ESG and climate change considerations are integrated into decisions across all operational segments and business levels, and bears overall responsibility for the Group's ESG and climate change strategies as well as their disclosure. The Board receives regular updates from the ESG Committee and periodically reviews the Group's ESG performance.

# Environmental, Social and Governance Report

## Management Level: ESG Committee

During the Reporting Period, the Group has updated the terms of reference of the ESG Committee to incorporate the governance of climate-related matters. The ESG Committee ensures the effectiveness of the Group's ESG management (including climate-related issues). It is responsible for formulating and reviewing ESG and climate-related objectives, management strategies and action plans; identifying ESG and climate-related risks, trends and opportunities; monitoring the implementation and performance evaluation of the Group's ESG and climate-related targets; and ensuring that the Group maintains appropriate ESG risk management and internal control systems. In overseeing the Group's strategies, major transaction decisions, risk management processes and relevant policies, the Committee duly considers the trade-off assessment of climate-related risks and opportunities. The Committee convenes meetings at least once a year to approve material ESG matters and the annual ESG Report, so as to ensure the accuracy and compliance of information disclosure.

## Execution Level: ESG Working Group

The ESG Working Group formulates and executes specific work plans at all levels of ESG in accordance with the Group's ESG management guidelines, strategies, and overall objectives. It is responsible for identifying the connections between significant ESG issues and the Group's strategies, vision, values, and business operations; analysing the links between ESG risks (including climate-related risks) and the Group's overall risk management system; regularly collecting and analysing ESG-related data; and assisting in the preparation of the Group's annual ESG report.








The ESG Working Group oversees the Audit Department, Safety and Environment Center, and Human Resources Department in implementing the collection of quantitative and qualitative ESG data of the Group. These three departments operate with clearly defined responsibilities and collaborate to ensure the collection and auditing of comprehensive ESG data across the Group. In addition, the Safety and Environmental Center leads all other departments and subsidiaries in ESG data collection, to enforce compliance with the Group's ESG-related policies, and manage compilation, reporting, and archiving of ESG data. And the Working Group regularly reports to the ESG Committee on the implementation status of ESG policies and the progress of data collection.

## Stakeholder Engagement

The Group pays full attention to the concerns and expectations of various stakeholders, continually improves its communication mechanisms and channels, and responds to all stakeholders' concerns and expectations through proactive communication.

Key Stakeholder	Engagement Channels
<b>Shareholders and investors</b> 	<ul style="list-style-type: none"> <li>• Annual general meetings and other shareholder meetings</li> <li>• Interim and annual reports</li> <li>• Results announcement</li> <li>• Investor meetings</li> <li>• Corporate Communications, such as letters/circulars to shareholders and notices of meetings</li> <li>• Shareholder/investor site visits</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Customer meetings</li> <li>• Customer relationship manager visits</li> <li>• Calls, emails and daily communications</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Employee surveys</li> <li>• Performance assessment</li> <li>• Focus group</li> <li>• Workshops/seminars/lectures</li> <li>• Employee communication meetings</li> <li>• Executive dialogues</li> <li>• Business briefings</li> </ul>

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Key Stakeholder	Engagement Channels
<b>Peers</b> 	<ul style="list-style-type: none"> <li>• Strategic collaboration projects</li> <li>• Site visits</li> <li>• Industry conferences</li> <li>• Industry events</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Supplier management procedures and meetings</li> <li>• Supplier/Contractor evaluation systems and on-site inspections</li> <li>• Contract negotiations</li> <li>• Daily business communications</li> </ul>
<b>Business Partners</b> 	<ul style="list-style-type: none"> <li>• Strategic collaboration projects</li> <li>• Exchange activities</li> <li>• Meetings and visits</li> </ul>
<b>Government/ Regulators</b> 	<ul style="list-style-type: none"> <li>• Government-enterprise collaborations</li> <li>• Public notices</li> <li>• Compliance reports</li> <li>• Regulatory inspections</li> </ul>
<b>Community and Non- governmental Organizations</b> 	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Community involvement</li> <li>• Group website/announcements/social media platforms</li> <li>• Community events, workshops, and talks</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Media interviews</li> <li>• Results announcements</li> </ul>
<b>General Public</b> 	<ul style="list-style-type: none"> <li>• Information for media</li> <li>• The Group's website</li> <li>• Responding to public consultations</li> <li>• Notice of the construction project</li> </ul>

# Environmental, Social and Governance Report

## Materiality Assessment

During the Reporting Period, we communicated with our stakeholders to identify potential material sustainability issues related to Environmental, Social and Governance that may affect the Group. We have further categorised these issues into different categories following the ESG Reporting Code and collected relevant information to evaluate the impact of these Environmental, Social and Governance topics on the Group. After our analysis, we identified and prioritised 23 Environmental, Social and Governance-related topics and formalised a matrix of material issues pertaining to the environmental and social responsibilities of the Group.



## Environmental, Social and Governance Report

Importance Level	Topic No.	Topics	Category
High	16	Product Quality and Safety	Social
	3	Pollutant Management	Environment
	20	Compliance in Business Operations	Governance
	11	Occupational Health and Safety	Social
	7	Compliance in Employment	Social
	17	Research, Development and Innovation	Social
	14	Customer Service Quality	Social
Moderate	22	Risk Management and Internal Controls	Governance
	10	Employee Rights and Benefits	Social
	4	Waste Management	Environment
	5	Energy Management	Environment
	23	Business Ethics and Anti-corruption	Governance
	21	Corporate Governance	Governance
	13	Information Security and Privacy Protection	Social
	6	Resource Management	Environment
	9	Employee Training and Development	Social
	15	Responsible Supply Chain	Social
	12	Intellectual Property Protection	Social
	8	Employee Diversity and Equality	Social
	1	Responses to Climate Change	Environment
General	2	Greenhouse Gas Emissions	Environment
	18	Industry Collaboration and Ecosystem Development	Social
	19	Community Dedication	Social

Based on the above analysis, the Group will continuously improve its Environmental, Social and Governance performance to meet the diverse expectations of stakeholders and provide feedback to stakeholders and implement mitigation actions to address the risks faced by the Group.

# Environmental, Social and Governance Report

## OUR ENVIRONMENT

### Aspect A1: Emissions

#### **Environment Management**

The Group demonstrates unwavering commitment to environmental stewardship. We maintain strict compliance with applicable environmental regulations, standards, and institutional requirements in different countries and regions. Through the establishment of rigorous internal governance frameworks, including the *Wuhan Youji Environmental Management System*, we have implemented comprehensive measures for environmental protection and pollutant control, and actively promote energy efficiency initiatives to systematically reduce emissions of pollutants and greenhouse gas (GHG) across production, operations, and infrastructure development.

Our compliance framework encompasses current national and local environmental regulations, including but not limited to:

- *Environmental Protection Law of the People's Republic of China*
- *Water Pollution Prevention and Control Law of the People's Republic of China*
- *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*
- *Law of the People's Republic of China on Prevention and Control of Soil Contamination*
- *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*
- *The Yangtze River Protection Law of the People's Republic of China*
- *Cleaner Production Promotion Law of the People's Republic of China*
- *Law of the People's Republic of China on Environmental Impact Assessment*
- *Regulations of the Hubei Province on the Prevention and Control of Atmospheric Pollution*
- *Regulations of the Hubei Province on the Water Pollution Prevention and Control*
- *Regulations of the Hubei Province on Prevention and Control of Soil Contamination*

To effectively implement internal environmental management systems, we have established comprehensive frameworks to ensure operational compliance with environmental regulations and minimise ecological impact:

- **Environmental Planning:** Incorporated environmental protection into long-term corporate and plant development strategies.
- **Responsibility System:** Implementation of tiered environmental accountability, development of environmental plans, annual targets, and multi-level implementation.
- **Clean Production & Environmental Monitoring:** Strictly control Enhance environmental management in the production process, establish cleaner production practices and real-time environmental monitoring.
- **Pollution Prevention:** Conduct environmental inspections and risk identification procedures to prevent environmental non-compliance and mitigate environmental risks during production.

# Environmental, Social and Governance Report

- **Pollution Control:** Establish and strictly enforce comprehensive prevention and control plans, with supervision and inspections conducted during daily production.
- **“Three Simultaneities” Implementation:** Ensure environmental protection facilities are designed, constructed, and commissioned in parallel with the main projects.
- **Green Procurement:** Prioritise environmentally certified equipment during equipment procurement.
- **Environmental Training & Evaluation:**
  - ✓ Incorporate environmental protection topics into the Group’s annual employee training programme, with new hires required to complete mandatory environmental training and pass an assessment before being assigned work responsibilities.
  - ✓ Integrate environmental performance into key personnel’s promotion, advancement, and reward assessments.
- **Emergency Preparedness:** Establish contingency plans for emergency pollution incidents.

As a responsible specialty chemicals manufacturer, the Group has obtained ISO 14001 Environmental Management System certification and established near-term environmental targets to advance environmental stewardship across operations. During the Reporting Period, the Group recorded zero external environmental incidents or major non-compliance cases.

## **Pollutant Emissions**

The Group’s operational emissions primarily originate from production processes and laboratory activities, encompassing gaseous waste, liquid waste, hazardous solid waste, and noise pollution. In adherence to national and local pollutant discharge permit regulations, we have implemented more stringent self-monitoring protocols and management measures. Through these measures, we strictly control pollutant emissions to mitigate impacts on air, soil, and groundwater. Additionally, standardized management protocols govern the management and disposal of non-hazardous waste generated during daily operations.

### *Air emissions and wastewater*

For air emissions generated during production processes, we adopt a combination of treatment and monitoring methods to ensure that gases emitted into the atmosphere comply with discharge standards. We employ exhaust gas treatment measures to manage various pollutants generated during manufacturing processes. In strict accordance with national standards and the Group’s relevant regulations, we deploy environmental monitoring instruments, establish environmental monitoring and analysis methods, and conduct regular monitoring of pollutant emissions in line with environmental monitoring plans to ensure the timely, accurate, and standardized provision of monitoring data.

Wastewater generated during production processes and domestic sewage are collected and treated at the Group’s wastewater treatment facilities. The treated wastewater is then transported via pipelines to the third-party sewage treatment plant located within the industrial park for further treatment. We have also installed online monitoring facilities at the discharge outlets, which are connected to the Wuhan Municipal Ecology and Environment Bureau, to ensure that the discharged wastewater complies with national and local discharge requirements. In May 2025, the Qingshan District Branch of the Wuhan Municipal Ecology and Environment Bureau monitored the odorous discharge points at Phase I and Phase II wastewater stations of Wuhan Youji Industries Co., Ltd. The results met regulatory requirements, with ammonia emission rates, hydrogen sulfide emission rates, odor concentrations, and non-methane total hydrocarbon concentrations all significantly below the standard limits.

In addition to monitoring air and water pollutant indicators mandated by national and local regulations, we also monitor a broader range of emission indicators per the Group’s requirements to enforce stricter emission management standards.

Furthermore, we ensure compliance with pollutant discharge standards by optimising pollution control facilities, and maintain proper production operations by promptly rectifying abnormal discharge incidents in pipeline networks.

During the Reporting Period, the Group’s emissions of waste gas and wastewater complied with national emission standards.

# Environmental, Social and Governance Report

## Noise

Regarding noise potentially generated during the operation of production facilities, we reduce source noise through the adoption of low-noise equipment, vibration isolation and damping measures, and installation of silencers. Additionally, we minimise noise by rationally arranging production equipment and planting tall vegetation around the production base.

## Waste

The Group's hazardous waste originates from production processes and laboratory operations, including dangerous solid wastes such as distillation residues, sludge, spent activated carbon, waste oil, discarded resins, packaging waste, and laboratory waste. Non-hazardous waste includes domestic waste and other garbage generated during corporate operational activities, such as construction waste and demolition debris.

The Group implements rigorous waste management through established systems, including *Implementation Rules for Solid Waste Pollution Prevention and Control* and *Management Rules for Outsourced Disposal of Hazardous Waste*. Based on economically viable and environmentally friendly pollution control technologies, we actively advance waste reduction, reuse, resource recovery, and harmless disposal, advancing circular economy practices across production, distribution, and consumptions.

We prioritise source reduction of waste generation mainly through the following measures:

- Require the Procurement Department to prioritise purchasing products that generate no solid waste
- Employ advanced process technologies to minimise waste generation during production. For example, leveraging our self-developed patents and proprietary know-how, we recover by-products from upstream processes and enhance reaction yields, thereby significantly reducing manufacturing waste and residues.

For all generated waste, we implement strict classification, collection, storage, transportation, utilisation, and disposal according to waste characteristics, along with rigorous whole-process supervision to prevent secondary pollution.

- We establish dedicated hazardous waste storage facilities for hazardous solid waste generated from production and laboratory activities. All waste-generating units collect and temporarily store waste in these facilities before transferring it to licensed disposal providers for safe treatment. Additionally, we implement elevated management protocols for packaging waste contaminated with general materials, entering into safe disposal contracts with qualified service providers.
- We implement recycling programs or return materials to suppliers for circular utilisation for production-related general solid waste, such as wooden pallets and non-hazardous packaging bags.
- We strictly manage and dispose of domestic waste in compliance with local regulatory requirements.

## Environment Protection Practices

We continuously explore new environmental protection practices and are committed to persistently reducing pollutant emissions.

During the Reporting Period, the Group implemented a number of environmental upgrading and renovation projects centering on the three objectives of green manufacturing, pollution and carbon reduction, and resource circularity, covering exhaust gas treatment, wastewater treatment, solid waste recycling, energy conservation and other areas.

## Environmental, Social and Governance Report

The Group has incubated and launched the world's first industrialised project for the synthesis of aromatic aldehydes through photocatalytic oxidation. Positioned as an innovation in green processes, this project reduces pollution emissions at the source. By adopting visible-light-driven catalytic oxidation technology, production is conducted under ambient temperature and pressure, replacing traditional high-temperature and high-pressure thermal catalytic processes. In terms of reaction efficiency, the photocatalytic process is precisely controllable with highly efficient and selective conversion, which almost eliminates by-products and the generation of "three wastes" (waste gas, wastewater, and industrial residue), achieving a win-win situation for environmental protection and economic benefits. The pilot test of a 100-kilogram-scale photocatalytic amplification unit was completed in October 2025, and the project entered the industrialisation stage by the end of the year.

### *Environmental Protection Awards*

We steadfastly implement stringent requirements for environmental protection production, and waste management, enhancing environmental governance through the adoption of a "Garden-Style Factory" model. During the Reporting Period, our emissions of major pollutants have consistently remained within regulatory limits. Our exemplary environmental performance has earned multiple honors in the field, with recently received awards including:

- In 2023, Wuhan Youji Industries Co., Ltd. was successfully selected into the first batch of "Zero-Waste Factory" demonstration enterprises in Wuhan jointly announced by the Wuhan Municipal Bureau of Economy and Information Technology and the Wuhan Municipal Ecology and Environment Bureau. During the Reporting Period, the Group successfully passed the annual reassessment of the Zero Waste Factory certification and was selected as a Demonstration Project for Industrial Energy Conservation and Green Low-carbon Transformation 2025 in Wuhan.
- In 2024, Wuhan Youji Industries Co., Ltd. was awarded the "Third Batch of Pollutant Discharge Permit Management Benchmark Enterprises in Wuhan" by the Wuhan Municipal Ecology and Environment Bureau. This designation continued to be valid for the Reporting Period.

### **Greenhouse Gas Emission**

During the Reporting Period, the Group's direct greenhouse gas (GHG) emissions primarily originated from natural gas consumption in production processes, fuel usage by group vehicles, forklift operations at production facilities, and refrigerant emissions from production refrigeration equipment. Indirect GHG emissions are derived from purchased electricity consumption for production processes and office operations, as well as purchased steam consumption in manufacturing activities.

We are committed to reducing GHG emissions through energy conservation and emission reduction strategies in production processes while promoting green office initiatives to minimise emissions from daily office activities.

### *Wuhan Youji's Environmental Targets*

- Greenhouse Gas Emissions Target: Reach peak carbon dioxide emissions in 2027, and achieve an annual reduction of 3% in total carbon dioxide emissions per unit of product each year after peaking.
- Environmental Management Target: Reduce the generation and discharge of the "Three Wastes" (Wastewater, waste gas, solid waste) by 10%.

### **Aspect A2: Use of Resources**

The Group is committed to building a resource-saving and environmentally friendly enterprise. We strictly comply with laws and regulations, such as the *Energy Conservation Law of the People's Republic of China* and the *Water-Saving Regulations*, implementing energy conservation and resource efficiency measures throughout our production and operational processes. We are dedicated to improving energy utilisation efficiency, promoting resource conservation, and achieving low-carbon production and operations.

# Environmental, Social and Governance Report

## **Energy Use**

The Group's energy consumption is primarily from purchased electricity, natural gas, and steam used in production processes, as well as electricity consumption for offices, laboratories, and employee dormitories, and fuel consumption of the company-owned vehicles.

Production-related energy accounts for the largest proportion of our total energy usage. We continuously strive to enhance energy efficiency through process optimisation and actively implement energy recovery measures to improve energy utilisation rates. In 2025, we consistently implemented the following energy recovery measures:

- **Waste Pressure Power Generation:** Utilising pressurised waste gas from production processes to generate electricity, reducing reliance on purchased power. This measure achieved electricity savings of 6.3 million kWh in 2025.
- **Waste Heat Recovery**
  - Steam generated during production is used to heat the falling-film evaporator system, which reduces purchased steam consumption. Savings on purchased steam by implementing this measure is approximately 23 tonnes per month.
  - Preheating benzyl chloride and toluene feedstocks with steam condensate from production processes to decrease purchased steam demand. Savings on purchased steam by implementing this measure is approximately 216 tonnes per month.

Additionally, the Group promotes green office practices by implementing energy-efficient appliances and fostering energy-saving awareness and actions. For example, lighting in work areas is switched off during non-business hours to minimise unnecessary energy waste and optimise energy consumption.

In recognition of the Group's standardised, systematic, and efficient energy management practices, we obtained ISO 50001 Energy Management System Certification in 2024.

Furthermore, our energy conservation measures are monitored through annual carbon emission compliance reviews conducted by the Hubei Provincial Department of Ecology and Environment. In strict accordance with regulations implemented by the Hubei Provincial Department of Ecology and Environment, we adhere to carbon compliance requirements, cooperate with audit authorities on emission inspections, phase out outdated equipment per environmental laws, adopt calibrated metering instruments, and regularly report energy consumption data as per statistical mandates.

## **Use of Water**

The Group advocates efficient water resource utilisation. Our water consumption is primarily used for production processes and daily office operations. In production process, water usage comprises ethylene-process water and municipal water. For daily office operations, we use municipal water, covering usage in office areas and laboratories.

In production processes, we actively implement water conservation measures, such as adopting water recycling systems and enforcing water-saving management. We also promote water-saving awareness in daily office activities, and employ water-efficient fixtures to minimise water consumption.

## **Use of Other Resources**

Given the nature of our business operations, the main raw materials used in production are chemicals — including petroleum toluene, sodium hydroxide, chlorine, and sodium carbonate. We also use nitrogen gas for safety protection in production processes. In addition, we use packaging materials such as steel plates, plastics, and wood for product packaging.

# Environmental, Social and Governance Report

We continuously enhance production technologies and strengthen production quality management to improve the efficiency of raw material usage. For nitrogen consumption, we have installed pressure regulators on nitrogen storage tanks to reduce leakage and waste. The conservation of packaging materials is also a key focus, and we have adopted a series of optimisation measures. For example, for wrapping film, we required suppliers to optimize the film material while ensuring quality, which effectively reduced wrapping film consumption by 20%. By acquiring wrapping machines with superior stretching performance, we have further cut down on wrapping film usage. Meanwhile, we keep exploring optimised packaging designs to minimise packaging material consumption. In 2025, we maintained zero usage of packing buckles. In addition, we have strengthened communication and collaboration with production departments and suppliers, and avoided waste caused by expired packaging materials through rational procurement planning.

## Aspect A3: The Environmental and Natural Resources

The Group strives to minimise the environmental and natural resource impacts of our business operations, advocating for sustainable development.

We enhance employees' environmental protection awareness through education and training, support community and industry initiatives related to environmental conservation and sustainable development, and conduct regular assessments and monitoring of business activities affecting health, safety, and environmental matters across historical and current operations. By integrating the management systems and measures outlined in the "Emissions" and "Use of Resources" sections, we endeavour to minimise our impacts on the environment and natural resources.

## Part D: Climate Change

Wuhan Youji has fully recognised the profound impact of climate change on business operations and social development. We have adopted a series of measures to address this global challenge, actively respond to the national "Dual Carbon" strategy, and strictly comply with the climate-related disclosure requirements set out in Part D of the HKEX ESG Reporting Code. Through climate risk and opportunity management, energy conservation and carbon reduction initiatives, and supporting digital transformation and other initiatives, we reduce greenhouse gas emissions from the Group's operations and its value chain, and enhance our resilience to climate-related risks.

In accordance with the disclosure recommendations of the ESG Reporting Code, we have carried out climate change risk management, covering governance, strategy, risk management, as well as metrics and targets. Through such management and disclosure, we seek to mitigate the adverse impacts of climate change on the company.

### Governance

As the highest decision-making body overseeing the Group's governance, the Board of Directors bears ultimate responsibility for climate-related matters. To ensure the effective implementation of ESG management, the Board has delegated supervision and oversight of the Group's ESG strategy to the ESG Committee, chaired by an independent non-executive Director. Key areas of focus include, but are not limited to: identifying climate-related risks, establishing assessment and management frameworks, and continuously monitoring and reviewing the development and achievement of climate-related targets. The Committee arranges for the Board an annual ESG briefing and training session covering climate change issues, enhancing the Board's professional understanding and competence in relation to ESG and climate change. Through an annual regular reporting mechanism, the ESG Committee provides the Board with professional advice, decision support, and progress updates on ongoing work, including climate change issues. The ESG Working Group comprises leaders from various functional departments. It conducts regular internal seminars and risk assessments on climate change response, exploring in-depth strategic issues, policy trends, and industry best practices related to climate change. Using methods such as quantitative analysis and scenario modelling, the Working Group comprehensively evaluates climate-related risks and opportunities, and regularly communicates and reports the assessment results to the ESG Committee. In daily operations, the ESG Working Group has established a climate risk assessment system to advance the ongoing monitoring and evaluation of climate-related risks, ensuring the full implementation and compliance of climate action plans. For further details, please refer to the section "ESG Structure" in this Report.

# Environmental, Social and Governance Report

## Strategy

Wuhan Youji has identified and managed climate-related risks and opportunities, and developed corresponding preventive measures to mitigate the adverse impacts of climate risks on the Group.

