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Wuhan Youji Holdings Ltd.

武漢有機控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2881)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

The Group's revenue for the year ended 31 December 2024 was approximately RMB3,284.2 million, representing an increase of approximately RMB607.1 million or approximately 22.7% compared to the corresponding period in 2023.

The Group's gross profit for the year ended 31 December 2024 was approximately RMB396.3 million, representing an increase of approximately RMB66.5 million or approximately 20.2% compared to the corresponding period in 2023.

The Group's net profit for the year ended 31 December 2024 was approximately RMB123.0 million, representing an increase of approximately RMB50.1 million or approximately 68.8% compared to the corresponding period in 2023.

For the year ended 31 December 2024, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent were approximately RMB1.45, representing an increase of approximately RMB0.48 or approximately 49.5% compared to the corresponding period in 2023.

The Board recommended the declaration of a final dividend of RMB0.4823 per ordinary share for the year ended 31 December 2024, subject to the Shareholders' approval at the AGM. In addition, on 9 October 2024, the Directors approved the declaration of a special dividend of approximately RMB0.4823 per ordinary share, which is distributed from the retained profits of 2023.

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Wuhan Youji Holdings Ltd. (the “**Company**” or “**we**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
REVENUE	4	3,284,183	2,677,103
Cost of sales		(2,887,933)	(2,347,338)
Gross profit		396,250	329,765
Other income and gains	4	74,140	25,505
Selling and distribution expenses		(24,436)	(20,717)
Administrative expenses		(118,360)	(95,416)
Research and development expenses		(137,994)	(99,959)
(Impairment losses)/reversal of impairment on financial assets		(786)	188
Other expenses		(9,880)	(4,986)
Finance costs	6	(37,425)	(32,281)
Share of profits and losses of:			
Joint venture		11,305	(11,834)
Associate		6,281	4,473
PROFIT BEFORE TAX	5	159,095	94,738
Income tax expense	7	(36,060)	(21,836)
PROFIT FOR THE YEAR		123,035	72,902
Profit attributable to owners of the parent		123,035	72,902
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>RMB per share</i>)	9	1.45	0.97

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>123,035</u>	<u>72,902</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>128</u>	<u>189</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>128</u>	<u>189</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>123,163</u>	<u>73,091</u>
Attributable to owners of the parent	<u>123,163</u>	<u>73,091</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2024

		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,108,176	1,020,081
Right-of-use assets		178,584	190,527
Other intangible assets		3,288	4,056
Investment in a joint venture		22,973	11,668
Investment in an associate		23,481	24,272
Prepayments		65,019	32,704
		<hr/>	<hr/>
Total non-current assets		1,401,521	1,283,308
CURRENT ASSETS			
Inventories	11	292,403	285,333
Trade and bills receivables	12	311,415	296,314
Prepayments, deposits and other receivables	13	147,306	145,367
Pledged deposits		125,397	40,127
Cash and cash equivalents		73,680	65,433
		<hr/>	<hr/>
Total current assets		950,201	832,574
CURRENT LIABILITIES			
Trade and bills payables	14	360,778	149,705
Other payables and accruals	15	286,028	372,971
Interest-bearing bank and other borrowings	16	922,950	852,020
Lease liabilities		3,912	15,850
Income tax payable		1,298	32,108
		<hr/>	<hr/>
Total current liabilities		1,574,966	1,422,654
NET CURRENT LIABILITIES			
		(624,765)	(590,080)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		776,756	693,228
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Year ended 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	16	—	65,500
Government grants		41,057	45,740
Lease liabilities		2,680	11,740
Deferred tax liabilities		59,394	40,631
		<hr/>	<hr/>
Total non-current liabilities		103,131	163,611
		<hr/>	<hr/>
NET ASSETS		673,625	529,617
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent:			
Share capital		61	48
Reserves		673,564	529,569
		<hr/>	<hr/>
TOTAL EQUITY		673,625	529,617
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent							
	Share capital	Merger reserve	Capital reserve	Other reserves	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	48	64,802	(32,670)	1,257	68,712	593	426,875	529,617
Profit for the year	—	—	—	—	—	—	123,035	123,035
Other comprehensive income for the year:								
Exchange differences related to foreign operations	—	—	—	—	—	128	—	128
Total comprehensive income for the year	—	—	—	—	—	128	123,035	123,163
Issue of new shares	13	—	91,674	—	—	—	—	91,687
Share issue expenses	—	—	(26,263)	—	—	—	—	(26,263)
Dividend distributions (note 8)	—	—	—	—	—	—	(44,998)	(44,998)
Share award scheme arrangements	—	—	—	419	—	—	—	419
At 31 December 2024	<u>61</u>	<u>64,802*</u>	<u>32,741*</u>	<u>1,676*</u>	<u>68,712*</u>	<u>721*</u>	<u>504,912*</u>	<u>673,625</u>