Type of Risk	Risk Description	Mitigation Measures	Financial Impact	Severity	Time Horizon <sup>1</sup>	
Physical Risk	Acute Physical Risk	Extreme weather events such as rainstorms, floods, typhoons and heavy snowfalls may disrupt the company's business operations and affect production capacity to a certain extent. Meanwhile, secondary disasters caused by extreme weather may pose threats to personal safety and property security.	Monitor early warnings of extreme weather and strengthen inspections of potential safety hazards in key areas Formulate contingency plans for extreme weather to specify procedures and response measures in the event of disasters Maintain sound communication with local governments Strengthen the management of operating facilities, carry out proper reinforcement and regular maintenance according to local climatic conditions	Increased capital costs due to facility damage caused by natural disasters Reduced revenue from operational suspension caused by natural disasters including typhoons and floods Write-off and early retirement of existing assets (e.g. asset damage from natural disasters)	Medium	Medium-term
	Chronic Physical Risk	Chronic natural hazards such as temperature changes and rainfall variations may expose the Group to operational threats including water resource shortages and deteriorated working conditions.	Implement energy conservation and environmental protection initiatives, enhance energy efficiency, and reduce the corporate's operational impact on the natural environment Encourage employees to adopt green and low-carbon travel modes such as metro, cycling and walking	Increased operating costs due to higher demand for cooling and heating in office premises Reduced productivity resulting from employee health issues caused by rising temperatures, and lower revenue from output decline due to scarcity of essential resources for services arising from climate change Higher capital costs (e.g. shortened service life of equipment due to high air humidity)	Low	Long-term

<sup>1</sup> After comprehensive consideration of the Group's core business plans, the timeframes of social low-carbon development goals, climate-related disclosure standards and management recommendations, and other areas, we have defined the time horizons as follows: within 2 years (inclusive) after the end of the Reporting Period (short-term); 2 to 5 years (inclusive) after the end of the Reporting Period (medium-term); and more than 5 years after the end of the Reporting Period (long-term), so as to conduct a reasonable assessment of the impact of climate-related issues on business development over different periods.

# Environmental, Social and Governance Report

Type of Risk	Risk Description	Mitigation Measures	Financial Impact	Severity	Time Horizon <sup>1</sup>	
Transition Risk	Policy and Regulatory Risk	With increasingly stringent environmental protection laws and regulations and strengthened supervision at home and abroad, the company may face compliance risks including legal proceedings and penalties if it fails to meet statutory requirements.	Keep abreast of environmental, energy policies and laws and regulations in countries and regions where the industry operates Promote coordinated energy conservation and emission reduction across the upstream and downstream supply chain Take proactive part in energy conservation and emission reduction activities, further identify emission sources and reduce own carbon emissions	Increased production costs due to changing output requirements (e.g. waste disposal) Higher costs arising from fines and penalties Rising insurance premiums due to stricter environmental policies	Medium	Medium-term
	Reputational Risk	Failure to address reasonable demands of stakeholders and insufficient management in energy conservation and carbon reduction may exert negative impacts on the company's reputation.	Actively respond to the national "Carbon Peaking" and "Carbon Neutrality" initiatives, practise green operations and support low-carbon transformation Maintain efficient and harmonious communication with stakeholders, and gradually formulate and disclose emission reduction targets	Potential reduction in available capital in the event of poor ESG performance or reputation-impacting ESG incidents	Low	Long-term
	Market Risk	As sustainable development receives increasing attention domestically and internationally, customers prefer low-carbon and green technologies, products and services. The company may be at a competitive disadvantage if it fails to further enhance the application of energy-saving and emission-reduction technologies in its products and services.	Timely monitor market demand and adjust the roadmap of products and services	Customer attrition and reduced operating income.	Low	Long-term
	Technological Risk	Failure of new technology investment and rising costs of low-carbon technology transformation may lead to increased R&D expenditure and reduced profits, as well as write-off and early retirement of existing assets and increased capital investment.	Keep track of developments in low-carbon technologies, increase investment in R&D and innovation, and explore low-carbon technologies	Increased R&D expenditure	Low	Long-term

## Environmental, Social and Governance Report

Type of Opportunity	Opportunity Description	Mitigation Measures
Energy Efficiency	Improve energy efficiency, implement green operations of the company, enhance resilience in addressing climate risks, and reduce the company's own carbon emissions	<p>Improve energy efficiency through a series of measures such as promoting energy-saving equipment and technologies and launching energy-saving projects</p> <p>Consider measures such as purchasing green electricity and installing photovoltaic equipment in office buildings to reduce fossil energy consumption</p>
Financing Support	Access preferential loans or national policy subsidies due to the company's low-carbon transformation.	Timely track changes in external policies and requirements, and report to the management regularly

# Environmental, Social and Governance Report

## **Risk Management**

Wuhan Youji attaches great importance to the risks and opportunities brought by climate change and is integrating climate-related risks into its risk management system. Based on feedback from various departments, we comprehensively consider the likelihood of occurrence of risks and opportunities as well as their impact on the company, prioritise risks and opportunities, and formulate targeted response measures. During the year, we did not identify any material climate-related risks, and the risk management process remained unchanged with the addition of climate risks.

- *Risk Identification*

The Group regularly conducts identification of climate-related risks and opportunities. It engages external professional consultants to analyse macro policy trends and industry development trends, and jointly formulates and updates the list of climate-related risks and opportunities through internal communication.

- *Risk Assessment*

For the identified risks and opportunities, we comprehensively assess their likelihood of occurrence and potential severity of impact to determine the overall risk level, so as to determine the priority of climate change-related risks and highlight material risks.

- *Risk Response*

For the material risks identified through assessment, the Group formulates targeted response strategies and action plans to effectively manage and control risks by means of elimination, mitigation or transfer, while seizing relevant climate opportunities.

- *Risk Monitoring*

We continuously track the dynamic changes of climate risks and opportunities, regularly review and update the list of risks and opportunities, and establish a regular reporting mechanism to the management to ensure that the board of directors and management obtain timely climate-related information to support decision-making.

## **Metrics and Targets**

Through the implementation of energy conservation and emission reduction strategies as well as green office initiatives, we are committed to lowering carbon emissions in our operations. During the Reporting Period, we invested a total of RMB21.91 million in 13 energy conservation and emission reduction projects, covering waste heat utilisation, exhaust gas treatment, recycling of steam condensate, continuous production and other areas, demonstrating our determination to achieve carbon reduction targets. The Group has not yet integrated climate-related factors into its remuneration and incentive system, nor adopted an internal carbon pricing strategy. Going forward, we will continue to monitor industry trends, actively explore the feasibility of internal carbon pricing, and steadily improve our carbon management system to ensure steady progress on the path of green and low-carbon development.

- Greenhouse gas emission target: Reach peak carbon dioxide emissions by 2027, and achieve an annual reduction of 3% in total carbon dioxide emissions per unit of product each year after peaking.
- Environmental management target: Reduce the generation and discharge of wastewater, waste gas and solid waste (the three wastes) by 10%

# Environmental, Social and Governance Report

## OUR EMPLOYEES

The Group values its employees and is committed to providing a fair and equitable work environment for all employees. In this section, we introduce the various policies and practices adopted by the Group with regard to employment, health and safety, development and training, and labour standards.

### Aspect B1: Employment

The Group recognises that its sustainable, stable and rapid development depends on the support of its employees, whom it regards as valuable assets.

The Group is aware of the laws and regulations on the protection of the labour force established by the PRC. During the Reporting Period, the Group was committed to strictly complying with its requirements when recruiting employees, which include but are not limited to the following:

- Labor Law of the People's Republic of China
- Employment Promotion Law of the People's Republic of China
- Labor Contract Law of the People's Republic of China
- Social Security Law of the People's Republic of China
- Tentative Provisions on Payment of Wages
- Regulations on the Housing Provident Fund
- Law of the People's Republic of China on Mediation and Arbitration of Labor Disputes
- Regulation on Work-related Injury Insurance

The Group recruits employees in compliance with legal requirements, fulfilling terms related to the execution, modification, and termination of labour contracts with all employees. Labour contracts are implemented in accordance with national laws and regulations and relevant internal policies. Employment relationships become effective only after mutual agreement and voluntary signing of labour contracts by both parties.

We promote a work-life balanced lifestyle. Working hours are explicitly defined in contracts and the Employee Handbook, strictly enforced in practice with no encouragement of overtime work. When overtime is necessary, employees must submit formal requests and receive compensatory time-off proportional to overtime hours worked. Beyond statutory holidays and regular days off, we provide leaves including annual leave, sick leave, maternity leave, marriage leave, and work-related injury leave in full compliance with national regulations.

### **Recruitment and Promotion**

The Group adheres to the principles such as “legal compliance”, “equal competition”, and “role competency alignment” in talent recruitment. We develop recruitment plans based on actual operational needs annually, strictly prohibiting employment discrimination — including gender and age — during hiring processes. We take the suitability of capabilities as the primary principle for recruitment screening. The *Wuhan Youji Recruitment, Onboarding, and Employment Transfer Management Regulations* explicitly forbid child labour recruitment and gender discrimination.

We provide employees with clear career progression pathways, established through the *Wuhan Youji Technical Title Evaluation and Appointment Management Regulations*. A standardised evaluation mechanism comprehensively assesses employees' professional competence, personal integrity, and job performance achievements, with annual technical title evaluations and promotions conducted once per year.

# Environmental, Social and Governance Report

## **Benefits and Care**

We regard employees as our most valuable asset. In addition to basic benefits such as annual leave and paid sick leave, we continuously enhance and upgrade employee welfare offerings. A labour union has been established to actively secure welfare rights and safeguard employees' physical and mental health.

Our employee benefits primarily include the following aspects:

- Health Checkups: Annual health examinations for all staff, with additional unscheduled checkups for employees in specific positions.
- Holiday Benefits: Distribution of gifts during annual festivals such as Spring Festival, International Women's Day, Mid-Autumn Festival, Lantern Festival, and employee birthdays.
- Medical Subsidies: Annual enrolment in a comprehensive medical mutual aid programme for all employees.
- Meal Subsidies: Monthly meal subsidies provided to all staff.
- Free Shuttle Service: Complimentary shuttle buses to facilitate employee commuting.
- Visit Subsidies: Financial support for hospital visits when employees fall ill, and bereavement assistance for families of retired employees passing away.
- Heat Prevention Allowances: Preemptive distribution of heat prevention supplies to all employees during summer.
- Aid for Employees in Need: Annual financial aid distribution to employees facing hardships.
- Retiree Care: Annual distribution of retirement gifts to employees retiring within the year.

During the Reporting Period, we continued to organise a series of employee care activities as usual, including Women's Day celebrations, birthday events for staff, gift-giving to retired employees, support programmes for employees in need, as well as a variety of recreational activities such as staff football friendly matches. These activities enabled employees to feel the care and warmth of the Group beyond their daily work.

We highly value employees' dedication and hard work. We meticulously organise an annual gala, inviting all employees to participate annually. This event publicly recognises and sincerely thanks staff for their contributions to the Group's development throughout the year. Recognising that certain production line employees are unable to attend the annual gala to ensure operational continuity, the Group has implemented tailored care initiatives to honour their commitments.

## **Employee Communication**

We consistently uphold open and equitable principles and place paramount importance on employees' opinions and ideas while proactively listening to their feedback. To ensure diverse and accessible communication channels, the Group engages in flexible and ad hoc dialogue with employees through multiple approaches. Employees may directly communicate with supervisors or raise concerns to the Human Resources Department at any time regarding suggestions, complaints, or requests.

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## Aspect B2: Health And Safety

“Safe Youji, Harmonious Community” serves as our safety vision. As a responsible specialty chemical manufacturing group, we obtained the ISO 45001 Occupational Health and Safety Management System Certification in 2024. We strictly comply with relevant laws and regulations, including the *Work Safety Law of the People’s Republic of China* and the *Fire Protection Law of the People’s Republic of China*, aiming to build an “Inherently Safe Enterprise”. A comprehensive set of internal health and safety management systems has been established to fully safeguard employees’ safety and health during production and workplace activities.

The Group recorded zero work-related fatalities or injuries from 2023 to 2025, and consequently, no workdays were lost due to occupational accidents during this period.

### Production Safety

The Group implements the safety principle of “Safety First, Prevention Focused, Comprehensive Governance”. Adhering to internal health and safety management systems, including but not limited to the *Work Safety Responsibility Management System*, *Safety Risk Classification and Control System*, and *Work Safety Information Management System*, we have established a robust safety management system and implemented multiple work safety procedures.

- *The Safety Responsibility System*
  - We have established a comprehensive safety management framework to implement a top-down safety accountability system. The Work Safety Committee, as the highest decision-making body for corporate safety management, is responsible for managing, researching, and investigating safety-related matters; formulating group-wide safety policies and emergency plans; reviewing annual HSE (Health, Safety, Environment) management objectives and plans; and monitoring and evaluating departmental implementation. The Safety and Environmental Center leads and oversees specialised safety initiatives and day-to-day safety operations. Each production facility operates a dedicated Safety and Environmental Department to manage site-specific safety protocols.. Additionally, production departments collaborate with frontline departments, such as the Quality Management Department, Quality Inspection Department, and Warehouse Management Department, to ensure full implementation of safety protocols.
  - We have implemented a group-wide safety responsibility system with evaluation criteria to strengthen all employees’ safety awareness.
  - For major hazard sources, we have adopted a safety responsibility system with designated responsible personnel to ensure full compliance with safety management measures.
- *Safety Risk Management*
  - We have established a safety risk classification and control system. Classify the risks associated with hazard sources and determine the risk control methods at different control levels according to factors such as different risk levels, required control resources, control capabilities, and the complexity and difficulty of control measures to effectively promote the construction of the “dual prevention mechanism”.
  - We have established a long-term mechanism for the investigation and treatment of potential accident hazards. In the production process, we implement safety inspections of production equipment, facilities, production procedures, etc., as well as accurately investigate, identify, and analyse the causes and patterns of the occurrence of potential accident hazards, so as to effectively control and eliminate all kinds of potential safety risks.

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- *Safety and quality standardisation*
  - Promoted work safety standardisation by developing safety guidelines and operational manuals to guide the implementation of production standardisation.
  - Implemented a self-assessment system for safety standardisation to ensure suitability, sufficiency, and effectiveness of the safety standardisation management system, promoting continuous improvement.
- *Emergency system for production safety accidents*
  - Created the Emergency Management System defining responsibilities and procedures.
  - Developed emergency plans aligned with the *Guidelines for the Preparation of Work Safety Emergency Plans by Production and Business Entities*, which are the results of company-specific risk and emergency response capability assessments.
  - Conducted quarterly on-site emergency drills and biannual comprehensive or specialised drills to ensure readiness.
- *Work Safety Information Management*
  - Established a Work Safety Information Management System to strengthen occupational safety information management, enabling collection and dissemination of safety information in a timely and accurate manner. This facilitates real-time monitoring of safety conditions and enhances continuous improvement of workplace safety performance.

Furthermore, our daily operations involve the storage, processing, and use of flammable, toxic, and explosive materials. We fully recognise that improper management of these materials could cause severe health impacts or physical injuries to employees. Comprehensive guidelines and policies have been established for toxic and flammable materials management, including the *Hazardous Chemical Safety Management System*, which standardises safety management protocols throughout the procurement, production, usage, storage, transportation, sales, and disposal of hazardous chemicals.

In every aspect of our production activities, we prioritise safety by strictly following our comprehensive safety production protocols and management systems. Through the effective implementation of safety measures, the Group ensures that safety management is standardised, institutionalised, and fully embedded in daily operations. In 2025, we were successfully awarded the “Level 2 Work Safety Standardization Enterprise” by the Department of Emergency Management of Hubei Province, marking the Group’s safety production level among industry benchmark.

## **Occupational Health**

We prioritise occupational disease prevention, implementing the “Three Simultaneities” programme requiring simultaneous design, construction, and commissioning of main production facilities and occupational hazard control systems in new projects. A comprehensive set of occupational health and safety management systems has also been established, addressing areas such as protective measures, prevention responsibilities, monitoring and evaluation, emergency rescue, and incident management to fully safeguard employees’ occupational health. For example, in terms of occupational disease prevention measures, we conduct regular on-site occupational hazard testing to monitor soluble dust, organic compounds, and other potential occupational hazard sources, ensuring all indicators remain within safe thresholds. We organise regular occupational health examinations for employees to accurately assess their health status, enabling early detection, prevention, and treatment of potential health issues. Additionally, we provide employees with specialised personal protective equipment (PPE) tailored to occupational hazards, effectively reducing their exposure to potential occupational hazards during production processes.

Additionally, we appoint Occupational Health and Safety (OHS) Representatives to engage employees in occupational health management. Representatives can participate in developing and reviewing risk management procedures from frontlines operational perspectives, discussing changes affecting workplace OHS conditions, and conducting inspections and investigations of OHS matters. Meanwhile, the Representatives can also support OHS initiatives by facilitating communication, collection, and dissemination of OHS-related information, organising employee participation in best OHS practices, and providing comment and recommendations on workplace OHS improvement.

# Environmental, Social and Governance Report

## **Safety Training**

To further prevent production safety accidents and mitigate occupational hazards, we implement safety education and training in compliance with the *Work Safety Law of the People's Republic of China*, the *Work Safety Training Regulations for Production and Business Entities*, and other relevant laws and administrative regulations.

Our safety training programmes target all employees and external stakeholders, including contractors, labour dispatch personnel, interns, and visitors.

- For Employees, annual training in safety knowledge, operational procedures, and emergency drills is conducted to enhance safety awareness and incident response capabilities. Safety management personnel must complete state-mandated training and obtain safety management qualification certificates before assuming roles, with strict annual training hour requirements.
- For New Entrants, mandatory three-tier safety education and training (corporate, workshop, and team-level) is enforced. All new entrants must complete at least 72 hours of training before onboarding.
- For Visitors, pre-entry safety briefings are required, with designated escorts assigned for supervision.
- For Contractors, tailored safety training plans are implemented, with dedicated contractor training archives established and maintained.

## **Aspect B3: Development And Training**

The Group is aware that employees are the key to our sustainable growth. We value employee development and training and are committed to building a full-scale and multi-level growth platform for them. This is aimed at enhancing employees' professional skills, overall competencies, and career competitiveness while providing solid talent support for the long-term and stable development of the Group.

The Group constantly refines the training system in light of business characteristics. Our training programmes span a wide range, including safety and environmental protection, compliance, professional skills, and management abilities. Additionally, we design highly targeted training plans tailored to specific job positions.

In 2025, we have carried out a number of training sessions, covering various aspects such as safety knowledge training, compliance training, operation process training, and emergency response training.

To effectively enhance employee motivation and encourage proactive performance, the Group has established a recognition and reward system. Annually, we select and reward outstanding employees, as well as those who contribute significantly in production, technical, marketing, management, or handling emergencies.

## **Aspect B4: Labour Standard**

The Group strictly adheres to relevant conventions of the International Labour Organization and complies with applicable laws and regulations of the countries and regions where it operates in administering recruitment and employment practices. It strictly prohibits any form of child labour or forced labour. The Group's *Employee Handbook* clearly states the prohibition of child labour, and the Human Resources Department rigorously verifies the identities of new employees through compliance measures such as collecting and cross-checking original identification documents and employment registration forms to ensure that no child labours are hired. Additionally, working hours are clearly defined in employment contracts and the *Employee Handbook*, with strict enforcement during operations. We discourage overtime work and provide reasonable leave entitlements to eliminate risks of forced labour.

During the Reporting Period, we did not identify any issue related to child labour or forced labour within the Group.

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## OUR BUSINESS

### Aspect B5: Supply Chain Management

The Group places high importance on supply chain management, committed to creating an open, transparent, and fair collaborative environment, continuously optimising supplier management system to achieve win-win outcomes with supplier partners while safeguarding corporate interests. In accordance with the *Bidding Law of the People's Republic of China* and the *Regulations for the Implementation of the Bidding Law of the People's Republic of China*, we have established comprehensive procurement management systems, including *Procurement Plan Development Process*, *Supplier Bidding and Negotiation Process*, *Procurement Order Management Standards*, *Supplier Master Data Management Standards*, and *Procurement Contract Management System*, to standardise and implement compliant procurement practices and supplier management.

To enhance procurement transparency, we launched the transparent procurement platform. Through this platform, we publish material requirements and conduct transparent supplier inquiries, price comparisons, negotiations, and transactions, covering almost all categories of materials (including raw materials, packaging, equipment, and components).

We adopt and maintain procedures to manage and evaluate suppliers. When selecting suppliers, we consider pricing levels, qualifications, production capacity, delivery timelines, quality control, and production facilities. We assess supplier performance based on evaluation criteria annually. Suppliers failing to meet standards will be suspended from procurement and removed from the approved supplier list.

In addition, the Group is dedicated to sustainable procurement. In addition to product quality, service capabilities, and corporate reputation, we prioritise and monitor suppliers' environmental and social responsibility commitments and actions:

- Environmental protection and social responsibility self-assessment requirements are incorporated into contracts.
- We evaluate suppliers using the *CSR Risk Identification and Assessment Form*, which assesses performance in aspects such as labour rights including prohibition of child/forced labour, environmental management, occupational health and safety, and safety compliance. Suppliers with low scores will not be considered. Annual on-site audits are conducted for key suppliers to review compliance, product quality, their upstream suppliers' control initiatives, and capabilities of environmental and social risk management.
- Suppliers that excel in environmental and social performance are prioritised
- We communicate the Group's sustainable procurement policies and requirements regarding environmental protection and social responsibility with the supplier using the *Supplier Notification on Environmental and Social Issues*.
- We strictly implement the *Anti-Corruption and Anti-Commercial Bribery Implementation Standards* during procurement.
- We require suppliers to sign the *Supplier Code of Conduct* at the contracting stage. Through this Code, we require suppliers to comply with laws, regulations and ethical business standards, and to meet requirements in respect of labour rights, environmental protection, product quality and safety, information protection, social responsibility, prohibition of child labour and forced labour, as well as anti-corruption and anti-fraud. Meanwhile, we require suppliers to fulfill supply chain responsibilities and impose equivalent requirements on their upstream suppliers.

During the Reporting Period, we had a total of 43 suppliers, all of whom were from China. All suppliers complied with the relevant practices regarding the engagement of suppliers set by the Group.

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## Aspect B6: Product Responsibility

### Product Quality

As a leader in the toluene derivatives industry, the Group is committed to providing high-quality products primarily used as food preservatives, household chemicals, animal feed acidifiers, agricultural chemicals, and synthetic intermediates for pharmaceutical applications. Driven by our unwavering pursuit of product quality and safety, we have established and continuously refined our robust quality control system and implemented stringent quality measures throughout the product lifecycle.

#### Quality Management Department

We have established a dedicated Quality Management Department to supervise and enforce product quality standards. The department consists of a Quality Control Team and a Quality Inspection Team, with professional staff with extensive technical expertise and thorough understanding of production processes:

- **Quality Control Team:** Oversees the management and maintenance of the quality control system, including setting quality standards and policies, organising monthly quality control meetings, implementing quality improvement initiatives, and participating in quality assessment activities. Additionally, the team is responsible for reviewing and evaluating suppliers from a quality control perspective.
- **Quality Inspection Team:** Conducts inspections of raw materials, finished products, intermediates, and packaging materials to ensure compliance with quality requirements. The team regularly reports product quality findings to senior management.

#### Quality Control Procedures

The Group conducts quality control across the full product lifecycle:

- **Raw Material Procurement**

We fully recognise the critical impact of raw material quality on final product quality. Therefore, we have established a raw material quality control system to monitor sample inspections and raw materials testing before delivery to production facilities. The warehouse management department and the quality inspection team generate quality inspection reports and documentation, which are further reviewed and archived by the procurement department and other relevant departments.

For raw materials with significant impacts on product quality, we require production facilities to conduct trial runs during the initial supply phase. If a batch of raw materials fails to pass inspection and testing procedures, it is labeled as non-compliant and handled according to the Non-Conforming Materials Control Procedures.

- **Production Process Monitoring**

The production department is responsible for developing and executing monthly production plans. Based on these plans, production facilities operate in compliance with standard operating procedures. Production personnel control processes to meet specified parameters and maintain written records of operational responsibilities. During production, we adhere to industry standards and certification requirements to ensure product quality.

During production, dedicated quality control staff closely monitor each production stage. The quality control team is responsible for ensuring that the production follows the production procedure guidelines and that the products meet internal quality, hygiene, and food safety standards specified in the internal guidelines, as well as regulations and standards of China and other countries to which our products are exported.

- **Finished Product Quality Control**

Each batch of finished products undergoes sample tests and inspections. Products are only delivered to customers after verifying that they meet the relevant quality standards and product specification requirements and that their labels are appropriate and accurate.

## Environmental, Social and Governance Report

- Packaging and Transportation Oversight**

We maintain specific procedures for product packaging and transportation. Packaging must comply with relevant national standards. Our package containers are contamination-resistant and meet hygiene requirements. Products contaminated due to improper storage or transportation are treated as waste and prohibited from reuse.

- Corrective and Preventive Measures**

For the products that have received customer complaints, the quality management department will conduct an investigation and formulate corrective and preventive measures, which will be applied to the relevant links to avoid the recurrence of similar incidents in the future. To ensure effective implementation of corrective and preventive measures and continuous improvement, each department will systematically summarise and analyse the implementation status of the corrective and preventive measures taken at the end of each year. This summarised information will be submitted to the management review meeting, enabling the group management to conduct a comprehensive assessment of the Group's overall quality management system, promptly identify potential problems, and make corresponding adjustments to improve the Group's product quality and customer satisfaction continuously.

### Quality Management Training

In order to continuously improve quality management capabilities, we develop specific training plans for production and quality management teams annually, focusing on quality control and product evaluation. In 2025, we conducted training sessions covering updated food safety management standards, hygiene and clean zone management protocols, food safety protection measures, regulations on food safety risks, Halal compliance knowledge, etc. These trainings help to strengthen employees' knowledge relating to quality and safety and enhance their capability in quality control.

### Quality Management Certifications

With our robust quality control system, our products and production facilities have obtained multiple domestic and international quality management certifications.

Certification	Issuance Date	Expiry Date
ISO 9001 Quality Management System	2024	2027
ISO 22000 Food Safety Management System	2025	2028
FSSC 22000 Food Safety Management System	2025	2028
BRC International Food Safety Standard	2025	2026
FAMI-QS Feed Additives and Premixtures International Quality System	2023	2026
HALAL1 Certification (Indonesia)	2022	Long Term
HALAL1 Certification (Malaysia)	2023	2026
KOSHER <sup>2</sup>	2025	2026

1: HALAL: Certification of permissible food under traditional Islamic law

2: KOSHER: Certification for food that conforms to regulations of Jewish religious dietary laws

According to the respective renewal requirement of the above quality management certification bodies, we will renew these certifications and licenses upon expiry.

During the Reporting Period, the Group was not aware of any material violations of product liability laws or regulations, including but not limited to the *Product Quality Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*.

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In 2025, the Group accomplished our quality objectives. The pass rate of finished product testing stood at an exemplary 100%, and all equipment and instruments maintained a perfect functionality rate of 100%. Throughout the year, there were no significant customer complaints of product quality, and no food, pharmaceutical, or feed safety accidents occurred. During the Reporting Period, the Group has not issued any product recalls due to safety or health-related issues.

## **Customer Service**

The Group is customer-oriented. To enhance customer service standards, we earnestly listen to customers' needs and expectations and offer them suitable solutions.

The Group has established a comprehensive and detailed management system, covering key aspects such as customer relationship management system, governance structures, customer maintenance, demand management, and complaint handling. This system is designed to deliver high-quality, efficient, and satisfactory service experiences, fostering long-term collaboration and mutual development with customers, while fulfilling the Group's commitments to social responsibility.

We stress the great importance to the standardised and systematic customer management. We have formulated policies and procedures such as *Customer Management Policy*, *Overseas Sales Administration Regulations*, *Anti-Bribery and Anti-Corruption Policy for Sales & Marketing*, *Customer Development Management Protocol*, *Distributor Governance Framework*, *Sales Planning Management Procedures*, *Customer-Related Process Control Protocol*. Our daily operation strictly adheres to these policies and procedures, it ensures compliance and effectiveness in all customer management activities.

### *Customer Management Mechanism*

We have carried out scientific customer relationship management based on their scale and the business nature. Key customers and major distributors are managed centrally to ensure that we can allocate our premium resources to provide more targeted and high-quality services. As for small and medium-sized customers, dedicated salespersons are assigned based on locality for speedy responses to the customers.

### *Customer Communication*

The sales department maintains full product life-cycle engagement with customers.

- At the pre-sales stage, salespersons conduct investigations and determine the customer's specific product requirements by communication means such as face-to-face meetings, telephone calls, and faxes. These requirements include the product name, specifications, quantity, price, quality standards, food safety and feed safety standards, delivery date, packaging, and mode of transportation, etc. This is to accurately identify customers' needs and document them to relevant production and services. It ensures that the products truly meet customers' expectations.
- When customers are using the products, salespersons actively follow up on customers' feedback. To provide highly efficient and responsive services for any customer's request, we will reply within 8 hours. For domestic customers who require on-site handling, it will be completed within 24 hours.
- At the post-sales stage, salespersons maintain frequent communication with customers through telephone calls and on-site visits, to strengthen customer relationships.

# Environmental, Social and Governance Report

## Complaint Handling

### Complaint Handling Process

<b>Complaint Receipt</b>	Salespersons will complete the <i>Returned Product Handling Transfer Form</i> per internal protocols and escalate to the Quality Management Department immediately upon receiving complaints.
<b>Complaint Investigation</b>	The quality management department conducts investigations within five working days and performs root cause analysis with relevant departments.
<b>Complaint Handling</b>	<p>The Quality Management Department develops corrective actions and action plans in the <i>Corrective/Preventive Action Form</i> and communicates resolution plans to customers.</p> <p>The action plan includes immediate corrective actions and long-term preventive actions. Immediate corrective actions will be completed within 1 month, while long-term preventive actions will be implemented within 3 months.</p> <p>For products that need to be recalled, we will implement the relevant regulations, such as <i>Product Return Management Regulations</i> and <i>Product Recall Management Regulations</i>, to ensure the processes are standardised and rigorously managed.</p>
<b>Compliant Case Closure</b>	The quality management department documents implementation results in the <i>Corrective/Preventive Action Form</i> and formally closes the case.

In 2025, the Group received a total of 2 complaints, of which 1 was related to packaging hygiene issues and 1 was related to product quality issues. In response to the above complaints, we actively conducted investigations and adopted effective measures, and all complaints have been properly resolved.

### Customer Satisfaction Survey

We distribute the *Customer Satisfaction Survey* to key customers annually to collect feedback regarding product and service quality. Through quantitative analysis of the survey data, we continuously refine service protocols and implement quality enhancements based on the analysis results. The customer satisfaction rate reached 97.53% in 2025.

### Research, Development and Innovation

The Group has a profound understanding of the crucial significance of research and development (as referred to R&D) and innovation in improving product quality and enhancing core competitiveness and has always placed it at the core of its strategic development. We have established a product research center and assembled a professional R&D team. Our R&D efforts are mainly focused on the following three key areas:

#### ➤ Optimisation of Existing Processes & Equipment

The R&D team works closely with the production team to optimise the production process, aiming to improve product quality and production efficiency. Additionally, we make efforts to enhance the automation level of the production process and improve the machines and equipment to boost production efficiency.

# Environmental, Social and Governance Report

## ➤ **Research and Development of Future Product**

We are dedicated to developing new products, new formulations, and new solutions while enhancing production quality and existing product formulations according to the customer's feedback and our close tracking of market and industry technological trends.

## ➤ **External Collaboration**

We further enhance our R&D capabilities and accelerate the R&D progress through cooperation with external institutions. During the Reporting Period, we entered into cooperation agreements with several universities and institutions in China to conduct joint research projects on promoting production and processing technologies as well as the direction of product development.

### **Case: Industry-Academia-Research-Application Collaboration**

During the Reporting Period, we jointly developed with Central China Normal University and Wuhan Institute of Photochemistry Technology the world's first industrialised project for the synthesis of aromatic aldehydes via photocatalytic oxidation, which has been incubated and implemented by the Group. A single beam of sunlight enables the production of four new aromatic aldehyde products, unlocking a fragrant industrial market worth RMB1 billion. After mass production, prices are expected to be 30% lower than current market levels, which will not only break dependence on imports but also deliver strong international competitiveness.

In addition, we encourage professional technical personnel to engage in technological innovation. We have formulated the *Measures for the Implementation of Intellectual Property Rewards*, which fully motivate the innovation enthusiasm of professional technical personnel through monetary incentives and encourage the generation of innovative achievements.

As of the end of the Reporting Period, the Group owned one provincial-level enterprise technology centre, obtained two national, provincial and municipal technological innovation achievements, and received 11 provincial and municipal honours, including two provincial Science and Technology Progress Awards and seven municipal Science and Technology Progress Awards. During the Reporting Period, the Group's R&D team comprised 177 members, with R&D investment reaching RMB132 million, accounting for 4.97% of sales revenue.

### **Intellectual Property Protection**

The Group strictly complies with the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, and *Copyright Law of the People's Republic of China*, emphasising the protection of patents, trademarks, copyrights, and other intellectual property rights. We are committed to protecting our intellectual property assets while avoiding infringement of third-party rights to mitigate legal risks.

We actively conduct patent, copyright, and trademark registration to ensure full protection of each technological innovation and protect corporate branding.

Additionally, we require all employees to sign the *Intellectual Property and Confidentiality Agreement*, requiring them to maintain strict confidentiality regarding the Group's technical and R&D details. We enforce rigorous controls on document transfers and data outflows in our daily operations to ensure that information related to intellectual property rights will not be leaked.

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As of the reporting date, the Group holds a total of 89 patents, 7 copyrights, and 4 registered trademarks. 6 new patents were granted in 2025.

During the Reporting Period, the Group has not incurred any material disputes, claims, or litigation related to intellectual property or brand protection.

## **Information Security and Privacy Protection**

The Group prioritises information security and privacy protection, strictly adhering to the *Data Security Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and other privacy protection and information security-related regulations. In compliance with these regulations, we have established the *Information Disclosure Management Regulations*, *Data Security Management Regulations*, *the Insider Information Control Regulations*, and other management measures to ensure customer data security, privacy safeguards, and protection of consumer rights.

From the stage of customer inception, we implement standardised and rigorous customer account management protocols to ensure proper data entry and storage of customer information at the source.

Meanwhile, we enforce strict adherence to customer information security and privacy protection policies in our daily operations.

- New hires will undergo mandatory confidentiality training and sign the *Intellectual Property and Confidentiality Agreement*
- Our internal regulations stipulate that anyone who has access to customer information shall not disclose such information to any third party in any form. Once a violation is detected, penalties will be strictly imposed following the relevant regulations of the company.
- In instances where data needs to be physically removed from the premises or transmitted externally for work-related purposes, approval from the responsible project manager is mandatorily required. Such actions must be formally registered and logged for record-keeping. This process is meticulously governed by the data outflow management control procedures.
- The Group enforces comprehensive management over computer networks, strict compliance management of office software, and stringent management of electronic document transmission. A range of effective computer-based control measures are implemented to safeguard customer information stored within our computer systems against any potential leakage.

In 2025, no data security and privacy leakage incidents occurred within the Group.

## **Aspect B7: Anti-corruption**

The Group is committed to upholding the highest ethical standards and maintaining a corporate culture of integrity and fairness. It firmly opposes all forms of corrupt practices such as embezzlement, bribery, extortion, fraud, and money laundering. The Group strictly complies with laws and regulations, including the *Criminal Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Supervision Law of the People's Republic of China*, and the *Interim Provisions on Banning Commercial Bribery*. Moreover, we have formulated internal rules and regulations such as the *Fraud Management System*, the *Complaint and Reporting Management System*, and the *Anti — bribery and Anti — corruption Policy for Sales and Marketing*, thereby putting anti-corruption efforts into practice.

The Group's anti-fraud responsibilities are jointly undertaken by the Board of Directors, the audit committee, the audit department, management, business departments, and employees, all of whom actively fulfil their relevant anti-fraud duties.

## Environmental, Social and Governance Report

We have formulated anti-fraud prevention and control measures, conducted fraud risk assessments, and established specific control mechanisms. Additionally, we carry out background checks on employees, suppliers and other third — parties before establishing relationships with the company to reduce the likelihood of fraudulent activities. We have also established procedures for handling fraud cases, guidelines and supervision for anti-fraud work, as well as remedial measures and penalties to comprehensively combat anti-fraud behaviour within the company.

We have formulated a complaint and reporting management system to encourage employees, suppliers, partners, and other relevant parties to actively report any illegal, unethical, or corporate interest damaging behaviours within the company, ensuring the company's healthy and compliant development. Internal personnel of the Group can report through means such as the ethics hotline and email, and can also directly report to the audit department, the audit committee, or the Chairman of the Board. The external reporting channel is the dedicated email of administrative management centre published on the company's official website.

We implement strict confidentiality measures for whistleblowers, ensuring that the identities and information of whistleblowers are only known to essential personnel involved in the investigation. Additionally, we implement anti-retaliation measures to protect whistleblowers.

We have also incorporated integrity clauses into labour contracts and supplier contracts. These clauses further standardise the integrity-related behaviours of both internal and external parties, jointly contributing to a working and collaborative environment grounded in integrity and honesty.

Furthermore, we actively conduct anti-fraud related training and promotion through various means, such as the Group's intranet, Group policy documents, and training sessions. This ensures that all employees clearly understand the Group's anti-fraud requirements, as well as their own responsibilities and obligations, thereby promoting the development of an integrity-based corporate culture. The training includes, but is not limited to, training on the reporting system, anti-fraud and compliance training, including relevant laws, regulations, and ethical standards, for new employees, and ethics training for the audit department.

During the Reporting Period, we conducted quarterly anti-corruption training for all directors to strengthen their awareness of integrity, legal compliance, and ethical conduct. The training ensures strict adherence to listing rules and relevant laws and regulations, continuously enhances corporate governance and risk management capabilities, and protects the legitimate rights and interests of the company, shareholders, and other stakeholders. It also strengthens a culture of integrity, providing a solid foundation for the Company's high-quality and sustainable development.

During the Reporting Period, there was no case of corruption, bribery, extortion, fraud, and money laundering occurred within the Group.

# Environmental, Social and Governance Report

## OUR COMMUNITY

### Aspect B8: Community Investment

As a responsible enterprise, the Group is committed to contributing to society and the industry to promote community harmony and industry development. During the Reporting Period, the Group made charitable donations of RMB300,000 and actively contributed to promoting green and low-carbon development, facilitating industry exchanges and development, and strengthening community engagement.

#### **Case: Participation in Industry Exhibitions to Facilitate Industry Communication and Development**

In 2025, Wuhan Youji participated in a number of industry exhibitions covering food, cosmetics, coatings and other sectors. Through peer exchanges and sharing, the Group actively promoted innovative development of the industry.

Wuhan Youji showcased its core agrochemical products and innovative achievements at the 25th China International Agrochemical & Crop Protection Exhibition (CAC2025). Focusing on green crop protection and sustainable agriculture, the Group highlighted benzyl chloride, benzyl alcohol and the newly developed 3,5-dimethylbenzaldehyde, which captured widespread attention through its breakthrough technologies.

The Food Ingredients Europe exhibition is one of the largest and most influential events in the field of food and health ingredients. At the Food Ingredients Europe 2025 (FIE), the Group presented in full scope its competitive products, production scale, R&D capabilities and development strategies, and conducted in-depth exchanges with industry partners from around the world. Through the exhibition, the Group not only demonstrated its strengths but also enhanced communication with industry partners, laying a foundation for deeper and broader industry cooperation in the future.

#### **Enhancing Community Engagement**

The Group encourages employees to contribute their time and efforts in participating in local community activities and events, thereby strengthening community connections.

#### **Case: Police-Enterprise Cooperation and Strengthening Community Relations**

In April 2025, the Wuhan Youji — Oak Chemical · Tianjin Lianwei football friendly match was held at the Wuhan Youji football field.

In July 2025, the Wuhan Youji football team played a friendly match against the football team of Wuhan Institute of Special Equipment Inspection and Testing at the Qingshan Park football field.

In August 2025, Wuhan Youji showed support to police officers of Qingshan District, Wuhan, who remained on duty under high temperatures, presenting them with heatstroke prevention and cooling supplies to bring a touch of coolness in the hot summer.

# Environmental, Social and Governance Report

## APPENDIX I

### Environmental Key Performance Indicators

Environmental Aspect	Unit	2025	2024
<b>Air Emissions</b>			
Sulfur Oxides (SO <sub>x</sub> )	Tonnes	0.30	0.56
Nitrogen Oxides (NO <sub>x</sub> )	Tonnes	7.41	4.97
Particulate Matter (PM)	Tonnes	1.33	2.86
Volatile Organic Compounds (VOCs)	Tonnes	19.05	10.15
Other Air Emissions <sup>1</sup>	Tonnes	0.01	0.11
<b>Wastewater</b>			
Chemical Oxygen Demand	Tonnes	4.26	4.18
Ammonia Nitrogen	Tonnes	0.09	0.10
<b>Greenhouse Gas Emissions</b>			
Direct Greenhouse Gas Emissions (Scope 1) <sup>2</sup>	Tonnes of CO <sub>2</sub> e	28,028	30,625
Greenhouse Gas Removed from Newly Planted Trees (Scope 1)	Tonnes of CO <sub>2</sub> e	0.48	9
Indirect Greenhouse Gas Emissions (Scope 2) <sup>3</sup>	Tonnes of CO <sub>2</sub> e	158,109	142,770
Total Greenhouse Gas Emissions (Scope 1 and 2)	Tonnes of CO <sub>2</sub> e	186,136	173,386
Greenhouse Gas Emission Intensity (Scope 1 and 2) (Per Revenue)	tCO <sub>2</sub> e/RMB 1 Million of Revenue	70.04	52.79
<b>Waste</b>			
<b>Non-Hazardous Waste<sup>3</sup></b>			
Total Non-Hazardous Waste Generated	Tonnes	88	48
Non-Hazardous Waste Intensity (Per Revenue)	Tonnes/RMB 1 Million of Revenue	0.03	0.01
<b>Hazardous Waste (Dangerous Solid Waste)<sup>4</sup></b>			
Total Hazardous Waste Generated	Tonnes	1,566	1,440
Hazardous Waste Intensity (Per Revenue)	Tonnes/RMB 1 Million of Revenue	0.59	0.44
<b>Energy Consumption</b>			
Purchased Electricity	MWh	129,811	129,216
Purchased Steam	Tonnes	312,145	254,272
Diesel	Liters	86,469	80,568
Gasoline	Liters	20,863	17,953
Natural Gas	Cubic Meters	12,615,507	13,926,253
Total Energy Consumption <sup>5</sup>	Tonnes of Standard Coal	59,231	55,581
Total Energy Consumption Intensity (Per Revenue)	Tonnes of Standard Coal/RMB 1 Million of Revenue	22.29	16.92

## Environmental, Social and Governance Report

Environmental Aspect	Unit	2025	2024
<b>Water Consumption</b>			
Municipal Water	Ten Thousand Cubic Meters	21	18
Ethylene Industrial Water	Ten Thousand Cubic Meters	75	86
Municipal Water Consumption Intensity	Cubic Meters/RMB 1 Million Of Revenue	80.15	53.44
Ethylene Industrial Water Consumption Intensity (Per Revenue)	Cubic Meters/RMB 1 Million Of Revenue	281.18	261.06
<b>Consumption of Other Resources</b>			
Purchased Nitrogen	Ten thousand cubic meters	463	383
Nitrogen Consumption Intensity (Per Revenue)	Ten thousand cubic meters/RMB 1 Million of Revenue	0.17	0.12
<b>Packaging Materials</b>			
Total Amount Of Packaging Materials	Tonnes	3,420	1,985
Packaging Materials (By Material Type)			
Plastic	Tonnes	1,830	1,173
Steel	Tonnes	1,578	667
Wood	Tonnes	12	144
Packaging Material Intensity (Per Revenue)	Tonnes/RMB 1 Million of Revenue	1.29	0.60

### Notes:

- Other air emissions consist of toluene and chlorine gas generated during the production process.
- Direct greenhouse gas emissions originate from emissions generated by the use of gasoline, diesel, and natural gas, as well as refrigerant emissions and the use of carbon dioxide fire extinguishers. The calculation method and emission factors for direct greenhouse gas emissions refer to the *Guidelines for Accounting and Reporting of Corporate Greenhouse Gas Emissions: Power Generation Facilities (2022 Revised Edition)*.
- Scope 2 indirect greenhouse gas emissions include emissions generated from purchased electricity and steam. The electricity emission factors refer to the *Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors* jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics; the steam emission factor refers to the *Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Corporate in Other Industrial Sectors (Trial)*.
- The Group's hazardous waste primarily consists of dangerous solid waste, including HW11 sludge and distillation residues, HW49 packaging waste and laboratory waste, HW49 waste activated carbon, HW08 waste oil, and HW13 waste resin.
- Total energy consumption is calculated according to the energy coefficients in the *GB 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption*.