* These reserve accounts comprise the consolidated other reserves of RMB673,564,000 (2023: RMB529,569,000) in the consolidated statement of financial position.

Attributable to owners of the parent

	Share capital <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2023	48	64,802	(32,670)	838	68,712	404	623,973	726,107
Profit for the year	—	—	—	—	—	—	72,902	72,902
Exchange differences related to foreign operations	—	—	—	—	—	189	—	189
Total comprehensive income for the year	—	—	—	—	—	189	72,902	73,091
Dividend distributions (<i>note 8</i>)	—	—	—	—	—	—	(270,000)	(270,000)
Share award scheme arrangements	—	—	—	419	—	—	—	419
At 31 December 2023	<u>48</u>	<u>64,802</u>	<u>(32,670)</u>	<u>1,257</u>	<u>68,712</u>	<u>593</u>	<u>426,875</u>	<u>529,617</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	5	159,095	94,738
Adjustments for:			
Finance costs	6	37,425	32,281
Interest income		(3,039)	(3,310)
Depreciation of property, plant and equipment		114,536	111,198
Depreciation of right-of-use assets		18,042	19,809
Amortisation of other intangible assets		1,067	978
Share award scheme expenses		419	419
Gain on disposal of property, plant and equipment and lease modification		(1,235)	(84)
Share of (profit)/loss of a joint venture		(11,305)	11,834
Share of profit of an associate		(6,281)	(4,473)
(Reversal of write-down of)/write-down of inventories to net realisable value		(487)	1,764
Impairment/(reversal of impairment) of trade receivables		786	(188)
Impairment of construction in progress		—	2,538
		309,023	267,504
(Increase)/decrease in inventories		(6,583)	33,384
Increase in trade and bills receivables		(215,894)	(90,972)
Increase in prepayments, deposits and other receivables		(57,772)	(11,985)
Increase in contract liabilities		2,561	7,677
Increase/(decrease) in trade and bills payables		211,246	(21,523)
Increase/(decrease) in other payables and accruals		75,217	(6,604)
Increase of restricted bank deposits		(2,584)	—
Decrease in government grants		(4,683)	(3,286)
Cash generated from operations		310,531	174,195
Income taxes paid		(48,023)	(11,599)
Net cash flows from operating activities		262,508	162,596

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(96,766)	(34,341)
Investment in a fund	—	(30,500)
Withdrawal of investment in a fund	10,500	20,000
Additions to right-of-use assets	(11,483)	(646)
Additions to other intangible assets	(299)	(1,461)
Interest received from bank deposits	2,550	2,278
Loans to related parties	(8,000)	(50,955)
Received from loans to related parties	33,850	205
Proceeds from disposal of property, plant and equipment	698	—
Proceeds from disposal of leasehold land	403	—
Dividend received from an associate	7,106	13,522
Net cash flows used in investing activities	<u>(61,441)</u>	<u>(81,898)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	74,745	—
Payments for transaction costs for the issue of shares	(78)	(2,982)
Interest paid	(36,451)	(30,356)
Proceeds from interest-bearing bank loans and other borrowings	924,950	989,020
Repayment of bank loans and other borrowings	(919,520)	(805,800)
Lease payments (including related interest)	(15,992)	(17,242)
Placement of pledged bank deposits	(122,813)	(56,780)
Withdrawal of pledged bank deposits	40,127	81,328
Dividends paid	(137,916)	(256,093)
Net cash flows used in financing activities	<u>(192,948)</u>	<u>(98,905)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	8,119	(18,207)
Cash and cash equivalents at beginning of year	65,433	83,451
Effect of foreign exchange rate changes, net	128	189
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>73,680</u>	<u>65,433</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>73,680</u>	<u>65,433</u>

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

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

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) 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 investment in a fund 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 going concern assumption

Despite that the Group had net current liabilities of approximately RMB625 million and capital commitments of approximately RMB28 million as at 31 December 2024, the directors of the Company is of the opinion that the Group will have adequate funds available to enable it to operate as a going concern after taking into account the historical operating performance and future forecasted operating cash inflow of the Group and its available credit facilities of approximately RMB500 million to meet its financial obligations as they fall due for the following twelve months. Accordingly, this financial statements has been prepared on the going concern basis.