# Environmental, Social and Governance Report

## SOCIAL KEY PERFORMANCE INDICATORS

Social Aspect	Unit	2025	2024
<b>Number of Employees:<sup>1</sup></b>			
Total Number of Employees	Person	638	626
<b>Total Number of Employees (by Gender)</b>			
Male	Person	549	534
Female	Person	89	92
<b>Total Number of Employees (by Employment Type)</b>			
Full-time	Person	638	626
Part-time	Person	—	—
<b>Total Number of Employees (by Age)</b>			
Aged 30 and below	Person	89	90
Aged 31–40	Person	226	239
Aged 41–50	Person	167	166
Aged 51 and above	Person	156	131
<b>Total Number of Employees (by Region)<sup>2</sup></b>			
Employees in Mainland China	Person	638	626
Hubei Province	Person	638	626
<b>Total Number of Employees ((by Employee Category)</b>			
Senior Level Management	Person	18	20
Middle Level Management	Person	109	104
General Staff	Person	511	502
<b>Employee Turnover<sup>3</sup></b>			
Employee Turnover Rate	%	4.5%	5.4%
<b>Employee Turnover Rate (by Gender)</b>			
Proportion of Male Employees	%	4.4%	6.0%
Proportion of Female Employees	%	5.6%	2.2%
<b>Employee Turnover Rate (by Age)</b>			
Aged 30 and below	%	7.9%	11.1%
Aged 31–40	%	0.9%	3.3%
Aged 41–50	%	0.6%	3.0%
Aged 51 and above	%	12.2%	8.4%
<b>Employee Turnover Rate (by Region)</b>			
Employees in Mainland China	%	4.5%	5.4%
<b>Training and Development</b>			
<b>Percentage of Employees Trained (by Gender)</b>			
Male	%	86.1%	85.1%
Female	%	13.9%	14.9%

## Environmental, Social and Governance Report

Social Aspect	Unit	2025	2024
<b>Percentage of Employees Trained (by Employee Category)</b>			
Senior Level Management	%	2.8%	2.8%
Middle Level Management	%	17.1%	16.5%
General Staff	%	80.1%	80.7%
<b>Employee Training Hours:<sup>4</sup></b>			
Average Training Hours	Hours	70	20.3
<b>Average Training Hours<sup>4</sup> (by Gender)</b>			
Male	Hours	70	19.3
Female	Hours	70	25.8
<b>Average Training Hours<sup>4</sup> (by Employee Category)</b>			
Senior Management	Hours	70	18.3
Middle Level Management	Hours	70	19.4
General Employees	Hours	70	20.6
<b>Occupational Health and Safety</b>			
Work-related fatalities in the last 3 years (including 2025)	Person	0	0
Rate of work-related fatalities	%	0	0
Number of Work-related Injuries	Person	0	0
Lost days due to work-related injuries	Days	0	0
<b>Number of Suppliers</b>			
Total Number of Suppliers	Companies	43	97
<b>Number of Suppliers (By Region)</b>			
North China	Companies	1	28
Northeast China	Companies	0	2
East China	Companies	2	32
Central China	Companies	40	33
Southwest China	Companies	0	1
South China	Companies	0	1

Note:

1. The number of employees is as of December 31, 2024 and December 31,2025.
2. All employees of the Group are based in Hubei Province, Mainland China.
3. Employee turnover rate = (Number of leaving employees/Total number of employees at the end of the Reporting Period) \* 100%
4. Average training hours = Total training hours of employees by each category/Total Number of Employees by the corresponding category

# Environmental, Social and Governance Report

## APPENDIX II

### Index of the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guidelines

A. Environmental Aspect			Related Section(s)
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Aspect A1: Emissions
	A1.1	The types of emissions and respective emissions data.	Aspect A1: Emissions Appendix I: Environmental Key Performance Indicators
	A1.2	Total hazardous waste produced and intensity.	Aspect A1: Emissions Appendix I: Environmental Key Performance Indicators
	A1.3	Total non-hazardous waste produced and intensity.	Aspect A1: Emissions Appendix I: Environmental Key Performance Indicators
	A1.4	Description of emission target(s) set and steps taken to achieve them.	Aspect A1: Emissions
	A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Aspect A1: Emissions
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Aspect A2: Use of Resources
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Aspect A2: Use of Resources Appendix I: Environmental Key Performance Indicators
	A2.2	Water consumption in total and intensity.	Aspect A2: Use of Resources Appendix I: Environmental Key Performance Indicators
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Aspect A2: Use of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Aspect A2: Use of Resources
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Aspect A2: Use of Resources
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Aspect A3: The Environmental and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Aspect A3: The Environmental and Natural Resources

## Environmental, Social and Governance Report

B. Social Aspect			Related Section(s)
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Aspect B1: Employment
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Social Key Performance Indicators
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Social Key Performance Indicators
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Aspect B2: Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Aspect B2: Health and Safety Appendix I: Social Key Performance Indicators
	B2.2	Lost days due to work injury.	Aspect B2: Health and Safety Appendix I: Social Key Performance Indicators
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Aspect B2: Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Aspect B3: Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Social Key Performance Indicators
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Social Key Performance Indicators
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Aspect B4: Labour Standard
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Aspect B4: Labour Standard
	B4.2	Description of steps taken to eliminate such practices when discovered.	Aspect B4: Labour Standard

## Environmental, Social and Governance Report

B. Social Aspect			Related Section(s)
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Aspect B5: Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Appendix I: Social Key Performance Indicators
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Aspect B5: Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Aspect B5: Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Aspect B5: Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Aspect B6: Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Aspect B6: Product Responsibility
	B6.2	Number of products and service related complaints received and how they are dealt with.	Aspect B6: Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Aspect B6: Product Responsibility
	B6.4	Description of quality assurance process and recall procedures.	Aspect B6: Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Aspect B6: Product Responsibility
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Aspect B7: Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Aspect B7: Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Aspect B7: Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Aspect B7: Anti-corruption
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Aspect B8: Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Aspect B8: Community Investment
	B8.2	Resources contributed to the focus area.	Aspect B8: Community Investment

# Environmental, Social and Governance Report

## APPENDIX III

### Part D: Climate-related Disclosures

Category	Sub-category	Description	Section
Governance		The governance body responsible for overseeing climate-related risks and opportunities.	Part D: Climate Change — Governance
Governance		Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Part D: Climate Change — Governance
Strategy	Climate-related risks and opportunities	Description of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, access to finance or cost of capital in the short, medium or long term. For each climate-related risk identified by the issuer, explanation of whether the risk is considered a climate-related physical risk or a climate-related transition risk. For each climate-related risk and opportunity identified by the issuer, specification of the time horizon (short, medium or long term) during which they could reasonably be expected to affect the issuer. Explanation of how the issuer defines short, medium and long term, and how such definitions are linked to the planning horizon of its strategic decisions.	Part D: Climate Change — Strategy
Strategy	Business model and value chain	Description of current and anticipated impacts of climate-related risks and opportunities on the issuer's business model and value chain. Description of where climate-related risks and opportunities are concentrated within the issuer's business model and value chain (e.g., geographic regions, facilities and asset types).	Part D: Climate Change — Strategy
Strategy	Strategy and decision-making	Information on how the issuer has addressed and plans to address material climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set, as well as any targets required by laws or regulations. Information on how the issuer currently and plans to resource actions to address material climate-related risks and opportunities in its strategy and decision-making.	Part D: Climate Change — Strategy  During the year, we have not fully implemented climate-related transition plans, and such work is in progress.
Strategy	Financial position, financial performance and cash flows — Current financial impacts	How climate-related risks and opportunities have affected the issuer's financial position, financial performance and cash flows during the reporting period. Information identifying climate-related risks and opportunities that have affected the issuer's financial position, financial performance and cash flows during the reporting period, where there are material risks that would result in significant adjustments to the carrying amounts of assets and liabilities in the financial statements for the next reporting year.	Part D: Climate Change Financial Effects Relief Adopted Capabilities Relief Adopted
Strategy	Financial position, financial performance and cash flows — Expected financial impacts	How the issuer expects its financial performance to change in the short, medium and long term, having regard to its strategy for managing climate-related risks and opportunities and taking into account the following: Based on the issuer's strategy for managing climate-related risks and opportunities, how its financial performance and cash flows are expected to change in the short, medium and long term.	Financial Effects Relief Adopted Capabilities Relief Adopted

## Environmental, Social and Governance Report

Category	Sub-category	Description	Section
Strategy	Climate resilience	The issuer's assessment of its climate resilience as at the reporting date. How and when climate-related scenario analysis is conducted.	Reasonable Information Relief Adopted Capabilities Relief Adopted
Risk Management		Processes and related policies used by the issuer to identify, assess, prioritize and monitor climate-related risks and opportunities.	Part D: Climate Change – Risk Management
Risk Management		Processes used by the issuer to identify, assess, prioritize and monitor climate-related risks and opportunities (including information on whether and how the issuer may use climate-related scenario analysis to identify climate-related opportunities).	Part D: Climate Change – Risk Management
Risk Management		How the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into the issuer's overall risk management process, and the extent of such integration.	Part D: Climate Change – Risk Management
Metrics and Targets	Greenhouse gas emissions	The issuer shall disclose total absolute greenhouse gas emissions during the reporting period (expressed in tonnes of carbon dioxide equivalent), broken down into: Scope 1 GHG emissions; Scope 2 GHG emissions; Scope 3 GHG emissions.	Summary of Key Performance Indicators Reasonable Information Relief Adopted
Metrics and Targets	Climate-related transition risks	The issuer shall disclose the amount and percentage of assets or business activities exposed to climate-related transition risks.	Reasonable Information Relief Adopted
Metrics and Targets	Climate-related physical risks	The issuer shall disclose the amount and percentage of assets or business activities exposed to climate-related physical risks.	Reasonable Information Relief Adopted
Metrics and Targets	Climate-related opportunities	The issuer shall disclose the amount and percentage of assets or business activities involved in climate-related opportunities.	Reasonable Information Relief Adopted
Metrics and Targets	Capital deployment	The issuer shall disclose the amount of capital expenditure, financing or investment allocated to climate-related risks and opportunities.	Part D: Climate Change – Metrics and Targets
Metrics and Targets	Internal carbon pricing	Whether and how the issuer applies carbon pricing in its decision-making (e.g., investment decisions, transfer pricing and scenario analysis). The price per tonne of GHG emissions used by the issuer to estimate the cost of its GHG emissions; or an appropriate negative statement confirming that the issuer does not apply carbon pricing in its decision-making.	During the year, we have not applied an internal carbon pricing mechanism in internal decision-making.
Metrics and Targets	Remuneration	The issuer shall disclose whether and how climate-related considerations are incorporated into remuneration policies, or provide an appropriate negative statement.	The Group has not yet incorporated ESG contributions into the remuneration considerations for directors and senior management.
Metrics and Targets	Industry metrics	The Exchange encourages issuers to disclose industry metrics related to one or more specific business models and activities, or characteristics common to participation in relevant industries.	During the year, we have not disclosed industry metrics by reference to other industry disclosure guidelines, and relevant work is still in progress.
Metrics and Targets	Climate-related targets	The issuer shall disclose qualitative and quantitative climate-related targets it has set to monitor progress towards its strategic goals, as well as any targets required to be achieved by laws or regulations, including any greenhouse gas emission targets.	Part D: Climate Change – Metrics and Targets

# Biographies of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Zou Xiaohong (鄒曉虹)**, aged 66, was appointed as our executive Director and chairman of the Board on 25 March 2022. Mr. Zou has also been the chairman of Wuhan Youji since May 2015, and the director of Qianjiang Xinyihong and Youji HK since June 2015 and June 2016, respectively. Mr. Zou is primarily responsible for the overall strategic and major operational decision-making of our Group. Mr. Zou is also the directors of several subsidiaries of the Group.

Mr. Zou has over 44 years of experience in the organic chemical industry and has been working for our Group since his graduation. Mr. Zou joined our Group in July 1981 as a technician of Wuhan Youji and rejoined in September 1985 after three years study in Wuhan Gedian Chemical Plant Staff University (武漢市葛店化工廠職工大學), with his last position as the chairman since May 2015. Besides working experience in our Group, Mr. Zou also served other companies. Mr. Zou has been the chairman at Yingcheng Wuhan Organic Material Co. Ltd. (應城市武瀚有機材料有限公司) (“**Yingcheng Wuhan Organic**”) and HUBEI SINEM FLAVOR CO., LTD. (湖北西尼美香料有限公司) (“**Hubei Sinem**”) since July 2014 and February 2018, respectively. Since October 2018, he has served as the vice chairman and a director at Shandong Keyuan Pharmaceutical Co., Ltd. (山東科源製藥股份有限公司), a pharmaceutical company that is listed on the Shenzhen Stock Exchange (stock code: 301281), where he is mainly responsible for the company’s overall management.

Mr. Zou was awarded the May 1st Labour Medal (五一勞動獎章) by Wuhan Federation of Trade Union (武漢市總工會) in April 2002 and was granted with the Special Government Allowance (政府專項津貼) by Wuhan Municipal People’s Government and Wuhan Municipal Committee of the Communist Party of China (中國共產黨武漢市委員會) in December 2008. In addition, Mr. Zou was recognised as the 15th Model Worker of Wuhan City (武漢市第十五屆勞動模範) by Wuhan Municipal People’s Government in April 2012 and the Middle-aged and Youth Experts with Outstanding Contribution (有突出貢獻中青年專家) by Hubei Provincial People’s Government and Hubei Provincial Committee of the Communist Party of China (中國共產黨湖北省委員會) in January 2013.

Mr. Zou was the general manager of Wuhan Organic Import & Export Co., Ltd. (武漢有機進出口有限公司) within 12 months prior to its dissolution by deregistration for change of business strategy on 23 July 2011. Mr. Zou confirms that, to the best of his knowledge, (i) the dissolved company was solvent immediately prior to its dissolution and had no outstanding claims or liabilities; (ii) he has not received any notification in respect of penalty, acting or proceeding from PRC authorities as a result of the dissolution; and (iii) he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution.

Mr. Zou obtained a tertiary degree in chemical machinery from Wuhan Gedian Chemical Plant Staff University in the PRC in September 1985. He holds the qualification of senior operation manager (高級經營師) granted by Department of Labour and Social Security of Hubei Province (湖北省勞動和社會保障廳) (currently known as Department of Human Resources and Social Security of Hubei Province (湖北省人力資源和社會保障廳)) in December 2002, and the qualification of professorate senior engineer (正高級工程師) granted by Department of Human Resources and Social Security of Hubei Province in March 2015.

**Mr. Chen Ping (陳平)**, aged 63, was appointed as our Director on 23 September 2016 and was re-designated as our executive Director and Joint Company Secretary on 25 March 2022. Mr. Chen joined our Group in October 2010 as the board secretary and has served as a director of Wuhan Youji since August 2016. He has also been the director of Hebei Kangshi since its establishment in January 2019. He is primarily responsible for the Board affairs, corporate governance and capital operations of our Group.

## Biographies of Directors and Senior Management

Mr. Chen has over 28 years of experience in corporate management. Prior to joining our Group, he served as a deputy general manager at Shenzhen Asia Link Investment Co., Ltd. (深圳市亞潮投資有限公司) (currently known as Shenzhen Hengrun Taifu Investment Co., Ltd. (深圳市恆潤泰富投資有限公司)) from July 1997 to September 1999, responsible for investment and financing management; a deputy general manager at Wuhan Plastics Industrial Group Co., Ltd. (武漢塑料工業集團股份有限公司) (currently known as Hubei Radio & Television Information Network Co., Ltd. (湖北省廣播電視信息網絡股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000665); and the general manager at Wuhan Xianglong Trading Co., Ltd. (武漢祥龍貿易有限公司) (currently known as Wuhan Xianglong New Energy Co., Ltd. (武漢祥龍新能源有限公司)) from August 2003 to November 2005, responsible for the overall management of the company. From November 2006 to July 2008, he worked at Wuhan Fengfan Surface Engineering Co., Ltd. (武漢風帆表面工程股份有限公司) as a director and a standing vice manager. From August 2008 to September 2010, Mr. Chen served as the international affairs department head of Hunan Nonferrous Metals Corporation Limited (湖南有色金屬股份有限公司), where he was mainly responsible for company's international affairs. He also served as the director at HNC (Canada) Antimony Mine Limited and BEAVER BROOK ANTIMONY MINE INC. from August 2009 to September 2010.

Mr. Chen graduated from Beijing Institute of Foreign Trade (北京對外貿易學院) (currently known as University of International Business and Economics (對外經濟貿易大學)) in the PRC in July 1983, majoring in English for Foreign Trade. He obtained a bachelor's degree in economics from Beijing Institute of Foreign Trade in September 1983 and a master's degree in economics from Fudan University (復旦大學) in the PRC in July 1990. He holds the qualification of economist granted by Wuhan Municipal Personnel Bureau (武漢市人事局) (currently known as Wuhan Municipal Human Resources and Social Security Bureau (武漢市人力資源和社會保障局)) in October 2001.

### NON-EXECUTIVE DIRECTORS

**Mr. Gao Lei (高雷)**, aged 42, was appointed as our Director on 23 September 2016 and was re-designated as our non-executive Director on 25 March 2022. Mr. Gao joined our Group in April 2010 and has been serving as a director of Wuhan Youji since June 2016. He is primarily responsible for shareholder related matters and advising on corporate governance and internal control of our Group.

Mr. Gao has more than ten years of experience in investment management. Prior to joining our Group, Mr. Gao worked as general manager assistant at Shanghai Sanwei Investment Development Co., Ltd. (上海三威投資發展有限公司), a company principally engaged in investment management, where he was responsible for investment management. Since December 2013, Mr. Gao has been serving as the general manager at Shanghai Linuo Industry & Trade Co., Ltd. (上海力諾工貿股份有限公司), a company engaged in the property lease and management industry, where he was responsible for its overall management. Since April 2017, he has been serving as a director at Linuo Sunshine (Hong Kong) Investment Limited (力諾陽光(香港)投資有限公司), an investment company.

Mr. Gao was a director of Hong Kong Linuo Pharmaceutical Co., Limited (香港力諾藥業股份有限公司) prior to its dissolution by deregistration for change of business strategy on 16 October 2015. Mr. Gao confirms that, to the best of his knowledge, (i) the dissolved company was solvent immediately prior to its dissolution and had no outstanding claim or liabilities; (ii) he has not received any notification in respect of penalty, acting or proceeding from Hong Kong authorities as a result of the dissolution; and (iii) he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution.

Mr. Gao obtained his master's degree of business administration from National University in the United States in April 2010.

## Biographies of Directors and Senior Management

**Mr. Shen Yingming (申英明)**, aged 67, was appointed as our Director on 23 September 2016 and was re-designated as our non-executive Director on 25 March 2022. He is mainly responsible for shareholder related matters and advising on corporate governance and internal control of our Group.

Mr. Shen has over 30 years of experience in business administration. Prior to joining our Group, from March 1994 to November 2001, he served as the general manager of Jinan Sanwei Glass Products Co. Ltd. (濟南三威玻璃製品有限公司). From November 2001 to January 2010, he worked at Wuhan Linuo Solar Energy Group Co., Ltd. (武漢力諾太陽能集團股份有限公司) (currently known as Hongfa Technology Co., Ltd. (宏發科技股份有限公司)), a company principally engaged in solar energy industry then and listed on the Shanghai Stock Exchange (stock code: 600885), with his last position as chairman of the board of supervisors. From April 2019 to April 2024, Mr. Shen served as the supervisor at Shandong Keyuan Pharmaceutical Co., Ltd. (山東科源製藥股份有限公司), a pharmaceutical company that is listed on Shenzhen Stock Exchange (stock code: 301281). Since January 2010, he has been the chairman of the board of supervisors at Linuo Group Holdings Co., Ltd. (力諾集團股份有限公司), a solar thermal products and photovoltaic products manufacturer.

Mr. Shen was a director, supervisor or general manager of the following PRC companies prior to their dissolution by deregistration:

Name of company	Nature of business	Date of dissolution	Reason for dissolution
Linuo Solar Energy Technology (Taiyuan) Co Ltd (力諾光能科技(太原)有限公司)	Consultancy service	15 December 2021	Change of business strategy
Hubei Twin Tigers Coating Engineering Co., Ltd. (湖北雙虎塗裝工程有限公司)	Construction	19 November 2019	Change of business strategy
Wuhan Linuo Investment Co., Ltd. (武漢力諾投資有限公司)	Investment	16 October 2019	Tax planning
Shaanxi Linuo Glass Vessel Co Ltd (陝西力諾玻璃製品有限公司)	Manufacturing	17 August 2017	Change of business strategy
Wuhan Twin Tigers Anticorrosion Coating Co., Ltd. (武漢雙虎防腐塗料有限公司)	Manufacturing	30 June 2017	Change of business strategy
Wuhan Twin Tigers Powder Coating Co Ltd (武漢雙虎粉末塗料有限公司)	Retail	26 May 2015	Change of business strategy
Hanyang Linuo Industry and Trade Co., Ltd. (漢陽力諾工貿有限公司)	Trade	20 March 2015	Change of business strategy

Mr. Shen confirms that, to the best of his knowledge, (i) each of the dissolved companies above was solvent immediately prior to its dissolution and had no outstanding claim or liabilities; (ii) he has not received any notification in respect of penalty, acting or proceeding from the PRC authorities as a result of the dissolution; and (iii) he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution.

Mr. Shen obtained the professional certificate of completing economic management courses delivered by Shandong University (山東大學) in the PRC in October 1997. In March 2006, he obtained the certificate of completing the graduate courses of masters of business administration granted by the Training College of Renmin University of China (中國人民大學) in the PRC.

## Biographies of Directors and Senior Management

**Ms. Li Deye (李德曄)**, aged 59, was appointed as our non-executive Director on 25 March 2022. She is mainly responsible for providing advice on operation and management of our Group.

Ms. Li has over 27 years of experience in supply chain management and business administration. She had extensive experience serving the subsidiaries of Linuo Group Holdings Co., Ltd. (力諾集團股份有限公司), a solar thermal products and photovoltaic products manufacturer, including serving as the purchasing director of Shandong Sanli Industrial Group Co., Ltd. (山東三力工業集團有限公司) from December 1998 to November 2009, the supply chain director of Shandong Linuo Electric Power Co., Ltd. (山東力諾電力股份有限公司) from November 2009 to December 2015, and the general manager and chairperson of Shandong Linuo Photovoltaic Hi-Tech Co., Ltd. (山東力諾光伏高科技有限公司) from November 2017 to January 2022. She has also been the supply chain director and the resources management director at Linuo Group Holdings Co., Ltd. from January 2016 to October 2017 and since February 2022, respectively.

Ms. Li was a manager of Jinan Dexincheng Trading Co., Ltd. (濟南德信誠商貿有限公司) prior to its dissolution by deregistration for change of business strategy on 11 June 2019. Ms. Li confirms that, to the best of her knowledge, (i) the dissolved company was solvent immediately prior to its dissolution and had no outstanding claim or liabilities; (ii) she has not received any notification in respect of penalty, acting or proceeding from PRC authorities as a result of the dissolution; and (iii) she is not aware of any actual or potential claim which has been or will be made against her as a result of the dissolution.

Ms. Li obtained a bachelor's degree of administrative management and a completion certificate of business administration from Shandong University (山東大學) in the PRC in October 2009 and June 2011 respectively. In April 2008, Ms. Li was qualified as a senior certified purchasing professional (註冊採購師) by CHC Manager Human Resource Committee of China High-technology Education Working Committee (CHC全國高科技教工委管理人才專業委員會).

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Liu Zhongdong (劉鐘棟)**, aged 67, was appointed as our independent non-executive Director upon Listing, and is mainly responsible for providing independent advice on the Group's technology and research.

Dr. Liu has over 36 years of experience in academic research of food additives. He worked at Zhengzhou Grain College (鄭州糧食學院) (currently known as Henan University of Technology (河南工業大學)) since August 1989, with his last position as a level-2 professor.

Dr. Liu was appointed as a member or an expert of various food additives related associations, including the member of the First National Food Safety Standards Review Committee (第一屆食品安全國家標準審評委員會) in January 2010, an expert of the "Tri-new" Foods Administrative Licensing Review Experts Pool ("三新"食品行政許可評審專家) in April 2021 and the secretary-general of the Professional Committee of China Food Additives and Ingredients Association (中國食品添加劑和配料協會專業委員會) since 2002, a member of Chinese delegation to the International Annual Meeting of Institute of Food Technologies (國際食品技術及國際展會, IFT) since 2005 and a member of Chinese delegation in Codex Committee on Food Additives of the Food and Agriculture organisation of the United Nations and World Health Organisation since 2007.

Dr. Liu obtained his master's degree in engineering from Zhengzhou Grain College (鄭州糧食學院) in the PRC in June 1989 and his doctorate degree in science from Xiamen University (廈門大學) in the PRC in September 2006, majoring in organic chemistry.

## Biographies of Directors and Senior Management

**Dr. Yuan Kang (袁康)**, aged 37, was appointed as our independent non-executive Director upon Listing, and is mainly responsible for providing independent advice on the operations and management of our Group. Dr. Yuan has been a lecturer and an associate professor at Law School of Wuhan University (武漢大學法學院) from February 2016 to February 2019 and since March 2019, respectively.

Since December 2020, Dr. Yuan served as an independent director at Hubei Color Root Technology Co., Ltd. (湖北麗源科技股份有限公司), a reactive dyes manufacturer, whose shares were delisted from National Equities Exchange and Quotations (stock code: 836620) in February 2018. Since August 2022, Dr. Yuan served as an independent director at Zhejiang Zhongxin Fluoride Materials Co., Ltd. (浙江中欣氟材股份有限公司), an enterprise for the research, development, production and sale of fluorine fine chemicals that is listed on Shenzhen Stock Exchange (stock code: 002915). From February 2021 to October 2024, he served as an independent director at Shandong Keyuan Pharmaceutical Co., Ltd., a pharmaceutical company that is listed on Shenzhen Stock Exchange (stock code: 301281). From April 2021 to October 2024, Dr. Yuan has also been an independent director at Hubei Zhenhua Chemical Co., Ltd. (湖北振華化學股份有限公司), a chromium salt and vitamin K3 producer, whose shares are listed on Shanghai Stock Exchange (stock code: 603067.SH), where he is mainly responsible for providing independent advice on the operations and management.

Dr. Yuan obtained his bachelor's degree in law and doctorate degree in economic law from Wuhan University (武漢大學) in the PRC in June 2010 and December 2015 respectively. Dr. Yuan received his Legal Professional Qualification Certificate (法律職業資格證書) from Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in August 2010 and the Qualification Certificate for Independent Directors of Listing Companies (上市公司獨立董事資格證書) from Shanghai Stock Exchange in April 2021.

**Mr. Liu Kai Yu Kenneth (廖啟宇)**, aged 56, was appointed as our independent non-executive Director upon Listing and is mainly responsible for providing independent advice on the operations and management of our Group.

Mr. Liu is an experienced audit professional. Prior to joining our Group, he served as a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte Touche Tohmatsu in 1997) from May 1994 to August 1994, an accountant at Ernst & Young from August 1994 to May 1996, an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris from August 1996 to September 1997, and an audit officer in the internal audit department of Kowloon-Canton Railway Corporation from January 2000 to September 2000. After that, he worked at VC CEF Capital Limited (currently known as VC Capital Limited) from September 2000 to May 2003, with his last position as an assistant manager in the corporate finance department. From June 2004 to October 2016, he worked at Hong Kong Exchanges and Clearing Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 388), with his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division, responsible for vetting initial public offering applications.

Mr. Liu has also served as an independent non-executive director in Fourace Industries Group Holdings Limited (科利實業控股集團有限公司), a personal care and electrical appliances provider listed on the Stock Exchange of Hong Kong (stock code: 1455), since August 2020; Hangzhou Tigermed Consulting Co. Ltd. (杭州泰格醫藥科技股份有限公司), a clinical research services provider listed on the Stock Exchange of Hong Kong (stock code: 3347) and ChiNext of the Shenzhen Stock Exchange (stock code: 300347), since April 2020; Tianli Education International Holdings Limited (天立教育國際控股有限公司), an education service provider listed on the Stock Exchange of Hong Kong (stock code: 1773), since June 2018; Sisram Medical Ltd., an energy-based medical aesthetic devices provider listed on the Stock Exchange of Hong Kong (stock code: 1696), since August 2017.

Mr. Liu obtained his bachelor of engineering degree in mechanical engineering from Imperial College of Science, Technology and Medicine of the University of London in the United Kingdom in August 1991. He received his master of business administration degree in international banking and finance from the University of Birmingham in the United Kingdom in December 1998. Mr. Liu has been a member of the Hong Kong Institute of Certified Public Accountants since July 1999 and a fellow of the Association of Chartered Certified Accountants since April 2004.

# Biographies of Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Zhou Xu (周旭)**, aged 56, is the chief executive officer of our Group, primarily responsible for the operations and management of our Company. Mr. Zhou has also been the general manager of Wuhan Youji since June 2016.

Mr. Zhou has over 37 years of experience of toluene derivative products industry, with most of his time devoted to the development of our Group. He has been working continuously for our Group since August 1988, and was appointed as our chief executive officer on 25 March 2022.

Mr. Zhou obtained his tertiary degree in industrial management engineering from Wuhan University of Automotive Technology (武漢汽車工業大學) (currently known as Wuhan University of Technology (武漢理工大學)) in the PRC in June 1995 and his master's degree in economics from Party School of the Wuhan Municipal Committee of the Communist Party of China (中國共產黨武漢市委黨校) in the PRC in January 2002. Mr. Zhou was awarded the "Model Worker of Wuhan City (武漢市勞動模範)" by Wuhan Municipal People's Government (武漢市人民政府) in April 2015 and the Excellent Communist Party Member of Wuhan City ("武漢市優秀共產黨員") by Wuhan Municipal Committee of the Communist Party of China (中國共產黨武漢市委) in June 2021.

**Mr. Shen Haifeng (沈海峰)**, aged 55, is the chief financial officer of our Company, primarily responsible for the financial management, financing and investment activities of our Group. He also serves as a deputy general manager of Wuhan Youji, a director of Hebei Kangshi and a supervisor of multiple subsidiaries of our Group, including Qianjiang Xinyihong, Hubei Kangxin and Hubei Xinxuanhong.

Mr. Shen has more than 22 years of experience of financial management. Prior to joining our Group in 2009, Mr. Shen served as the financial manager at Huasheng Jiangquan Group Co., Ltd. (華盛江泉集團有限公司) from August 2003 to October 2005. He then served as the deputy director of audit centre at Linuo Group Holdings Co., Ltd. (力諾集團股份有限公司) from December 2005 to July 2006 and the chief financial officer at Wuhan Linuo Chemical Group Co., Ltd. (武漢力諾化學集團有限公司) from August 2006 to November 2009, where he was responsible for overall financial management.

Mr. Shen obtained his bachelor's degree in economics majoring in planning statistics from Northeast Forestry University (東北林業大學) in July 1992. He was qualified as an auditor by the National Audit Office of the People's Republic of China (中華人民共和國審計署) in November 1996, an accountant by the Ministry of Finance of the People's Republic of China in May 1997 and a Certified Public Accountant by The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2004.

**Ms. Lai Ho Yan (賴浩恩)**, was appointed as one of our joint company secretaries on 25 March 2022. Ms. Lai is currently a senior manager of Company Secretarial Services of Tricor Services Limited, where she is responsible for providing corporate secretarial and compliance services to listed companies at the Stock Exchange and other multinational, private and offshore companies. Ms. Lai has more than nine years of experience in the company secretary profession.

Ms. Lai obtained her bachelor's degree in business administration in financial services and master's degree in corporate governance from The Hong Kong Polytechnic University in September 2016 and September 2020, respectively. She also holds a Bachelor of Laws from Manchester Metropolitan University in July 2024. She has been qualified as a Chartered Secretary, a Chartered Governance Professional, an associate of The Hong Kong Chartered Governance Institute (HKCGI) and an associate of The Chartered Governance Institute (CGI) in the United Kingdom.

Save as disclosed in this report, no financial, business, family or other relationships exist among the members of the Board, in particular between the Chairman of the Board and the Chief Executive Officer.

## Directors' Report

The Board presents its report and the audited financial statements of Wuhan Youji Holdings Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2025.

### PRINCIPAL BUSINESS REVIEW

The principal activity of the Company is investment holding. Its principal subsidiaries are engaged in the production and sale of toluene derivatives and trading of toluene raw materials. The principal activities of the subsidiaries are set out in note 1 to the consolidated financial information. There were no significant changes in the nature of the Group's principal activities during the year under review.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's businesses and prospects as well as financial conditions and results of operations will be affected by a number of risks and uncertainties including business risks, operational risks and financial risks. For business risks, the majority of the Group's businesses are located in Mainland China so the Group will be subject to the economic and political development and market situation of the PRC, while the Group's overseas sales will be subject to the global and regional economic conditions, trade policies and market demand. For operational risks, the Group is engaged in manufacturing of chemical products and it is thus exposed to various environmental, health and safety risks in running its operations. For financial risks, the Group's financial instrument will have market risk (currency risk, interest rate risk and other price risk), related credit risk and liquidity risk. Details of the policies on how to mitigate these financial risks are set out in note 38 to the consolidated financial information.

### LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The relevant laws and regulations that have a significant impact on the Company include, among others, the Companies Ordinance, the Companies Act (as revised) of the Cayman Islands, the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and the relevant laws, rules and regulations in relation to its business including health, safety and environmental protection, workplace conditions and employment etc. To ensure compliance with these requirements of laws, rules and regulations, the Company has implemented an effective internal control and approval procedures, and has undertaken risk management and provided trainings.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has attached great importance to its environmental policy and performance, setting up safety and environmental centres in its major operating entities in the PRC with the responsibility for the Group's overall safety and environmental protection policy and assessment of its overall performance, setting up safety and environmental departments in each of the factories with the responsibility for safety and environmental matters in the factories, and fully equipping with safety and environmental protection related personnel, equipment and system for each of its subsidiaries. Details are set out in the Environmental, Social and Governance Report of this annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, we have conducted business with more than 2,700 corporate customers, covering more than 70 countries. We established and solidified our business relationship with a variety of prestigious companies, including a number of Fortune 500 Companies. For the years ended 31 December 2024 and 2025, revenues generated from our five largest customers amounted to RMB604.2 million and RMB437.7 million, representing 18.4% and 16.5%, respectively, of our total revenue for the same periods. All of our five largest customers during the year have maintained sound business relationship with our Group, and up to the date of this report, and a significant portion of our customers had maintained business relationship with our Group for more than three years. Our strong and cohesive customer base also enables us to maintain a healthy cash flow position. For the years ended 31 December 2024 and 2025, the average trade and bills receivables turnover days of our Group were 34 days and 40 days, respectively. And the directors of the Company considered that the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Further details of the credit control system and credit terms granted to customers are shown in note 19 to the consolidated financial information.

For the suppliers, except for certain bulk materials, such as petroleum toluene, we have multiple sources for most of our raw materials to reduce possible interruptions to our business operations and over-reliance on any particular supplier. We closely monitor the supply and demand conditions of raw materials and make corresponding adjustments in our procurement plan if there is any anticipated shortage of supply or changes in the prices of the raw materials. During the year, we did not experience any difficulty in sourcing suppliers for raw materials or any material production disruption due to shortage of raw materials. Our suppliers generally extend to us credit terms ranging from nil to 60 days upon receipt of raw materials and invoice. For the years ended 31 December 2024 and 2025, purchases from our five largest suppliers in each year, who were Independent Third Parties, were approximately RMB1,891.7 million and RMB1,487.0 million, representing 79.0% and 79.3% of our total purchases, respectively. For the Reporting Period, 45.5% of purchases was attributable to the largest supplier. Except for Hebei Kangshi, a joint venture of our Group, none of our Directors or their respective associates or any Shareholder, who to the knowledge of our Directors, owns more than 5% of our issued Shares, had any interest in any of our five largest suppliers during the Reporting Period.

## REMUNERATION POLICIES

The emolument of the Directors is recommended by the Remuneration Committee ("**Remuneration Committee**") of the Company, and determined and approved by the Board. The emolument payable to the Directors is determined with reference to their qualification and experience, responsibilities undertaken, contribution to the Company and the prevailing market level of remuneration of similar position. For details, please refer to the Corporate Governance Report and ESG Report.

## SHARE SCHEME

During the year under review, the Company did not have any share scheme.

## DIVIDENDS

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

# Directors' Report

## CLOSURE OF THE REGISTER

The Register will be closed to ascertain the qualification for attending and voting at the AGM and for the entitlement to the final dividend.

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

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

## SHARE CAPITAL

Details of the movements in the number of issued shares of the Company during the year under review are set out in note 28 to the consolidated financial information.

## RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 104.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year under review are set out in note 13 to the consolidated financial information, respectively.

## SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2025 are set out in note 1 to the consolidated financial information.

## DIRECTORS AND COMMITTEES

The Directors during the year ended 31 December 2025 and up to the date of this report were:

### Executive Directors

Zou Xiaohong (*Chairperson*)

Chen Ping (*Joint Company Secretary*)

### Non-executive Directors

Gao Lei

Shen Yingming

Li Deye

## Independent non-executive Directors

Liu Zhongdong  
Yuan Kang  
Liu Kai Yu Kenneth

In accordance with article 108(a) of the Company's articles of association, one third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation at each AGM, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Mr. Zou Xiaohong, Ms. Li Deye and Mr. Liu Zhongdong will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## Committees

There are currently four committees established under the Board of the Company, being the audit committee, the remuneration committee, the nomination committee and the Environmental, Social and Governance Committee, respectively. As at the date of this report, the membership information of each committee is set out below:

The members of the audit committee are Liu Kai Yu Kenneth (Chairperson), Liu Zhongdong, Yuan Kang, Gao Lei and Shen Yingming.

The members of the remuneration committee are Liu Kai Yu Kenneth (Chairperson), Liu Zhongdong, Yuan Kang, Zou Xiaohong and Gao Lei.

The members of the nomination committee are Zou Xiaohong (Chairperson), Liu Zhongdong, Yuan Kang, Liu Kai Yu Kenneth and Li Deye.

The members of the environmental, social and governance committee are Zou Xiaohong (Chairperson), Liu Zhongdong, Li Deye, Zhou Xu and Shen Haifeng.

## DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company or its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, to the best of the Company's knowledge, save for the interest of the Directors and chief executives in the Shares and share options of the Company set out below, none of the Directors and chief executives has any interests and short positions in the Shares, debentures or underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred therein or which were required to be disclosed herein pursuant to the Model Code as set out in Appendix C3 of the Listing Rules.

## Directors' Report

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of Director	Capacity/Nature of interest	Number of ordinary shares and underlying shares <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Mr. Gao Lei	Interest in a controlled corporation	50,150,842 (L) <sup>(3)</sup>	53.75%
Mr. Shen Yingming	Interest in a controlled corporation	12,537,710 (L) <sup>(4)</sup>	13.44%

Notes:

- (1) The letter "L" denotes long position in the Shares.
- (2) As at 31 December 2025, the total number of issued shares of the Company was 93,300,000 shares.
- (3) Such shares are held by Vastocean Capital Limited, which is wholly-owned by Mr. Gao Lei, therefore, Mr. Gao Lei is deemed to be interested in the same number of shares by virtue of the SFO.
- (4) Such shares are held by SYM Holdings Limited, which is wholly-owned by Mr. Shen Yingming, therefore, Mr. Shen Yingming is deemed to be interested in the same number of shares by virtue of the SFO.

Save as disclosed above, to the best of the Company's knowledge, none of the Directors or chief executives had any interests or short positions in the shares, debentures or underlying shares of any of the Company's associated corporations as at 31 December 2025.

### DIRECTORS' DEALING IN SHARES (DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES)

Save as disclosed above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 2025, so far as our Directors are aware, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares held <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Vastocean Capital Limited	Beneficial owner	50,150,842 (L) <sup>(3)</sup>	53.75%
Mr. Gao Lei	Interest in a controlled corporation	50,150,842 (L) <sup>(3)</sup>	53.75%
SYM Holdings Limited	Beneficial owner	12,537,710 (L) <sup>(4)</sup>	13.44%
Mr. Shen Yingming	Interest in a controlled corporation	12,537,710 (L) <sup>(4)</sup>	13.44%
Custodian Capital Ltd.	Nominee interest	7,271,448 (L) <sup>(5)</sup>	7.79%

Notes:

- (1) The letter "L" denotes long position in the Shares.
- (2) As at 31 December 2025, the total number of issued shares of the Company was 93,300,000 shares.
- (3) Such shares are held by Vastocean Capital Limited, which is wholly-owned by Mr. Gao Lei, therefore, Mr. Gao Lei is deemed to be interested in the same number of shares by virtue of the SFO.
- (4) Such shares are held by SYM Holdings Limited, which is wholly-owned by Mr. Shen Yingming, therefore, Mr. Shen Yingming is deemed to be interested in the same number of shares by virtue of the SFO.
- (5) Such shares are held by Custodian Capital Ltd. on behalf of the Retaining Shareholders and Unresponsive Shareholders as defined in the Prospectus and will not exercise the voting rights attached to the Shares held by them.

Save as disclosed above, as at 31 December 2025, so far as our Directors are aware, none of any other person (other than the Directors and chief executives of the Company) had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were required to be recorded in the register referred to in Section 336 of the SFO.

# Directors' Report

## SHARE REPURCHASE (PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES)

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

## CORPORATE GOVERNANCE

Report on the Company's corporate governance is set out in "Corporate Governance Report" on pages 20 to 34 of this annual report.

## PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules during the year and as at the latest practicable date prior to the issue of the annual report (over 25%).

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year under review or subsisted at the end of the year under review.

## DONATIONS

During the year under review, the Company made charitable donations of RMB300,000.

## PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that the Directors, Auditors, Company Secretaries and other officers of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own dishonesty, willful default or fraud.

Since the Listing Date, the Company has maintained for appropriate and valid liability insurance for the Company, Directors, Supervisors and senior management personnel. The permitted indemnity provisions and the liability insurance for the Company, Directors, Supervisors and senior management personnel have been in force from the Listing Date up to the date of this annual report.

## TAX RELIEF

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group entered into certain transactions during the year ended 31 December 2025 with the parties regarded as “Related Parties” under applicable accounting standard. Details of the related party transactions are set out in note 35 to the consolidated financial statements. Among the related party transactions during the year ended 31 December 2025, each of the following transactions constitutes a connected transaction or a continuing connected transaction of the Company as defined under Chapter 14A of the Listing Rules. Save as disclosed below, none of the related party transactions (as defined in HKAS 24 — Related Party Disclosures) entered into by the Group during the year ended 31 December 2025 disclosed in Note 35 to the consolidated financial information falls under the scope of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules which is subject to the reporting, announcement or Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 1. Connected Transactions

#### ***Property Lease Agreement***

On 26 March 2025, Wuhan Youji Industries Co., Ltd., a wholly-owned subsidiary of the Company (as the tenant), entered into a lease agreement with Wuhan Twin Tigers Coatings Co., Ltd. (“**Twin Tigers Coatings**”, as the lessor), pursuant to which Wuhan Youji Industries Co., Ltd. leased the resin workshop and intermediate tank area located to the south of the lessor in Wuhan Chemical Industrial Park, Qingshan District, Wuhan City, Hubei Province, PRC, with the term of ten years from 14 July 2025 to 13 July 2035 (both dates inclusive). The monthly rent under the Lease Agreement is RMB186,597.25 (tax inclusive). The total lease payments over the lease term amount to approximately RMB22.4 million (tax inclusive), and the annual rent is RMB2.24 million (tax inclusive). In accordance with HKFRS 16, the aggregate value of the right-of-use assets to be recognised at the commencement of the lease is estimated at approximately RMB17.3 million.

Having made all reasonable enquiries, the Directors have confirmed that, to the best of their knowledge, information and belief, Twin Tigers Coatings is wholly owned by Linuo Group Holdings Co., Ltd., which in turn is ultimately indirectly owned 80% by Mr. Gao Yuankun, the father of Mr. Gao Lei, a non-executive Director and controlling Shareholder, and 20% by Mr. Shen Yingming, a non-executive Director. As such, Twin Tigers Coatings is an associate of Mr. Gao Lei, and the transactions contemplated under the Lease Agreement constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios exceed 0.1% but all are less than 5%, the Lease Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the requirements for a circular and independent shareholders' approval.

Further details are set out in the Company's announcement dated 26 March 2025.

### **Formation of a Non Wholly-Owned Subsidiary (Photochemical Projects)**

On 30 December 2025, Wuhan Youji Industries Co., Ltd. ("**Wuhan Youji**"), a wholly-owned subsidiary of the Company, entered into a formation agreement with Wuhan Guangyao Co-Creation Enterprise Management Partnership (Limited Partnership) ("**Wuhan Guangyao**"), Wuhan Shengyu Huazhang Investment Management Co., Ltd. ("**Wuhan Shengyu**") and several individual partners with respect to the formation of a PRC joint stock company with the proposed name of Wuhan Youji Photochemical Technology Co., Ltd. (the "**Target Company**"). The Target Company will be engaged in the research, development and commercialization of photochemical oxidation technology, as well as the construction and operation of a project with an annual capacity of 15,000 tonnes of aromatic aldehyde/ester replacement product in Wuhan, the PRC (the "**Photochemical Project**"). Among the individual partners, Mr. Zou Xiaohong, Mr. Zhou Xu, Mr. Guo Tao, Mr. Wu Jun and Mr. Xiang Shiyao are connected persons of the Company. Mr. Zou Xiaohong is a director of the Company, Mr. Zhou Xu is the chief executive officer of the Company, Mr. Guo Tao is a director of certain subsidiaries of the Company, Mr. Wu Jun is the general manager of Hubei Kangxin, and Mr. Xiang Shiyao is the general manager of Hubei Xinxuanhong. As such, the Formation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under the Formation Agreement exceed 5% in aggregate, the formation agreement is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Formation Agreement, the registered capital of the Target Company upon formation will be RMB119.2 million, with each RMB1 of registered capital to be subscribed at par value. Wuhan Youji will contribute RMB63.234 million, of which RMB50 million will be in the form of intellectual property rights (patents and proprietary technology) and RMB13.234 million in cash, representing approximately 53.0487% of the registered capital; Wuhan Guangyao will contribute RMB50 million, entirely in the form of intellectual property rights, representing approximately 41.9463%; Wuhan Shengyu will contribute RMB400,000 in cash, representing approximately 0.3356%; The individual partners will contribute an aggregate of RMB5,566,000 in cash, representing approximately 4.6695%, of which the initial cash contributions by the aforementioned connected persons amount to an aggregate of RMB1.4 million. Under the Formation Agreement, the aforementioned intellectual property contributions must be transferred to the Target Company as registered capital within 90 days after the formation of the Target Company, and all initial monetary contributions must be paid to a designated bank account of the Target Company within 30 days after the formation of the Target Company. In addition to the initial registered capital, each partner has undertaken to make subsequent capital contributions in installments according to the funding requirements of the Target Company, such that the total registered capital of the Target Company will ultimately reach RMB200 million. Among them, the total ultimate capital contribution of Wuhan Youji will amount to RMB116.17 million, representing approximately 58.0850% of the enlarged registered capital of the Target Company. The total ultimate capital contributions by the aforementioned connected persons will amount to an aggregate of RMB7.0 million, representing an aggregate holding of approximately 3.5% of the enlarged registered capital of the Target Company. The board of directors of the Target Company will consist of five directors, three of whom will be appointed by Wuhan Youji. The chairman of the board (who will also act as the legal representative) will be appointed by Wuhan Youji, and the general manager will be nominated by Wuhan Youji and appointed by the board of directors. Accordingly, the Target Company will become a non wholly-owned subsidiary of the Company and will be consolidated into the financial statements of the Group. Further details are set out in the Company's announcement dated 30 December 2025 and circular dated 2 March 2026.

As part of the overall arrangements for the Photochemical Project, following the formation of the Target Company, it is intended that the Target Company will enter into a construction and leaseback arrangement agreement with Wuhan Qingshan Anxin Real Estate Co., Ltd. ("**Anxin**") and Wuhan Youji, pursuant to which Anxin will, through a project company, acquire the land use rights located at the intersection of Chemical Second Road and Wusha Road, Qingshan District, Wuhan City, and construct the factory and related infrastructure. The total investment ceiling for land acquisition, construction and project-related taxes and expenses is RMB106 million, and the ceiling for project construction management fees during the construction period is RMB1.5 million. Upon completion and acceptance of the construction, the project assets will be leased to the Target Company for a term of seven years less the construction period of not more than 365 days, with an annual cap on rent and management fees of RMB4 million. Upon expiry of the lease term, the Target Company shall repurchase the project company at the original cost, and Wuhan Youji will provide an irrevocable joint and several liability guarantee up to approximately RMB131.5 million. Anxin and its ultimate beneficial owners are independent third parties. The above construction and leaseback arrangements and the guarantee will also be treated as part of a major transaction under Chapter 14 of the Listing Rules in the circular.

## 2. Continuing Connected Transactions

### ***Provision of Property Management Services from Linuo Investment***

Pursuant to the Operation Management Service Framework Agreement (“**Operation Management Service Framework Agreement**”) dated on 21 May 2024, Linuo Investment agreed to provide property management services to the Group for our occupation in the Wuhan Linuo Industrial Zone, including property operation, maintenance and management. The properties under the Operation Management Service Framework Agreement are leased by the Group from Linuo Investment as our office and place of business. The Operation Management Service Framework Agreement is effective from 18 June 2024 to 31 December 2026 and may be renewed by mutual consent.