Basis of consolidation

The consolidated financial statements includes the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group’s financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to HKFRS Accounting Standards — Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ²

¹ *Effective for annual periods beginning on or after 1 January 2025*

² *Effective for annual periods beginning on or after 1 January 2026*

³ *Effective for annual/reporting periods beginning on or after 1 January 2027*

⁴ *No mandatory effective date yet determined but available for adoption*

Further information about those HKFRS 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. HKFRS 18 and the consequential amendments to other HKFRS 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. 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. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 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 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. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. 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.

- **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. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- **HKFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- **HKAS 7 Statement of Cash Flows:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group’s financial statements.

3. OPERATING SEGMENT INFORMATION

Operating Segment information

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

Geographical Information

- (a) Details of the revenue from external customers by geographical market are included in note 4 to the financial statements.
- (b) Non-current assets

As at 31 December 2023 and 2024, all of the Group’s non-current assets were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8.

Information about a major customer

During the year ended 31 December 2023 and 2024, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	<u>3,284,183</u>	<u>2,677,103</u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods or services		
Toluene oxidation products	2,069,979	1,515,254
Toluene chlorination products	711,375	705,810
Products trading	<u>502,829</u>	<u>456,039</u>
Total	<u>3,284,183</u>	<u>2,677,103</u>

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Geographical markets		
Mainland China	2,448,687	2,060,003
Asia (except Mainland China)	492,040	287,508
European Union	220,039	175,848
America	104,522	135,882
Other countries/regions	18,895	17,862
	<hr/>	<hr/>
Total	<u>3,284,183</u>	<u>2,677,103</u>

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	<u>3,284,183</u>	<u>2,677,103</u>

In the current reporting period, the amounts of revenue recognised from sale of industrial products of RMB50,596,000 (2023: RMB42,919,000) were included in the contract liabilities at the beginning of the reporting period.

(b) *Performance obligations*

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

Sale of industrial products

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

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

Other income and gains

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income		
Interest income	3,039	3,310
Government grants related to income*	48,796	6,425
Government grants related to assets**	5,121	5,353
Sundry income	4,722	2,669
Entrusted processing service income	1,450	1,398
Rental income — fixed lease payments	2,662	1,774
Gain on disposal of items of property, plant and equipment, and lease modification	1,235	84
	<hr/>	<hr/>
Total other income	67,025	21,013
Gains		
Foreign exchange differences, net	6,877	3,617
Others	238	875
	<hr/>	<hr/>
Total gains	7,115	4,492
	<hr/>	<hr/>
Total other income and gains	<u>74,140</u>	<u>25,505</u>

* The government grants represent subsidies received from the local governments for the purpose of compensation of expenses incurred by the Group, including foreign trade development, land use tax, research, off-peak electricity consumption, and certain employee related costs.

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

5. PROFIT BEFORE TAX

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

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Cost of inventories sold		2,887,933	2,347,338
Research and development costs (current year expenditures)		137,994	99,959
Depreciation of property, plant and equipment	<i>10</i>	114,536	111,198
Amortisation of other intangible assets*		1,067	978
Depreciation of right-of-use assets		18,042	19,809
(Reversal of write down)/write-down of inventories to net realisable value		(487)	1,764
Gain on disposal of items of property, plant and equipment, and lease modification, net		(1,235)	(84)
Impairment/(reversal of impairment) of trade receivables, net	<i>12</i>	786	(188)
Foreign exchange differences, net		(6,877)	(3,617)
Auditor's remuneration		2,400	151
Listing expenses		9,481	10,118
<hr/>			
Employee benefit expense (including directors' emoluments):			
Salaries, allowances and benefits in kind		83,750	66,117
Share award scheme expenses		419	419
Performance-based bonuses		24,384	—
Pension scheme contributions**		15,300	15,753
		<hr/>	<hr/>
		123,853	82,289
		<hr/> <hr/>	<hr/> <hr/>