In order to save administrative costs and time, and to avoid unnecessary disruption and incurring additional costs and expenses, the Group has also been engaging Linuo Investment’s property management services for our occupation in the Wuhan Linuo Industrial Zone. Under the Operation Management Service Framework Agreement, the service fees to be incurred by Wuhan Youji to Linuo Investment shall be determined after arm’s length negotiation between the parties with reference to the prevailing market rate in respect of similar property management services provided by other independent property management service providers. To evaluate and assess the level of service fees charged by Linuo Investment for the provision of property management services under the Operation Management Service Framework Agreement, the Group will, on an annual basis, conduct research on comparable companies or obtain quotations from independent third party service providers with comparable scale, such that the Group could ensure the service fees and terms offered by Linuo Investment are on normal commercial terms or better, fair and reasonable and in the interests of our Company and our Shareholders as a whole. The amounts of service fees paid by the Group to Linuo Investment under the Operation Management Service Framework Agreement for the year ended 31 December 2025 amounted to RMB11.0 million, which did not exceed the proposed annual caps. For further details, please refer to the section headed “Continuing Connected Transactions — 4. Provision of Property Management Services from Linuo Investment” in the prospectus dated 7 June 2024 issued by the Company. The transaction constitutes a continuing connected transaction which is not exempt but only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

### ***Provision of Equipment Production, Installation and Maintenance Services from Xinkang Chemical***

On 21 May 2024, the Company entered into an equipment production, installation and maintenance service framework agreement with Wuhan Xinkang Chemical Equipment Co., Ltd. (“**Xinkang Chemical**”), pursuant to which Xinkang Chemical agreed to supply to the Group equipment, pipes and fittings including stainless steel and carbon steel vessels, condensers and heat exchangers, and provide relevant installation and maintenance services. The Framework Agreement is valid for a term commencing on the Listing Date and ending on 31 December 2026, subject to renewal upon parties’ mutual agreement. Xinkang Chemical is indirectly held as to 66.86% by Mr. Gao Lei, a non-executive Director and controlling shareholder of the Company, and is therefore an associate of Mr. Gao Lei and a connected person of the Company. Xinkang Chemical is the Group’s long-term supplier. Owing to its proximity to the Group’s production facilities, it is able to deliver and install such equipment within a relatively short period of time and provide timely repair services when requested. Under the Equipment Production, Installation and Maintenance Service Framework Agreement, the service fees payable by the Group to Xinkang Chemical are determined with reference to prevailing market rates charged by independent third-party service providers for similar equipment production, installation and maintenance services, through arm’s length negotiations among the contracting parties. The Group will also, on an annual basis, conduct research on comparable companies and/or obtain quotations from independent third-party service providers with comparable scale to ensure that the relevant terms are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

For the year ended 31 December 2025, service fees paid/payable by the Group to Xinkang Chemical under the above framework agreement amounted to RMB62.3 million, which did not exceed the annual cap of RMB63.4 million for the year ended 31 December 2025. Subsequently, on 10 February 2026, the Company agreed with Xinkang Chemical to enter into the 2026 Xinkang Framework Agreement to, among other things, revise the annual cap for the year ended 31 December 2026 to RMB110 million, and set the annual caps for each of the years ended 31 December 2027 and 2028 at RMB110 million respectively. Upon the 2026 Xinkang Framework Agreement becoming effective, the original framework agreement will terminate.

As one or more of the applicable percentage ratios in respect of the annual caps under the 2026 Xinkang Framework Agreement are expected to exceed 5%, such transactions constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements. Further details are set out in the Company's announcement dated 10 February 2026.

### 3. New Continuing Connected Transactions Entered Into After the Reporting Period

#### ***Provision of Technical Services and Processes Packages to Xinkang Chemical***

On 10 February 2026, Wuhan Youji Industries Co., Ltd. (武漢有機實業有限公司), a wholly-owned subsidiary of the Company, entered into the 2026 Xinkang Technical Services Framework Agreement with Xinkang Chemical, pursuant to which Wuhan Youji Industries Co., Ltd. agreed to provide to Xinkang Chemical technical services and process packages in connection with external projects undertaken by Xinkang Chemical for its independent third-party customers from 1 January 2026 to 31 December 2028. The technical services include, among others, commercial negotiation support, formulation of technical proposals and solutions, installation guidance, on-site technical guidance, and commissioning and trial run support. The process package includes process flow description, process flow diagram with process data (PFD), piping and instrumentation diagram (P&ID), process control description, process equipment specifications, plant/layout drawings and utilities list. The annual caps under the 2026 Xinkang Technical Services Framework Agreement for the three years ending 31 December 2026, 2027 and 2028 are RMB10 million respectively. Xinkang Chemical is indirectly held by Mr. Gao Lei as to 66.86%, and is therefore an associate of Mr. Gao Lei and the connected person of the Group. Therefore, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) are expected to exceed 0.1% but are all less than 5% on an annual basis, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further details are set out in the Company's announcement dated 10 February 2026.

Xinkang Chemical is the Group's long-term supplier, and in view of its geographic location, is able to deliver and install such equipment for the Group within a relatively short time and provide timely maintenance service when requested. Due to the long term relationship and in order to save administrative costs and time, the Equipment Production, Installation and Maintenance Service Framework Agreement is in line with the Group's business needs and economic interests. The service fees to be incurred by Wuhan Youji to Xinkang Chemical shall be determined after arm's length negotiation between the parties with reference to the prevailing market rate in respect of similar equipment production, installation and maintenance services provided by other independent service providers. To evaluate and assess the level of service fees charged by Xinkang Chemical for the provision of equipment production, installation and maintenance services under the Equipment Production, Installation and Maintenance Service Framework Agreement, the Group will, on an annual basis, conduct research on comparable companies or obtain quotations from independent third party service providers with comparable scale, such that the Group could ensure the service fees and terms offered by Xinkang Chemical are on normal commercial terms or better, fair and reasonable and in the interests of our Company and our Shareholders as a whole. The amounts of service fees paid by the Group to Xinkang Chemical under the Equipment Production, Installation and Maintenance Service Framework Agreement for the year ended 31 December 2025 amounted to RMB62.3 million, which did not exceed the proposed annual caps. For further details, please refer to the section headed "Continuing Connected Transactions — 5. Provision of Equipment Production, Installation and Maintenance Services from Xinkang Chemical" in the prospectus dated 7 June 2024 issued by the Company.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company reviewed the continuing connected transactions disclosed in this report and confirmed that the transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practise Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued a letter to the Company's directors confirming nothing has come to the auditors' attention that causes the auditors to believe that the continuing connected transactions disclosed in this report:

- (i) have not been approved by the Company's board of directors;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; or
- (iv) have exceeded the annual cap as set by the Company.

## Directors' Report

Save as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

The Company hereby confirms that it has followed the pricing policies and guidelines when determining the price and terms of the transactions for all above-mentioned continuing connected transactions during the Reporting Period.

### SIGNIFICANT INVESTMENTS

The Company had no significant investments during the year under review.

### MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions – Formation of a non wholly-owned subsidiary (photochemical projects)", there were no other material acquisitions, disposals during the year under review.

### DIRECTORS' RIGHTS IN TRANSACTIONS, CONTRACTS, AND ARRANGEMENTS

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" and note 35 (Related Party Transactions) to the consolidated financial information, no Director, nor any entity connected to a Director had a beneficial interest, directly or indirectly, in any transaction, arrangement or contract that is significant in relation to the Group's businesses to which the Company or any of its subsidiaries was a party during the Reporting Period.

### MANAGEMENT AND ADMINISTRATION CONTRACTS

Other than the employment contracts with the Directors and full-time employees, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year under review.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

### AUDITORS

During the year, the Company has no change in auditors. The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young, the auditors of the Company who will retire at the conclusion of the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company is to be proposed at the forthcoming annual general meeting.

### COMPETING BUSINESS

During the year ended 31 December 2025 and up to the date of this report, none of the Directors had any interests in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group and which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

### CHANGE IN INFORMATION OF DIRECTORS

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, save as disclosed in the section headed "Biographies of Directors and Senior Management", there were no material changes in information of the Directors for the year ended 31 December 2025 and up to the date of this annual report.

### **CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS**

During the year ended 31 December 2025, save as disclosed in this annual report, none of the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, and there is no contract of significance in relation to provision of services by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

### **OTHER MATTERS**

#### **THE CHANGE OF DOMICILE**

On 27 November 2025, the Board announced the proposed change of domicile of the Company from the Cayman Islands to Hong Kong and the intention to adopt new Articles of Association in compliance with the laws of Hong Kong upon the commencement of the change of domicile, details of which are set out in the circular of the Company dated 28 November 2025 to the shareholders in relation to the proposed change of domicile and the adoption of the new Articles of Association. On 22 December 2025, the above proposal was approved by a special resolution of the shareholders at an EGM. As of the date of this annual report, the relevant procedures for the Change of Domicile are pending completion; therefore, the Change of Domicile has not yet taken effect and the Company remains a company incorporated in the Cayman Islands with limited liability. Subject to the change of place of incorporation becoming effective, the Company will generally be deemed to be incorporated in Hong Kong with limited liability and will subsequently be deregistered in the Cayman Islands in accordance with applicable legal procedures. A separate announcement will be made by the Company upon further substantive progress or completion of the relocation.

# Independent Auditor's Report



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

**To the shareholders of Wuhan Youji Holdings Ltd.**

*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Wuhan Youji Holdings Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 100 to 175, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## Key audit matter

### *Revenue recognition*

The Group recognised revenue from contracts with customers amounting to RMB2,657,358,000 in the consolidated financial statements for the year ended 31 December 2025.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers according to the contract terms. We identified revenue recognition as a key audit matter because of the significant amount of transactions involves, the appropriateness and accuracy of the revenue recognition have a significant impact to the Group's financial performance and consolidated financial statements.

The accounting policy of revenue, operating segment information and disaggregated revenue information are included in notes 2.4, 4 and 5 to the consolidated financial statements, respectively.

## How our audit addressed the key audit matter

Our audit procedures included, among others:

- Obtaining an understanding, evaluating the design, and testing the operating effectiveness of key controls over the Group's revenue recognition;
- Inspecting customer contracts and key contract terms, on a sample basis, and evaluating the Group's accounting policies of revenue recognition;
- Performing analytical procedures, and analysing the reasonableness of changes in revenue composition and gross margin by comparing current year revenue with the previous year revenue, change in the unit selling price and the quantity of goods sold;
- Testing details of sales revenue, on a sample basis, comparing revenue transactions with sales contracts and goods delivery notes or receipts notes and other relevant supporting documents to assess whether the related revenue was recognised in accordance with the Group's accounting policies of revenue recognition;
- Performing cut-off tests to evaluate whether revenue was recorded in the appropriate financial period;
- Inspecting underlying documentation for journal entries relating to revenue recognised during the year which were considered to meet certain specific risk-based criteria; and
- Reviewing relevant disclosure of revenue in the financial statements.

# Independent Auditor's Report

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Cheung (practising certificate number: P04900).

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

26 March 2026

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>2,657,358</b>	3,284,183
Cost of sales		<b>(2,337,813)</b>	(2,887,933)
Gross profit		<b>319,545</b>	396,250
Other income and gains	5	<b>44,491</b>	74,140
Selling and distribution expenses		<b>(22,948)</b>	(24,436)
Administrative expenses		<b>(106,244)</b>	(118,360)
Research and development expenses		<b>(132,092)</b>	(137,994)
Impairment losses on financial assets		<b>(19)</b>	(786)
Other expenses		<b>(7,410)</b>	(9,880)
Finance costs	7	<b>(34,944)</b>	(37,425)
Share of profits and losses of:			
a joint venture		<b>10,972</b>	11,305
an associate		<b>7,089</b>	6,281
<b>PROFIT BEFORE TAX</b>	6	<b>78,440</b>	159,095
Income tax expense	10	<b>(15,946)</b>	(36,060)
<b>PROFIT FOR THE YEAR</b>		<b>62,494</b>	123,035
Profit attributable to owners of the parent		<b>62,494</b>	123,035
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB per share)	12	<b>0.67</b>	1.45

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

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

# Consolidated Statement of Financial Position

Year ended 31 December 2025

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>1,240,577</b>	1,108,176
Right-of-use assets	14	<b>195,459</b>	178,584
Other intangible assets	15	<b>10,806</b>	3,288
Investment in a joint venture	16	<b>33,945</b>	22,973
Investment in an associate	17	<b>26,020</b>	23,481
Prepayments	20	<b>172,677</b>	65,019
		<hr/>	
Total non-current assets		<b>1,679,484</b>	1,401,521
		<hr/>	
<b>CURRENT ASSETS</b>			
Inventories	18	<b>328,085</b>	292,403
Trade and bills receivables	19	<b>272,076</b>	311,415
Prepayments, deposits and other receivables	20	<b>149,472</b>	147,306
Pledged deposits	22	<b>86,251</b>	125,397
Cash and cash equivalents	22	<b>125,042</b>	73,680
		<hr/>	
Total current assets		<b>960,926</b>	950,201
		<hr/>	

# Consolidated Statement of Financial Position

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	23	265,207	360,778
Other payables and accruals	24	231,015	286,028
Interest-bearing bank and other borrowings	25	1,041,422	922,950
Lease liabilities	14	12,255	3,912
Income tax payable		659	1,298
		<hr/>	
Total current liabilities		1,550,558	1,574,966
		<hr/>	
<b>NET CURRENT LIABILITIES</b>		<b>(589,632)</b>	<b>(624,765)</b>
		<hr/>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,089,852</b>	<b>776,756</b>
		<hr/>	
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	25	294,011	—
Government grants	26	35,570	41,057
Lease liabilities	14	15,658	2,680
Deferred tax liabilities	27	53,175	59,394
		<hr/>	
Total non-current liabilities		398,414	103,131
		<hr/>	
<b>NET ASSETS</b>		<b>691,438</b>	<b>673,625</b>
		<hr/>	
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent:</b>			
Share capital	28	61	61
Reserves	30	691,377	673,564
		<hr/>	
<b>TOTAL EQUITY</b>		<b>691,438</b>	<b>673,625</b>
		<hr/>	

**Zou Xiaohong**

*Director*

**Chen Ping**

*Director*

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent							Retained profits RMB'000	Total equity RMB'000
	Share capital RMB'000 <i>(note 28)</i>	Share premium RMB'000 <i>(note 30)</i>	Merger reserve RMB'000 <i>(note 30)</i>	Capital reserve RMB'000 <i>(note 30)</i>	Share-based	Statutory reserve RMB'000 <i>(note 30)</i>	Exchange fluctuation reserve RMB'000		
					payment reserves RMB'000 <i>(note 30)</i>				
<b>At 1 January 2025</b>	<b>61</b>	<b>65,411</b>	<b>64,802</b>	<b>(32,670)</b>	<b>1,676</b>	<b>68,712</b>	<b>721</b>	<b>504,912</b>	<b>673,625</b>
<b>Profit for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>62,494</b>	<b>62,494</b>
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(102)	—	(102)
Total comprehensive income for the year	—	—	—	—	—	—	(102)	62,494	62,392
Dividend declared <i>(note 11)</i>	—	—	—	—	—	—	—	(44,998)	(44,998)
Equity-settled share based payment <i>(note 29)</i>	—	—	—	—	419	—	—	—	419
<b>At 31 December 2025</b>	<b>61</b>	<b>65,411*</b>	<b>64,802*</b>	<b>(32,670)*</b>	<b>2,095*</b>	<b>68,712*</b>	<b>619*</b>	<b>522,408*</b>	<b>691,438</b>

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 (note 28)	Share premium RMB'000 (note 30)	Merger reserve RMB'000 (note 30)	Capital reserve RMB'000 (note 30)	Share-based payment reserves RMB'000 (note 30)	Statutory reserve RMB'000 (note 30)	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
<b>At 1 January 2024</b>	48	—	64,802	(32,670)	1,257	68,712	593	426,875	529,617
<b>Profit for the year</b>	—	—	—	—	—	—	—	123,035	123,035
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	—	—	128	—	128
Total comprehensive income for the year	—	—	—	—	—	—	128	123,035	123,163
Issue of shares (note 28)	13	91,674	—	—	—	—	—	—	91,687
Share issue expenses	—	(26,263)	—	—	—	—	—	—	(26,263)
Dividend declared (note 11)	—	—	—	—	—	—	—	(44,998)	(44,998)
Equity-settled share based payment (note 29)	—	—	—	—	419	—	—	—	419
<b>At 31 December 2024</b>	61	65,411*	64,802*	(32,670)*	1,676*	68,712*	721*	504,912*	673,625

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>78,440</b>	159,095
Adjustments for:			
Finance costs	7	<b>34,944</b>	37,425
Interest income	5	<b>(2,077)</b>	(3,039)
Depreciation of property, plant and equipment	13	<b>127,310</b>	114,536
Depreciation of right-of-use assets	14	<b>16,654</b>	18,042
Amortisation of other intangible assets	15	<b>1,157</b>	1,067
Share award scheme expenses	29	<b>419</b>	419
Loss/(gain) on disposal of items of property, plant and equipment, and lease modification, net	5, 6	<b>1</b>	(1,235)
Share of profit of a joint venture	16	<b>(10,972)</b>	(11,305)
Share of profit of an associate	17	<b>(7,089)</b>	(6,281)
Reversal of impairment of inventories	6	<b>(22)</b>	(487)
Impairment of trade receivables	19	<b>19</b>	786
		<b>238,784</b>	309,023
Increase in inventories		<b>(35,660)</b>	(6,583)
Increase in trade and bills receivables		<b>(12,858)</b>	(215,894)
Decrease/(increase) in prepayments, deposits and other receivables		<b>522</b>	(57,772)
Increase in contract liabilities		<b>3,995</b>	2,561
(Decrease)/increase in trade and bills payables		<b>(95,571)</b>	211,246
(Decrease)/increase in other payables and accruals		<b>(24,304)</b>	75,217
Increase in restricted bank deposits	22	<b>(2,204)</b>	(2,584)
Decrease in government grants		<b>(5,487)</b>	(4,683)
Cash generated from operations		<b>67,217</b>	310,531
Income taxes paid		<b>(25,494)</b>	(48,023)
Net cash flows from operating activities		<b>41,723</b>	262,508

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(257,493)	(96,766)
Prepayment of acquisition of right-of-use assets		(63,210)	—
Withdrawal of investment in a fund		—	10,500
Additions to right-of-use assets	14	(103)	(11,483)
Additions to other intangible assets	15	(8,675)	(299)
Interest received		2,077	2,550
Loans to related companies		—	(8,000)
Repayments from related companies		—	33,850
Proceeds from items of disposal of property, plant and equipment		62	698
Proceeds from disposal of right-of-use assets		—	403
Dividend from an associate	17	4,519	7,106
Net cash flows used in investing activities		(322,823)	(61,441)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from issue of shares		—	74,745
Interest paid	31(b)	(32,715)	(36,451)
Proceeds from interest-bearing bank loans and other borrowings		1,387,237	924,950
Repayment of bank loans and other borrowings		(975,905)	(919,520)
Lease payments (including related interest)	14	(13,183)	(15,992)
Placement of pledged bank deposits		(141,074)	(122,813)
Withdrawal of pledged bank deposits		182,424	40,127
Dividends paid		(74,220)	(137,916)
Net cash flows generated from/(used in) financing activities		332,564	(192,948)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		73,680	65,433
Effect of foreign exchange rate changes, net		(102)	128
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	22	<b>125,042</b>	73,680
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		211,293	199,077
Less: Pledged time deposits:			
Pledged for bills payable		(36,302)	(72,982)
Pledged for letter of credit		(45,161)	(49,831)
Less: Restricted bank deposits:			
Frozen bank deposits		(1,809)	(1,809)
Remittance of funds		(2,979)	(775)
Cash and cash equivalents as stated in the statement of cash flows		125,042	73,680

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

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

The Company is engaging in investment holding. During the year, the subsidiaries of the Company were principally engaged in the manufacturing and sales of toluene derivative products.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Vastocean Capital Limited which is incorporated in British Virgin Islands (“BVI”).

### Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Centelligence Holdings Limited	BVI 27 September 2016	United States Dollars (“USD”) 50,000	100%	—	Investment-holding
Centelligence International Holdings Limited	Hong Kong 4 November 2016	USD59,580,000	—	100%	Investment-holding
Wuhan International Holding I Limited	BVI 26 May 2016	USD50,000	—	100%	Investment-holding
Wuhan International Holding II Limited	BVI 26 May 2016	USD50,000	—	100%	Investment-holding
武漢有機實業有限公司 Wuhan Youji Industries Co., Ltd.* (“Wuhan Youji”)	PRC/Chinese mainland 12 January 1990	RMB186,600,000	—	100%	Manufacture of toluene derivative products
潛江新億宏有機化工有限公司 Qianjiang Xinyihong Organic Chemical Co., Ltd.*	PRC/Chinese mainland 5 December 2006	RMB30,000,000	—	100%	Manufacture of toluene derivative products
湖北康新生物科技有限公司 Hubei Kangxin Biotechnology Co., Ltd.*	PRC/Chinese mainland 12 December 2018	RMB50,000,000	—	100%	Trading of toluene derivative products
湖北新軒宏新材料有限公司 Hubei Xinxuanhong New Materials Co., Ltd.*	PRC/Chinese mainland 5 January 2021	RMB200,000,000	—	100%	Manufacture of toluene derivative products
湖北新連宏新材料科技有限公司 Hubei Xinlianhong New Materials Technology Co.,Ltd.*	PRC/Chinese mainland 28 November 2022	RMB20,000,000	—	100%	Toluene derivative products research and development
Wuhan Youji (Hong Kong) Co., Limited	Hong Kong 10 June 2016	HKD10,000	—	100%	Trading of toluene derivative products
Benzoplus Chemicals (M) Sdn. Bhd.	Malaysia 11 June 2025	MYR3,646,591	100%	—	Manufacture of toluene derivative products

\* The English names of these subsidiaries registered in the Chinese mainland represent the best efforts made by management of the Company to translate their Chinese names as these subsidiaries do not have official English names.

All of the subsidiaries of the Company listed above are limited liability companies.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

#### ***Basis of presentation***

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

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

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

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

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

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### **Basis of consolidation** (Continued)

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

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

### 2.2 Changes in accounting policies and disclosures

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective HKFRS Accounting Standards

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

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

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

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

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

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

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective HKFRS Accounting Standards (Continued)

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

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

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

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- HKFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.3 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

- HKFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- HKFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- HKAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### 2.4 Material accounting policies

#### ***Investments in associates and joint ventures***

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Investments in associates and joint ventures (Continued)**

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5. Non-current Assets Held for Sale and Discontinued Operations.

#### **Fair value measurement**

The Group measures its bills receivables at fair value at the end of the reporting periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting periods.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

#### ***Impairment of non-financial assets***

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the reporting periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

#### ***Related parties***

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

#### **Related parties** *(Continued)*

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same Group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Property, plant and equipment and depreciation (Continued)**

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.2 %–9.5%
Plant and machinery	4.8%–31.7%
Furniture and fixtures	9.5%–31.7%
Motor vehicles	11.9%–23.8%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of the reporting periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction, and machinery and furniture under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and installation during the period of construction. Construction in progress is reclassified to the appropriate category of plant and equipment when completed and ready for use.

#### **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### *Patents and licences*

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years. The estimated useful life of intangible assets is determined by considering the period of the economic benefits to the Group and period of validity protected by the relevant laws.

#### *Software*

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 10 years, which is determined based on the expected technological lives of the software.

#### *Research and development costs*

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	4–50 years
Buildings	2–10 years
Motor vehicles	3–5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Leases** (Continued)

##### *Group as a lessee (Continued)*

#### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

##### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

#### **Financial assets**

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income (“**FVOCI**”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Financial assets** (Continued)

##### *Initial recognition and measurement (Continued)*

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

This category includes derivative instrument and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“**ECLs**”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 30–90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below:

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

#### **Financial liabilities**

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

##### Financial liabilities at amortised cost

After initial recognition, interest-bearing bank and other borrowings and payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statements of financial positions comprise cash on hand and at banks, and short-term demand deposits, which are subject to an insignificant risk of changes in value and held for the purpose of meeting short term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, as defined above, less any bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

#### **Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

#### **Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

#### **Income tax** *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. When the grant relates to expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future costs and obligations, it is recognised in profit or loss in the period in which it becomes receivable.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

#### **Revenue recognition**

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Revenue recognition** (Continued)

##### *Revenue from contracts with customers (Continued)*

##### *Sale of industrial products*

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

##### *Revenue from other sources*

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

##### *Contract liabilities*

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### **Share-based payments**

The Group operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using the discounted cash flow method.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Other employee benefits**

##### *Pension scheme*

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employee contributions vest fully with the employees when contributed into the scheme and there are no forfeited contributions that may be used by the Group.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### **Foreign currencies**

The financial statements are presented in Renminbi (RMB), which is the Company's functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

#### **Foreign currencies** *(Continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liabilities relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liabilities arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the reporting periods.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### **Deferred tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### ***Provision for expected credit losses on trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

#### ***Impairment assessment of non-financial assets (other than goodwill)***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### ***Write-down of inventories to net realisable value***

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, market condition and competitor actions in the future.

#### ***Leases — Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 4. OPERATING SEGMENT INFORMATION

### Operating Segment information

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

### Geographical Information

Details of the revenue from external customers by geographical market are included in note 5 to the financial statements.

### Non-current assets

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

### Information about a major customer

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

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

##### Types of goods or services

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Revenue from contracts with customers (Continued)

#### (a) Disaggregated revenue information (Continued)

##### Geographical markets

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

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

##### Timing of revenue recognition

	2025 RMB'000	2024 RMB'000
Goods transferred at a point in time	<u>2,657,358</u>	<u>3,284,183</u>

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

#### (b) Performance obligations

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

##### *Sale of industrial products*

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Other income and gains

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Interest income	2,077	3,039
Government grants related to income*	18,779	48,796
Government grants related to assets**	5,487	5,121
Processing income	2,368	1,450
Rental income (note 14)	3,159	2,662
Gain on disposal of items of property, plant and equipment, and lease modification	—	1,235
Others	8,991	4,722
	<hr/>	<hr/>
Total other income	40,861	67,025
<b>Gains</b>		
Foreign exchange differences, net	1,195	6,877
Others	2,435	238
	<hr/>	<hr/>
Total gains	3,630	7,115
	<hr/>	<hr/>
Total other income and gains	44,491	74,140

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		<b>2,337,813</b>	2,887,933
Research and development costs		<b>132,092</b>	137,994
Depreciation of property, plant and equipment	13	<b>127,310</b>	114,536
Amortisation of other intangible assets*	15	<b>1,157</b>	1,067
Depreciation of right-of-use assets	14	<b>16,654</b>	18,042
Reversal of impairment of inventories		<b>(22)</b>	(487)
Loss/(gain) on disposal of items of property, plant and equipment, and lease modification, net		<b>1</b>	(1,235)
Impairment of trade receivables, net	19	<b>19</b>	786
Foreign exchange differences, net		<b>(1,195)</b>	(6,877)
Auditor's remuneration		<b>2,400</b>	2,400
Listing expenses		<b>—</b>	9,481
Employee benefit expense (including directors' emoluments):			
Salaries, allowances and benefits in kind		<b>70,465</b>	83,750
Share award scheme expenses	29	<b>419</b>	419
Performance-based bonuses		<b>18,424</b>	24,384
Pension scheme contributions**		<b>17,452</b>	15,300
		<b>106,760</b>	123,853

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

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

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings		<b>33,054</b>	36,347
Interest on discounted bills		<b>812</b>	104
Interest on lease liabilities	14	<b>1,078</b>	974
		<b>34,944</b>	37,425

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

An executive director and a chief executive of the Company received remuneration from a subsidiary of the Company during the year ended 31 December 2025 and 2024 to their appointment as a director and chief executive of the Company. The remuneration of them is included in the financial statements as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Fees	<b>480</b>	240
Other emoluments:		
Salaries, allowances and benefits in kind	<b>4,489</b>	4,296
Performance-based bonuses*	<b>2,792</b>	2,224
Equity-settled share award expenses	<b>88</b>	88
Pension scheme contributions	<b>119</b>	115
Total	<b>7,968</b>	6,963

\* Certain executive directors of the Company were entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Dr. Liu Zhongdong	<b>120</b>	60
Dr. Yuan Kang	<b>120</b>	60
Mr. Liu Kai Yu Kenneth	<b>240</b>	120
Total	<b>480</b>	240

Dr. Liu Zhongdong, Dr. Yuan Kang and Mr. Liu Kai Yu Kenneth were appointed as independent non-executive directors of the Company with effect from 18 June 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share award expenses RMB'000	Performance- based bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>2025</b>						
Executive directors:						
Mr. Zou Xiaohong	—	1,719	25	1,278	—	3,022
Mr. Chen Ping	—	993	14	236	—	1,243
	—	2,712	39	1,514	—	4,265
Non-executive directors:						
Mr. Gao Lei	—	—	—	—	—	—
Mr. Shen Yingming	—	—	24	—	—	24
Ms. Li Deye	—	—	—	—	—	—
	—	—	24	—	—	24
Chief executive:						
Mr. Zhou Xu	—	1,777	25	1,278	119	3,199
Total	—	4,489	88	2,792	119	7,488
<b>2024</b>						
Executive directors:						
Mr. Zou Xiaohong	—	1,563	25	981	—	2,569
Mr. Chen Ping	—	951	14	247	—	1,212
	—	2,514	39	1,228	—	3,781
Non-executive directors:						
Mr. Gao Lei	—	—	—	—	—	—
Mr. Shen Yingming	—	—	24	—	—	24
Ms. Li Deye	—	—	—	—	—	—
	—	—	24	—	—	24
Chief executive:						
Mr. Zhou Xu	—	1,782	25	996	115	2,918
Total	—	4,296	88	2,224	115	6,723

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, non-executive directors and the chief executive (Continued)

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 1 director and 1 chief executive (2024: 1 director and 1 chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining 3 (2024: 3) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,322	2,411
Performance-based bonuses	1,982	1,697
Equity-settled share award expenses	41	41
Pension scheme contributions	357	345
Total	<b>4,702</b>	4,494

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	2025 RMB'000	2024 RMB'000
HK\$nil to HK\$1,000,000	—	—
HK\$1,000,001 to HK\$1,500,000	—	3
HK\$1,500,001 to HK\$2,000,000	3	—
Total	<b>3</b>	3

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 10. INCOME TAX

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Current — Hong Kong	<b>77</b>	169
Current — Chinese mainland	<b>9,088</b>	12,128
Current — withholding tax	<b>13,000</b>	5,000
Deferred ( <i>note 27</i> )	<b>(6,219)</b>	18,763
	<hr/>	<hr/>
Total tax charge	<b>15,946</b>	36,060

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

### Hong Kong

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

### Chinese mainland

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

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 10. INCOME TAX (Continued)

### Chinese mainland (Continued)

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

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

### Pillar Two income taxes

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

## 11. DIVIDENDS

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

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

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

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

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

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

At 31 December 2025, certain of the Group's buildings with an aggregate carrying amount of RMB122,889,000 (2024: RMB122,242,000) were pledged to secure the Group's bank borrowings (note 25).

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 14. LEASES

### The Group as a lessee

The Group has lease contracts for various items of land use rights, buildings and motor vehicles used in its operations. Lump sum payments were made upfront to acquire certain leased land from the owners with lease terms of 2 to 50 years, and no ongoing payments will be made under the terms of these land leases. The lease term of other leased land is 4 years with annual lease payment to be made during the lease term. Leases of buildings (including factories and warehouses) generally have lease terms between 2 and 10 years. Other equipment generally has lease terms of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include variable lease payments, which are further discussed below.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	<b>Leasehold land</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Others</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	169,887	9,286	370	10,984	190,527
Additions	12,707	—	2,264	—	14,971
Depreciation charge	(5,181)	(8,499)	(1,151)	(3,211)	(18,042)
Disposal	(1,992)	—	—	—	(1,992)
Lease modification	—	160	676	(7,716)	(6,880)
As at 31 December 2024 and 1 January 2025	<b>175,421</b>	<b>947</b>	<b>2,159</b>	<b>57</b>	<b>178,584</b>
Additions	<b>103</b>	<b>31,637</b>	<b>1,789</b>	<b>—</b>	<b>33,529</b>
Depreciation charge	<b>(5,641)</b>	<b>(9,062)</b>	<b>(1,894)</b>	<b>(57)</b>	<b>(16,654)</b>
As at 31 December 2025	<b>169,883</b>	<b>23,522</b>	<b>2,054</b>	<b>—</b>	<b>195,459</b>

At 31 December 2025, certain of the Group's leasehold land with a net carrying amount of approximately RMB158,107,000 (2024: RMB136,600,000) were pledged to secure the Group's bank borrowings (note 25).

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 14. LEASES (Continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	6,592	27,590
New leases	33,426	2,264
Accretion of interest recognised during the year	1,078	974
Payments	(13,183)	(15,992)
Lease modification	—	(8,244)
	<hr/>	<hr/>
Carrying amount at 31 December	27,913	6,592
Analysed into:		
Current portion	12,255	3,912
Non-current portion	15,658	2,680
	<hr/>	<hr/>

The maturity analysis of lease liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	12,255	3,912
After one year but within two years	2,551	2,514
After two years but within five years	4,642	166
After five years	8,465	—
	<hr/>	<hr/>
	27,913	6,592
	<hr/>	<hr/>

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 14. LEASES (Continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities (Continued)

The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 7)	1,078	974
Depreciation charge of right-of-use assets	16,654	18,042
Gain on lease modification	—	(1,364)
	<hr/>	<hr/>
Total amount recognised in profit or loss	17,732	17,652

The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 31(c) and 38, respectively, to the financial statements.

### The Group as a lessor

The Group leases its owned storage tanks under operating lease arrangements for a period of 5 years since August 2020, which was renegotiated as a long-term contract without a specific lease term in January 2022. Any early termination of the long-term contract requires a consensus from both the Group and the lessee. In addition, the Group leased a workshop for a one-year term, from January 1 to December 31, under an annual renewal contract during the reporting period. Rental income recognised by the Group during the year was RMB3,159,000 (2024: RMB2,662,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group based on the long-term contract for the storage tanks without a specific lease term disclosed above are RMB1,440,000 (2024: RMB1,440,000) in each coming year.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 15. OTHER INTANGIBLE ASSETS

	Patent and licenses RMB'000	Software RMB'000	Deferred development costs RMB'000	Total RMB'000
<b>31 December 2025</b>				
Cost at 1 January 2025, net of accumulated amortisation	1,162	2,126	—	3,288
Additions	979	1,099	6,597	8,675
Amortisation provided during the year	(443)	(714)	—	(1,157)
At 31 December 2025	<b>1,698</b>	<b>2,511</b>	<b>6,597</b>	<b>10,806</b>
At 31 December 2025				
Cost	6,399	7,537	6,597	20,533
Accumulated amortisation	(4,701)	(5,026)	—	(9,727)
Net carrying amount	<b>1,698</b>	<b>2,511</b>	<b>6,597</b>	<b>10,806</b>
		Patent and licences RMB'000	Software RMB'000	Total RMB'000
<b>31 December 2024</b>				
Cost at 1 January 2024, net of accumulated amortisation		1,315	2,741	4,056
Additions		299	—	299
Amortisation provided during the year		(452)	(615)	(1,067)
At 31 December 2024		<b>1,162</b>	<b>2,126</b>	<b>3,288</b>
At 31 December 2024				
Cost		5,420	6,438	11,858
Accumulated amortisation		(4,258)	(4,312)	(8,570)
Net carrying amount		<b>1,162</b>	<b>2,126</b>	<b>3,288</b>

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 16. INVESTMENT IN A JOINT VENTURE

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Share of net assets	<b>33,945</b>	22,973

Particular of the Group's joint venture is as follows:

Name	Place of registration and business	Percentage of ownership interest attributable to the Group		Principal activity
		As at December 31, 2025	2024	
河北康石新材料有限公司 Hebei Kangshi New Materials Co., Ltd. ("Hebei Kangshi")	PRC/Chinese mainland	<b>51%</b>	51%	Manufacture and sale of industrial products

Hebei Kangshi, which is considered a material joint venture of the Group, acts as the Group's manufacturer of industrial products in the Chinese mainland and is accounted for using the equity method.

The following table illustrates the summarised financial information of Hebei Kangshi adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Current assets	<b>50,990</b>	38,368
Non-current assets	<b>161,408</b>	174,007
Current liabilities	<b>145,839</b>	155,731
Non-current liabilities	<b>—</b>	11,600
Net assets	<b>66,559</b>	45,044

Reconciliation to the Group's interest in the joint venture:

Proportion of the Group's ownership	<b>51%</b>	51%
Carrying amount of the investment	<b>33,945</b>	22,972
Revenue	<b>344,043</b>	150,175
Profit for the year	<b>21,515</b>	22,166

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 17. INVESTMENT IN AN ASSOCIATE

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Share of net assets	<b>26,020</b>	23,481

The Group's trade receivable balances due from the associate are disclosed in notes 19 and 35(d) to the financial statements, respectively.

Particular of the Group's associate is as follows:

Name	Particular of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activity
			As at December 31, 2025	2024	
武汉伊士曼有机化工有限公司 Wuhan Eastman Organic Chemical Co., Ltd. ("Wuhan Eastman")	Ordinary shares	PRC/Chinese mainland	<b>49%</b>	49%	Manufacture of industrial products

The following table illustrates the summarised financial information of Wuhan Eastman adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Current assets	<b>52,047</b>	44,751
Non-current assets, excluding goodwill	<b>8,695</b>	9,129
Current liabilities	<b>6,962</b>	5,397
Non-current liabilities	<b>331</b>	279
Net assets	<b>53,449</b>	48,204

Reconciliation to the Group's interest in the associate:

Proportion of the Group's ownership	<b>49%</b>	49%
Adjustments of unrealised profit arising from sales by the Group to the associate	<b>(170)</b>	(139)
Carrying amount of the investment	<b>26,020</b>	23,481
Revenue	<b>76,377</b>	77,298
Profit for the year	<b>14,466</b>	12,817
Dividend declared by the associate to the Group	<b>4,519</b>	7,106

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 18. INVENTORIES

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

## 19. TRADE AND BILLS RECEIVABLES

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

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

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 19. TRADE AND BILLS RECEIVABLES (Continued)

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

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

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

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

### Transferred financial assets that are derecognised in their entirety

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

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

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 19. TRADE AND BILLS RECEIVABLES (Continued)

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

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

The maturity date analysis for bills receivable is as follows:

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

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

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
At beginning of year	<b>1,410</b>	624
Impairment losses, net (note 6)	<b>19</b>	786
	<hr/>	<hr/>
At end of year	<b>1,429</b>	1,410

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 19. TRADE AND BILLS RECEIVABLES (Continued)

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

### As at 31 December 2025

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

### As at 31 December 2024

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

## 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
<b>Non-current:</b>		
Prepayments for property, plant and equipment and leasehold land	172,677	65,019
<b>Current:</b>		
Loan to a director (note 21)	291	291
Amounts due from related companies (note 35(c))	10,959	11,574
Deposits and other receivables	5,733	13,028
Prepayments	35,179	26,563
Deductible input value added tax	94,233	95,463
Income tax recoverable	3,077	387
	149,472	147,306

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

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 21. LOAN TO A DIRECTOR

Name	At 1 January	Maximum amount outstanding in 2024	At 31 December	Maximum amount outstanding in 2025	At 31 December
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Zou Xiaohong	349	349	291	291	291

The loan granted to a director is unsecured, interest free and repayable on demand.

The loan granted to a director is non-trade in nature.

## 22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	211,293	199,077
Less: Pledged time deposits:		
Pledged for bills payable	36,302	72,982
Pledged for letter of credit	45,161	49,831
Restricted bank deposits:		
Frozen bank deposits*	1,809	1,809
Remittance of funds**	2,979	775
	86,251	125,397
Cash and cash equivalents	125,042	73,680
Cash and bank balances		
denominated in:		
RMB	159,520	149,413
EUR	224	365
USD	47,542	49,299
HKD	19	—
RM	3,988	—

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

\* As at 31 December 2025, bank deposit of RMB1,809,000 were frozen by court for a legal proceeding of a claim against the Group.

\*\* As at 31 December 2025, bank deposit of RMB2,979,000 associated with remittance of funds into the Chinese mainland were subject to relevant rules and regulations of foreign exchange control and were restricted, the restriction was released before the approval of the financial statements.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 23. TRADE AND BILLS PAYABLES

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

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

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

The maturity date analysis for bills payable is as follows:

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

## 24. OTHER PAYABLES AND ACCRUALS

		<b>2025</b>	2024
	<i>Notes</i>	<b>RMB'000</b>	RMB'000
Contract liabilities	(a)	<b>57,152</b>	53,157
Other payables and accruals	(b)	<b>122,129</b>	172,492
Amounts due to related parties	35(c)	<b>16,609</b>	200
Dividend payable		<b>4,938</b>	34,160
Welfare and payroll		<b>15,040</b>	13,453
Other tax payables		<b>15,147</b>	12,566
		<b>231,015</b>	286,028

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 24. OTHER PAYABLES AND ACCRUALS (Continued)

(a) Details of contract liabilities are as follows:

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

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

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

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

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2025			As at 31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	2-4	2026	259,290	3-5	2025	98,500
Bank loans – unsecured	2-5	2026	627,654	3-5	2025	709,950
Current portion of long-term bank loans – secured	2-4	2026	61,377	5	2025	42,000
Current portion of long-term bank loans – unsecured	2-4	2026	48,101	4	2025	23,500
Other borrowings – unsecured		2026	45,000		2025	49,000
Total – current			<b>1,041,422</b>			922,950
Non-Current						
Bank loans-unsecured	3-4	2027	282,846			–
Bank loans-secured	3-4	2030	11,165			–
Total – non-current			<b>294,011</b>			–
Total			<b>1,335,433</b>			922,950

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Within one year or on demand	1,041,422	922,950
In the second year	161,550	—
In the third to fifth years, inclusive	132,461	—
	<hr/> <b>1,335,433</b>	922,950

Notes:

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

- (1) The Group's plant, equipment and buildings situated in the Chinese mainland with an aggregate carrying amount of RMB122,889,000 (2024: RMB122,242,000) (note 13);
- (2) The Group's leasehold lands situated in the Chinese mainland with an aggregate carrying amount of RMB158,107,000 (2024: RMB136,600,000) (note 14);

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

## 26. GOVERNMENT GRANTS

	2025 RMB'000	2024 RMB'000
Government grants*	<hr/> <b>35,570</b>	41,057

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 26. GOVERNMENT GRANTS *(Continued)*

The movements in government grants during the reporting period are as follows:

	RMB'000
At 1 January 2024	45,740
Received during the year	3,521
Released to profit or loss	(5,121)
Others**	(3,083)
At 31 December 2024 and 1 January 2025	<b>41,057</b>
Released to profit or loss	<b>(5,487)</b>
At 31 December 2025	<b>35,570</b>

\* The Group received government grants for capital expenditure incurred for the purchase of plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

\*\* The Group received a government grant related to assets amounting of RMB3,435,000 in December 2022, and amortised over 10 years. The government grant was refunded to the government in September 2024 which caused a decrease of RMB3,083,000 during the year.

## 27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the reporting period are as follows:

### Deferred tax liabilities

	Depreciation difference for tax purpose RMB'000	Right-of-use assets RMB'000	Withholding tax on undistributed profits of subsidiaries in Chinese Mainland RMB'000	Total RMB'000
At 1 January 2024	48,977	3,882	9,705	62,564
Deferred tax charged/(credited) to profit or loss during the year <i>(note 10)</i>	1,592	(2,851)	11,477	10,218
Gross deferred tax liabilities at 31 December 2024	<b>50,569</b>	<b>1,031</b>	<b>21,182</b>	<b>72,782</b>
Deferred tax (credited)/charged to profit or loss during the year <i>(note 10)</i>	<b>(2,114)</b>	<b>2,841</b>	<b>(5,244)</b>	<b>(4,517)</b>
Gross deferred tax liabilities at 31 December 2025	<b>48,455</b>	<b>3,872</b>	<b>15,938</b>	<b>68,265</b>

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 27. DEFERRED TAX (Continued)

### Deferred tax assets

	<b>Government grants</b> RMB'000	<b>lease liabilities</b> RMB'000	<b>Unpaid welfare and payroll</b> RMB'000	<b>Others</b> RMB'000	<b>Total</b> RMB'000
At 1 January 2024	6,861	4,138	2,999	7,935	21,933
Deferred tax charged to profit or loss during the year	(701)	(3,149)	(985)	(3,710)	(8,545)
Gross deferred tax assets at 31 December 2024	<b>6,160</b>	<b>989</b>	<b>2,014</b>	<b>4,225</b>	<b>13,388</b>
Deferred tax (charged)/credited to profit or loss during the year	<b>(824)</b>	<b>2,869</b>	<b>242</b>	<b>(585)</b>	<b>1,702</b>
Gross deferred tax assets at 31 December 2025	<b>5,336</b>	<b>3,858</b>	<b>2,256</b>	<b>3,640</b>	<b>15,090</b>

For presentation purposes, deferred tax assets and liabilities have been offset in the consolidated statements of financial position as follows:

	<b>2025</b> RMB'000	2024 RMB'000
Net deferred tax liabilities recognised in the consolidated statements of financial position	<b>53,175</b>	59,394

## 28. SHARE CAPITAL

	<b>2025</b> RMB'000	2024 RMB'000
Issued and fully paid: 93,300,000 ordinary shares of USD0.0001 each (31 December 2024: 93,300,000 ordinary shares of USD0.0001 each)	<b>61</b>	61

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 28. SHARE CAPITAL (Continued)

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	75,000,000	48
Issue of shares	18,300,000	13
At 31 December 2024 and 1 January 2025	93,300,000	61
Issue of shares	—	—
At 31 December 2025	93,300,000	61

Upon listing of the Company's share on 18 June 2024, 18,300,000 ordinary shares of USD0.0001 each were issued at an offer price of HKD5.50 per share for an aggregate consideration of HKD100,650,000 (equivalent to RMB91,687,000). The difference between the total consideration received, before share issue expenses, over the par value of the ordinary shares amounting of HKD100,635,000 (equivalent to approximately RMB91,674,000) were credited to share premium account.

## 29. SHARE AWARD SCHEME

In 2021, Cougar Holdings Inc. ("**Cougar Holdings**", the then holding company of the companies comprising the Group prior to the Company's share listing) and Wuhan Linuo Investment Holdings Group Co., Ltd. ("**Linuo Investment**", then the holding company of Cougar Holdings) approved an incentive award scheme (the "**Scheme**") of Wuhan Youji, pursuant to which Linuo Investment agreed to grant an aggregate of 600 equity units in Cougar Holdings (the "**Awarded Shares**") to then 104 eligible employees (the "**Employees**") of the Group. The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The award price was RMB48,511.31 per equity units for a total consideration of RMB29,107,000. Pursuant to the Scheme, the Employees were required to provide services to the Group for five years starting from 18 January 2021.