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

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank and other borrowings	36,347	30,267
Interest on discounted bills	104	89
Interest on lease liabilities	974	1,925
	<u>37,425</u>	<u>32,281</u>

7. INCOME TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current — Hong Kong	169	89
Current — Mainland China	12,128	12,106
Current — Withholding Tax	5,000	30,000
Deferred	18,763	(20,359)
Total tax charge	<u>36,060</u>	<u>21,836</u>

Cayman Islands and BVI

Under the current tax laws of the Cayman Islands and BVI, the Company and 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 one subsidiary of the Group which is a qualifying entity 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%.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law, except for Wuhan Youji Industry Co., Ltd. and Qianjiang Xinyihong Organic Chemical Co., Ltd., which were qualified as a High and New Technology Enterprise to enjoy a preferential income tax rate of 15% for the year ended 31 December 2024 and 2023.

8. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Special — RMB0.4823 (2023: Nil) per ordinary share	44,998	—
Proposed final — RMB0.4823 (2023: RMB3.6) per ordinary share	<u>44,998</u>	<u>270,000</u>

The special dividend for the year ended 31 December 2024 is approved and based on the financial performance for the year ended 31 December 2023.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 84,850,000 (2023: 75,000,000) 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 2024 and 2023.

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

	2024	2023
Earnings		
Profit attributable to ordinary equity holders of the parent (<i>RMB'000</i>)	123,035	72,902
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	<u>84,850,000</u>	<u>75,000,000</u>
Earnings per share (basic and diluted), RMB per share	<u><u>1.45</u></u>	<u><u>0.97</u></u>

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2024						
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	<u>286,361</u>	<u>585,775</u>	<u>2,770</u>	<u>1,146</u>	<u>144,029</u>	<u>1,020,081</u>
At 1 January 2024, net of accumulated depreciation						
Additions	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	<u>282,263</u>	<u>573,815</u>	<u>4,248</u>	<u>1,588</u>	<u>246,262</u>	<u>1,108,176</u>
At 31 December 2024:						
Cost	428,002	1,105,475	11,502	5,892	248,800	1,799,671
Accumulated depreciation and impairment	(145,739)	(531,660)	(7,254)	(4,304)	(2,538)	(691,495)
Net carrying amount	<u>282,263</u>	<u>573,815</u>	<u>4,248</u>	<u>1,588</u>	<u>246,262</u>	<u>1,108,176</u>

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December						
2023						
At 1 January 2023:						
Cost	364,588	955,866	8,347	5,048	108,885	1,442,734
Accumulated depreciation	<u>(109,565)</u>	<u>(343,990)</u>	<u>(5,924)</u>	<u>(4,112)</u>	<u>—</u>	<u>(463,591)</u>
Net carrying amount	<u>255,023</u>	<u>611,876</u>	<u>2,423</u>	<u>936</u>	<u>108,885</u>	<u>979,143</u>
At 1 January 2023, net of						
accumulated depreciation	255,023	611,876	2,423	936	108,885	979,143
Additions	906	403	689	398	161,226	163,622
Depreciation provided during the year	(17,310)	(93,104)	(616)	(168)	—	(111,198)
Impairment*	—	—	—	—	(2,538)	(2,538)
Transfers	47,742	66,600	274	—	(114,616)	—
Disposals	<u>—</u>	<u>—</u>	<u>—</u>	<u>(20)</u>	<u>(8,928)</u>	<u>(8,948)</u>
At 31 December 2023, net of accumulated depreciation	<u>286,361</u>	<u>585,775</u>	<u>2,770</u>	<u>1,146</u>	<u>144,029</u>	<u>1,020,081</u>
At 31 December 2023:						
Cost	413,236	1,022,869	9,310	5,058	146,567	1,597,040
Accumulated depreciation and impairment	<u>(126,875)</u>	<u>(437,094)</u>	<u>(6,540)</u>	<u>(3,912)</u>	<u>(2,538)</u>	<u>(576,959)</u>
Net carrying amount	<u>286,361</u>	<u>585,775</u>	<u>2,770</u>	<u>1,146</u>	<u>144,029</u>	<u>1,020,081</u>

At 31 December 2024, certain of the Group's buildings with an aggregate carrying amount of RMB122,242,000 (2023: RMB130,554,000) were pledged to secure the Group's bank loans and other borrowings.