According to the Scheme, Mr. Shen Yingming (an non-executive director of the Company) would repurchase the equity units from the Employees if the Employees leave the Group within 5 years from 18 January 2021 at then awarded price paid by the Employees plus an interest (based on then bank deposit interest rate) calculated from the period commencing from the date when the Employee paid for the equity units.

The fair value of the awarded equity units under the Scheme as at the date of grant had been determined based on the discounted cash flow method by an independent professional valuer.

Based on the valuation, the fair value of each awarded equity unit was determined at RMB52,000 and the total fair value of the awarded equity units amounted to RMB31,205,000. Accordingly, the total share-based payment expenses subject to amortization under the Scheme were RMB2,098,000 as set out below:

In preparation for the initial listing of the Company's shares on the Stock Exchange ("**Listing**") in March 2022, the awarded equity units in Cougar Holdings granted to Employees had been replaced by the issue of the Company's 4,500,000 ordinary shares.

The amount of share base payment recognised for the year was RMB419,000 (2024: RMB419,000).

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 30. RESERVES

### The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 104 to 105 of the financial statements.

### *Merger reserve*

The merger reserve of the Group represents the difference between the par value of the Company's shares issued in consideration and in exchange for the issued share capital and capital reserve of the then holding company of the Group pursuant to a Group reorganization completed in 2022.

### *Statutory reserve*

In accordance with the Company Law of the Chinese mainland, certain subsidiaries of the Group are required to allocate 10% of their profit after tax, as determined in accordance with the relevant accounting standards in Chinese mainland, to their respective statutory reserves until the reserve reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the Chinese mainland, part of the statutory surplus reserve may be converted to increase the capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

### *Capital reserve*

The capital reserve represents the difference between the consideration of US\$5,200,000 paid to repurchase of Company's shares and the carrying amount of the Company's share capital of US\$50,000 according to a Group's reorganization in 2022.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### (a) Major non-cash transactions

- (i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB33,426,000 (2024: RMB2,264,000) and RMB33,426,000 (2024:RMB2,264,000), respectively, in respect of the Group's lease arrangements.
- (ii) During the year, the Group endorsed bills receivable of RMB210,890,000 (2024: RMB258,422,000) to settle the payables for purchase of property, plant and equipment, and materials which did not result in any cashflow.

### (b) Changes in liabilities arising from financing activities

	Interest- bearing bank and other borrowings	Pledged deposits	Interest payable	Lease Liabilities	Total
	RMB'000 (note 25)	RMB'000 (note 22)	RMB'000	RMB'000 (note 14(b))	RMB'000
At 1 January 2024	917,520	(40,127)	—	27,590	904,983
Changes from financing cash flow	5,430	(82,686)	(36,451)	(15,992)	(129,699)
New leases	—	—	—	2,264	2,264
Lease modification	—	—	—	(8,244)	(8,244)
Interest expenses	—	—	36,451	974	37,425
At 31 December 2024 and 1 January 2025	<b>922,950</b>	<b>(122,813)</b>	<b>—</b>	<b>6,592</b>	<b>806,729</b>
Changes from financing cash flow	<b>411,332</b>	<b>41,350</b>	<b>(32,715)</b>	<b>(13,183)</b>	<b>406,784</b>
New leases	—	—	—	<b>33,426</b>	<b>33,426</b>
Interest expenses	—	—	<b>33,866</b>	<b>1,078</b>	<b>34,944</b>
At 31 December 2025	<b>1,334,282</b>	<b>(81,463)</b>	<b>1,151</b>	<b>27,913</b>	<b>1,281,883</b>

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(c) The total cash outflows for leases included in the statements of cash flows are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within investing activities	<b>103</b>	11,483
Within financing activities	<b>13,183</b>	15,992
	<b>13,286</b>	27,475

## 32. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities.

## 33. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in notes 13, 14 and 22, respectively, to the financial statements.

## 34. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Contracted, but not provided for: Acquisition plant and machinery	<b>95,776</b>	27,794

## 35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions and balances with related parties during the year.

### (a) Name and relationship

Name of related parties	Relationship with the Group
Mr. Gao Lei	Non-executive director and shareholder of the Company's ultimate holding company
Mr. Gao Yuankun	Father of Mr. Gao Lei
Mr. Zou Xiaohong	Executive director of the Company
Mr. Chen Ping	Executive director of the Company
武漢力諾投資控股集團有限公司 (Wuhan Linuo Investment Holdings Group Co., Ltd. – “ <b>Linuo Investment</b> ”)	A company of which Mr. Gao Yuankun has beneficial equity interest
武漢新康化工設備有限公司 (Wuhan Xinkang Chemical Equipment Co., Ltd. – “ <b>Xinkang Chemical</b> ”)	A company of which Mr. Gao Lei has beneficial equity interest
武漢伊士曼有機化工有限公司 (Wuhan Eastman Organic Chemical Co., Ltd. – “ <b>Wuhan Eastman</b> ”)	An associate
河北康石新材料有限公司 (Hebei Kangshi New Materials Co., Ltd. – “ <b>Hebei Kangshi</b> ”)	A joint venture
武漢雙虎塗料股份有限公司 (Wuhan Twin Tigers Coatings Co., Ltd. – “ <b>Twin Tigers Coatings</b> ”)	A company of which Mr. Gao Yuankun has beneficial equity interest
武漢力諾智慧園科技管理有限公司 (Wuhan Linuo Wisdom Park Technology Management Co., Ltd. – “ <b>Linuo Wisdom Park Technology</b> ”)	A company of which Mr. Gao Yuankun has beneficial equity interest
山東城安實業有限公司 (Shandong Chengan Industrial Co., Ltd. – “ <b>Shandong Chengan</b> ”)	A company of which Mr. Gao Yuankun has beneficial equity interest
應城市武瀚有機材料有限公司 (Yingcheng Wuhan Organic Material Co., Ltd. – “ <b>Yingcheng Wuhan Organic</b> ”)	A company of which Mr. Zou Xiaohong is the company's legal representative and equity holder
山東力諾光伏高科技有限公司 (Shandong Linuo Photovoltaic Hi-tech Co., Ltd. – “ <b>Shandong Linuo Photovoltaic</b> ”)	A company of which Mr. Gao Yuankun has beneficial equity interest
湖北拓樸有機磷化進出口有限公司 (Hubei Tuopu Organic and Phosphoric Chemicals Import & Export Co., Ltd. – “ <b>Hubei Tuopu</b> ”)	A company of which a shareholder of the Company has beneficial equity interest
山東宏濟堂健康產業有限公司 (Shandong Hongjitang Health Industry Co., Ltd. – “ <b>Shandong Hongjitang Health</b> ”)	A company of which Mr. Gao Yuankun has beneficial equity interest

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant related party transactions

The Group had the following material related party transactions during the reporting period:

	2025 RMB'000	2024 RMB'000
<b>Purchases of goods or services</b>		
Linuo Investment (i)	19,806	21,312
Linuo Wisdom Park Technology (ii)	460	552
Twin Tigers Coatings (iii)	2,058	2,239
Hebei Kangshi (iv)	120,640	151,445
Shandong Hongjitang Health (v)	—	5
	<b>142,964</b>	<b>175,553</b>
<b>Purchases of machinery or services</b>		
Xinkang Chemical (vi)	62,313	59,621
<b>Sales of goods</b>		
Hubei Tuopu (vii)	4,719	8,706
Yingcheng Wuhan Organic (vii)	189	131
Hebei Kangshi (vii)	27,680	7,711
Wuhan Eastman (vii)	24,587	27,092
	<b>57,175</b>	<b>43,640</b>
<b>Render of services</b>		
Linuo Wisdom Park Technology (vii)	359	437
Xinkang Chemical (vii)	4,586	1,764
Twin Tigers Coatings (vii)	2,955	2,400
	<b>7,900</b>	<b>4,601</b>

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant related party transactions (Continued)

	2025 RMB'000	2024 RMB'000
<b>Loans to</b>		
Hebei Kangshi (viii)	—	8,518
<b>Repayment of loans from</b>		
Hebei Kangshi (viii)	—	53,252

These transactions were conducted in accordance with the terms and conditions agreed between the Group and its related parties.

#### Notes:

- (i) The Group leased buildings and was provided with property management service.
- (ii) The Group was provided with dining services.
- (iii) The Group leased buildings and purchased industrial products.
- (iv) The Group purchased processing service.
- (v) The Group purchased health products.
- (vi) The Group purchased machinery or services.
- (vii) The Group sold industrial products to Hubei Tuopu, Yingcheng Wuhan Organic, Hebei Kangshi and Wuhan Eastman. In addition, the Group provided chemical processing services and leasing of storage tanks to Twin Tigers Coatings and technical services to Xinkang Chemical, and provided utilities to Twin Tigers Coatings, Xinkang Chemical and Linuo Wisdom Park Technology.
- (viii) The Group advanced unsecured loans to Hebei Kangshi at an interest rate of 4.8% per annum, and derived interest income of nil (2024: RMB489,000).

The related party transactions in respect of purchases of services from Linuo Investment and purchases of machinery or services from Xinkang Chemical above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS (Continued)

### (c) Outstanding balances with related parties

	2025 RMB'000	2024 RMB'000
<b>Receivables included in prepayments, deposits and other receivables (non-trade in nature)</b>		
Mr. Zou Xiaohong (note 21)	291	291
<b>Included in prepayments, deposits and other receivables (trade in nature)</b>		
Wuhan Eastman	619	1,101
Twin Tigers Coatings	3,409	1,153
Linuo Investment	6,899	5,527
Xinkang Chemical	—	3,760
Hebei Kangshi	32	33
	<b>10,959</b>	<b>11,574</b>
<b>Included in trade receivables (trade in nature)</b>		
Wuhan Eastman	2,353	1,894
Hubei Tuopu	—	385
Impairment	(12)	(11)
	<b>2,341</b>	<b>2,268</b>
<b>Total amounts due from related parties</b>	<b>13,591</b>	<b>14,133</b>

The Group's trading terms with related parties are the same as other customers of the Group (note 19) for those trade in nature receivables.

The trade receivables due from related companies are interest free and unsecured. The ECL assessment of the trade receivables is disclosed in note 19 to the financial statements.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS (Continued)

### (c) Outstanding balances with related parties (Continued)

	2025 RMB'000	2024 RMB'000
<b>Payables included in other payables and accruals (trade in nature)</b>		
Mr. Chen Ping	—	1
Xinkang Chemical	16,478	68
Shandong Chengan	74	74
Shandong Linuo Photovoltaic	57	57
	<hr/> 16,609	<hr/> 200
<b>Included in contract liabilities (trade in nature)</b>		
Xinkang Chemical	314	355
Hebei Kangshi	—	1,404
Yingcheng Wuhan Organic	2	2
	<hr/> 316	<hr/> 1,761
<b>Included in trade payable (trade in nature)</b>		
Hebei Kangshi	<hr/> 3,917	<hr/> 3,415
<b>Total amounts due to related parties</b>	<hr/> <b>20,842</b>	<hr/> <b>5,376</b>

The financial liabilities included in the above balances are interest free, unsecured and repayable within one year.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS (Continued)

### (d) Financing arrangements

The following transactions were carried out with the related parties:

- (i) The Group leased certain land and plant from Twin Tigers Coatings for a lease term from 14 July 2025 to 13 July 2035 with monthly lease payment of RMB50,000.

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Lease liabilities	<b>15,861</b>	947
Related interest expenses	<b>377</b>	109
Related depreciation charged	<b>822</b>	1,806

- (ii) The Group leases certain buildings and land from Linuo Investment under the following lease agreements:

- 2-years lease term from 1 January 2025 to 31 December 2026 at a monthly lease payment of RMB600,000;
- 2-year lease term from 1 January 2025 to 31 December 2026 at a monthly lease payment of RMB50,000;
- 5-year lease term from 1 July 2022 to 30 June 2027 at an annual lease payment of RMB3,000,000, which was modified on 1 July 2023 for a reduced leasing area at an annual lease payment of RMB1,800,000.

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Lease liabilities	<b>8,599</b>	3,242
Related interest expenses	<b>518</b>	319
Related depreciation charged	<b>8,400</b>	8,225

### (e) Compensation of key management personnel of the Group

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries, allowances and benefits in kind	<b>5,907</b>	5,277
Performance-based bonuses	<b>3,241</b>	2,593
Equity-settled share award expenses	<b>102</b>	102
Pension scheme contributions	<b>238</b>	230
	<b>9,488</b>	8,202

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the categories of financial instruments as at the end of the reporting period are as follows:

**As at 31 December 2025**

### *Financial assets*

	Financial assets at amortised cost RMB'000	Financial assets at FVOCI RMB'000	Total RMB'000
Trade and bills receivables	117,785	154,291	272,076
Financial assets included in prepayments, deposits and other receivables	16,983	—	16,983
Pledged deposits	86,251	—	86,251
Cash and cash equivalents	125,042	—	125,042
	<b>346,061</b>	<b>154,291</b>	<b>500,352</b>

### *Financial liabilities*

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	1,335,433
Trade and bills payables	265,207
Financial liabilities included in other payables and accruals	143,676
Lease liabilities	27,913
	<b>1,772,229</b>

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 36. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of the categories of financial instruments as at the end of the reporting period are as follows:  
(Continued)

**As at 31 December 2024**

### Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVOCI RMB'000	Total RMB'000
Trade and bills receivables	152,634	158,781	311,415
Financial assets included in prepayments, deposits and other receivables	24,893	—	24,893
Pledged deposits	125,397	—	125,397
Cash and cash equivalents	73,680	—	73,680
	<hr/>	<hr/>	<hr/>
	376,604	158,781	535,385

### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	922,950
Trade and bills payables	360,778
Financial liabilities included in other payables and accruals	206,852
Lease liabilities	6,592
	<hr/>
	1,497,172

## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, trade and bills payables and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value during the reporting period were assessed to be insignificant.

The fair values of the non-current portion of interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the non-current portion of interest-bearing bank loans are assessed to be approximate to its carrying amount as at 31 December 2025. The changes in fair values as a result of the Group's own non-performance risk for interest-bearing bank loans as at 31 December 2025 were assessed to be insignificant.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

#### As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivable	—	154,291	—	154,291

#### As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivable	—	158,781	—	158,781

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets during the reporting period.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents, and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, trade and bills payables and other receivables and payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing these risks and they are summarised below.

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales in currencies other than the units' functional currencies. Approximately 26% and 25% for the years ended 31 December 2024 and 2025 respectively, of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro ("EUR") and RMB exchange rate, USD and RMB exchange rate, of the Group's profit before tax and equity.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
<b>2025</b>			
If the USD weakens against the RMB	<b>(5)</b>	<b>(7,372)</b>	<b>(5,565)</b>
If the USD strengthens against the RMB	<b>5</b>	<b>7,372</b>	<b>5,565</b>
If the EUR weakens against the RMB	<b>(5)</b>	<b>(46)</b>	<b>(35)</b>
If the EUR strengthens against the RMB	<b>5</b>	<b>46</b>	<b>35</b>
If the HKD weakens against the RMB	<b>(5)</b>	<b>(1)</b>	<b>(1)</b>
If the HKD strengthens against the RMB	<b>5</b>	<b>1</b>	<b>1</b>
If the RM weakens against the RMB	<b>(5)</b>	<b>(199)</b>	<b>(150)</b>
If the RM strengthens against the RMB	<b>5</b>	<b>199</b>	<b>150</b>
<b>2024</b>			
If the USD weakens against the RMB	(5)	(7,424)	(5,604)
If the USD strengthens against the RMB	5	7,424	5,604
If the EUR weakens against the RMB	(5)	(51)	(38)
If the EUR strengthens against the RMB	5	51	38

### Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade and bills receivables, prepayments, deposits and other receivables, and pledged deposits included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at the end of the reporting period, cash and cash equivalents and pledged deposits were deposited in banks of high quality without significant credit risk. Management does not expect any loss to arise from non-performance by these banks.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

#### Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

#### As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade receivables	—	—	—		119,214	119,214
Financial assets included in prepayments, deposits and other receivables — Normal*	16,983	—	—		—	16,983
Pledged deposits	86,251	—	—		—	86,251
Cash and cash equivalents	125,042	—	—		—	125,042
	<b>228,276</b>	<b>—</b>	<b>—</b>		<b>119,214</b>	<b>347,490</b>

#### As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade receivables	—	—	—		154,044	154,044
Financial assets included in prepayments, deposits and other receivables — Normal*	21,364	—	—		—	21,364
Pledged deposits	125,397	—	—		—	125,397
Cash and cash equivalents	73,680	—	—		—	73,680
	<b>220,441</b>	<b>—</b>	<b>—</b>		<b>154,044</b>	<b>374,485</b>

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral on normal basis.

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in industries.

\* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

#### As at 31 December 2025

	Less than 12 months or on demand RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 3 years RMB'000	After 3 years but within 4 years RMB'000	After 4 years but within 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease Liabilities	13,256	3,213	2,054	2,054	2,054	9,415	32,046
Interest-bearing bank and other borrowings	1,066,882	169,256	74,048	50,335	12,910	—	1,373,431
Trade and bills payables	265,207	—	—	—	—	—	265,207
Financial liabilities included in other payables and accruals	143,676	—	—	—	—	—	143,676
	1,489,021	172,469	76,102	52,389	14,964	9,415	1,814,360

#### As at 31 December 2024

	Less than 12 months or on demand RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 3 years RMB'000	After 3 years but within 4 years RMB'000	After 4 years but within 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease Liabilities	4,128	2,576	170	—	—	—	6,874
Interest-bearing bank and other borrowings	940,349	—	—	—	—	—	940,349
Trade and bills payables	360,778	—	—	—	—	—	360,778
Financial liabilities included in other payables and accruals	206,852	—	—	—	—	—	206,852
	1,512,107	2,576	170	—	—	—	1,514,853

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of the reporting period.

The Group uses the gearing ratio which is net debt divided by the capital plus net debt to monitor its capital structure. The gearing ratio as at the end of the reporting period were as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Interest-bearing bank and other borrowings (note 25)	<b>1,335,433</b>	922,950
Lease liabilities (note 14)	<b>27,913</b>	6,592
Less: Cash and cash equivalents (note 22)	<b>(125,042)</b>	(73,680)
Pledged deposits (note 22)	<b>(86,251)</b>	(125,397)
	<hr/>	<hr/>
Net debt	<b>1,152,053</b>	730,465
	<hr/>	<hr/>
Equity attributable to owners of the parent	<b>691,438</b>	673,625
	<hr/>	<hr/>
Capital and net debt	<b>1,843,491</b>	1,404,090
	<hr/>	<hr/>
Gearing ratio	<b>167%</b>	108%
	<hr/>	<hr/>

## 39. EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events subsequent to the end of the reporting period.

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries		501,872	495,658
Right-of-use assets		1,030	—
Total non-current assets		<u>502,902</u>	495,658
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,001	7,076
Prepayments, deposits and other receivables		57,584	277
Total current assets		<u>64,585</u>	7,353
<b>CURRENT LIABILITIES</b>			
Amounts due to subsidiaries		61,881	61,982
Total current liabilities		<u>61,881</u>	61,982
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>2,704</u>	(54,629)
Lease liabilities, non-current		1,128	—
Total non-current liabilities		<u>1,128</u>	—
<b>NET ASSETS</b>		<u>504,478</u>	441,029
<b>EQUITY</b>			
Share capital	28	61	61
Retained earnings/(accumulated losses)		40,291	(23,158)
Capital reserve		464,126	464,126
<b>TOTAL EQUITY</b>		<u>504,478</u>	441,029

**Zou Xiaohong**

Director

**Chen Ping**

Director

# Notes to Consolidated Financial Information

Year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

A summary of the Company's reserves is as follows:

	<b>Retained earnings/ (accumulated losses)</b> RMB'000	<b>Capital reserve</b> RMB'000	<b>Total</b> RMB'000
As at 1 January 2024	758	398,715	399,473
Issue of new shares	—	91,674	91,674
Share issue expenses	—	(26,263)	(26,263)
Profit and total comprehensive income for the year	21,083	—	21,083
Dividend declared	(44,999)	—	(44,999)
As at 31 December 2024	(23,158)	464,126	440,968
Profit and total comprehensive income for the year	108,448	—	108,448
Dividend declared	(44,999)	—	(44,999)
As at 31 December 2025	40,291	464,126	504,417

## 41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

## Five Year Financial Summary

	RMB'000 2025	For the year ended 31 December			
		RMB'000 2024	RMB'000 2023	RMB'000 2022	RMB'000 2021
<b>Operating results – Summary</b>					
Revenue	2,657,358	3,284,183	2,677,103	3,133,836	2,789,477
Gross profit	319,545	396,250	329,765	699,278	639,122
Profit for the year	62,494	123,035	72,902	340,470	309,137
Profit attributable to:					
Owners of the parent	62,494	123,035	72,902	340,470	309,137
<b>Balance sheet – Summary</b>					
Non-current assets	1,679,484	1,401,521	1,283,308	1,292,451	1,182,574
Current assets	960,926	950,201	832,574	864,887	1,753,796
Total assets	2,640,410	2,351,722	2,115,882	2,157,338	2,936,370
Current liabilities	1,550,558	1,574,966	1,422,654	1,218,688	1,228,303
Non-current liabilities	398,414	103,131	163,611	212,543	187,749
Net assets	691,438	673,625	529,617	726,107	1,520,318
<b>Financial ratios</b>					
Gross profit margin	12.0%	12.1%	12.3%	22.3%	22.9%
Net profit margin	2.4%	3.7%	2.7%	10.9%	11.1%
Return on equity <sup>(1)</sup>	8.8%	20.5%	11.6%	30.3%	22.6%
Current ratio <sup>(2)</sup>	0.6	0.6	0.6	0.71	1.4
Gearing ratio <sup>(3)</sup>	166.6%	108.4%	158.5%	87.2%	41.3%
Inventory turnover days <sup>(4)</sup>	48	37	47	47	36
Trade and bills receivables turnover days <sup>(5)</sup>	40	34	42	33	24
Trade and bills payables turnover days <sup>(6)</sup>	49	32	25	28	27

### Notes:

- (1) Return on equity is derived by dividing net profit by total equity, where total equity is the average beginning and ending balances of total equity for the given period.
- (2) Current ratio is derived by dividing current assets by current liabilities at the end of a given period.
- (3) Gearing ratio is calculated at interest-bearing loans and other financial liabilities at the end of the period divided by the total equity.

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles” or “Articles of Association”	the amended and restated Memorandum and articles of association of our Company conditionally adopted on 21 May 2024 and with effect upon Listing Date
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Companies Act”	the Companies Act (as revised) of the Cayman Islands as amended from time to time
“Company,” “our Company,” “we,” “our” or “us”	Wuhan Youji Holdings Ltd. (武漢有機控股有限公司) (formerly known as Centelligence Holdings Ltd.), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 23 September 2016
“Controlling Shareholder(s)”	has the meaning given to it under the Listing Rules and in the context of this annual report, refers to the controlling shareholders of our Company, namely Mr. Gao Lei and Vastocean Capital Limited
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group,” “our Group,” “we,” “our” or “us”	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	the date on which the Shares initially commenced their dealings on the Stock Exchange, i.e. 18 June 2024
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules

## Definitions

“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated 7 June 2024
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the year ended 31 December 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of our Company of a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	percent