* During the year ended 31 December 2023, the construction of the Group's Wuhan production plant for hydrogenation production line was ceased due to geographical conditions. Certain assets of this hydrogenation production line at Wuhan could not be used anymore. Management of the Group assessed the recoverable amounts of the related idle assets, and a full impairment of RMB2,538,000 was made accordingly.

11. INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	121,930	109,820
Work in progress	15,147	13,269
Finished goods	<u>156,603</u>	<u>164,008</u>
	293,680	287,097
Impairment	<u>(1,277)</u>	<u>(1,764)</u>
Total	<u><u>292,403</u></u>	<u><u>285,333</u></u>

12. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	154,044	97,211
Bills receivable	<u>158,781</u>	<u>199,727</u>
	312,825	296,938
Impairment	<u>(1,410)</u>	<u>(624)</u>
Net carrying amount	<u><u>311,415</u></u>	<u><u>296,314</u></u>

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

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

Included in the Group's trade receivables are amounts due from associate of the Group of 2024: RMB1,894,000, netted of RMB9,000 impairment allowance (2023: RMB1,261,000, netted of RMB6,000 impairment allowance), which are repayable on credit terms similar to those offered to the major customers of the Group.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2024, the Group endorsed certain bills receivable accepted by banks (the “**Bank Bills**”) in Mainland China (the “**Endorsed Bills**”) with a carrying amount of RMB144,287,000 (2023: RMB161,271,000) 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 relevant 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 2024, the aggregated carrying amount of the trade payables and other payables settled by the Endorsed Bills to which the suppliers have recourse are RMB78,626,000 (2023: RMB96,457,000).

Transferred financial assets that are derecognised in their entirety

At 31 December 2024, the Group endorsed certain Bank Bills in Mainland China with a carrying amount of RMB258,422,000 (2023: RMB149,474,000) to certain of its suppliers in order to settle the trade payables due to such suppliers. At 31 December 2024, the Group also transferred certain Bank Bills in Mainland China with a carrying amount of RMB19,248,000 (2023: RMB9,646,000) 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 twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, 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 each of the reporting periods, 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 during each of the reporting periods. The endorsement and transfer have been made evenly throughout the reporting periods.

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:

	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Within 4 months	134,221	96,537
Over 4 months but within 6 months	13,978	—
Over 6 months but within 12 months	5,845	674
Total	<u>154,044</u>	<u>97,211</u>

The maturity date analysis for bills receivable is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	101,203	80,859
Over 3 months but within 6 months	57,578	118,868
Total	<u>158,781</u>	<u>199,727</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	624	812
Impairment losses, net (<i>note 5</i>)	786	(188)
At end of year	<u>1,410</u>	<u>624</u>

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.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current:		
Prepayments for property, plant and equipment and leasehold land	<u>65,019</u>	<u>32,704</u>
Current:		
Loans to directors	291	349
Amounts due from other related parties	11,574	59,414
Deposits and other receivables	13,028	13,644
Prepayments	26,563	29,311
Deductible input VAT	95,850	31,711
Prepaid income tax	—	438
Investment in a fund*	—	10,500
	<u>147,306</u>	<u>145,367</u>

* The fund was set up in July 2023 in Mainland China, and the Group's investment in the fund was measured at fair value through profit or loss. Pursuant to a resolution of the fund's investors in December 2023, the fund was being cancelled as at 31 December 2023. The Group received the investment proceeds in January 2024 and the fund was then liquidated in February 2024.

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 each of the reporting periods, the loss allowance was assessed to be minimal as the loss given default are minimal.

14. TRADE AND BILLS PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	151,260	149,705
Bills payable	<u>209,518</u>	—
	<u>360,778</u>	<u>149,705</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	151,177	149,444
1 year to 2 years	61	152
Over 2 years	22	109
	151,260	149,705

The maturity date analysis for bills payable is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	175,480	—
3 months to 6 months	34,038	—
	209,518	—

Trade payables are non-interest-bearing and are normally settled within 90-day terms.

15. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Contract liabilities	<i>(a)</i>	53,157	50,596
Other payables and accruals	<i>(b)</i>	172,492	160,878
Amounts due to related parties		200	5,825
Dividend payable		34,160	127,077
Accrued wages and salaries		13,453	19,990
Other tax payable		12,566	8,605
		286,028	372,971

(a) Details of contract liabilities are as follows:

	As at 1 January	As at 31 December	
	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Short-term advances received from customers*	42,919	50,596	53,157

* Contract liabilities include short-term advances received to deliver industrial products. The fluctuation in contract liabilities at 31 December 2024 and 2023 was due to the changes of short-term advances received from customers based on their demand at the end of each of the reporting period.

(b) Other payables are unsecured and non-interest-bearing. Details of other payables are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Construction fees	63,334	61,315
Transportation expenses	53,666	49,383
Spare parts fees	15,360	17,881
Energies	3,995	6,185
Deposits and others	36,137	26,114
	172,492	160,878

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2024			As at 31 December 2023		
	Effective	Maturity	RMB'000	Effective	Maturity	RMB'000
	interest rate			interest rate		
	(%)			(%)		
Current						
Bank loans — secured	3-5	2025	140,500	4-5	2024	268,020
Bank loans — unsecured	3-5	2025	733,450	3-5	2024	514,000
Current portion of long-term bank loans — secured	—	—	—	5	2024	12,000
Current portion of long-term bank loans — unsecured	—	—	—	4	2024	18,000
Other borrowings — unsecured		2025	49,000		2024	40,000
Total — current			<u>922,950</u>			<u>852,020</u>
Non Current						
Bank loans — unsecured			—	4	2025	23,500
Bank loans — secured			—	5	2025	42,000
Total — non-current			—			65,500
Total			<u>922,950</u>			<u>917,520</u>
				2024		2023
				RMB'000		RMB'000
Analysed into:						
Bank loans repayable:						
Within one year				873,950		812,020
After one year but within two years				—		65,500
				873,950		877,520
Other borrowings repayable:						
Within one year				49,000		40,000
				922,950		917,520

Notes:

- (a) Bank loans and other borrowings of the Group are secured by:
 - (i) At 31 December 2024, mortgages over the Group's plant, equipment and buildings situated in Mainland China, which had an aggregate carrying amount of RMB122,242,000 (2023: RMB130,554,000) (note 10);
 - (ii) At 31 December 2024, mortgages over the Group's leasehold lands situated in Mainland China, which had an aggregate carrying amount of RMB136,600,000 (2023: RMB139,971,000);
- (b) All bank loans and other borrowings of the Group are denominated in RMB and at fixed interest rates except for an unsecured bank loan with the amount of RMB23,500,000 as at 31 December 2024 is at floating interest rate.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Performance by Product Type

For the year ended 31 December 2024

	Self-produced product		Products trading	Total
	Toluene oxidation products and its derivatives ¹	Toluene chlorination products and its derivatives ²		
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

For the year ended 31 December 2023

	Self-produced product		Products trading	Total
	Toluene oxidation products and its derivatives ¹	Toluene chlorination products and its derivatives ²		
Revenue (RMB'000)	1,515,254	705,810	456,039	2,677,103
Cost of sales (RMB'000)	1,330,825	575,284	441,229	2,347,338
Sales volume (tonne)	182,969	96,179	67,000	346,148
Gross profit margin	12.2%	18.5%	3.2%	12.3%
Unit average selling price (RMB/tonne)	8,281	7,339	6,807	7,734

Revenue by geographical location of customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue		
Domestic sales	2,448,687	2,060,003
Export sales	<u>835,495</u>	<u>617,100</u>
Total	<u><u>3,284,183</u></u>	<u><u>2,677,103</u></u>

Notes:

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

During the Reporting Period, the Group's total revenue increased by approximately 22.7% to approximately RMB3,284.2 million (2023: approximately RMB2,677.1 million) compared to the corresponding period in 2023, and the Group's total gross profit increased by approximately 20.2% to approximately RMB396.3 million (2023: approximately RMB329.8 million) compared to the corresponding period in 2023. The Group's total revenue recorded significant growth, mainly due to the significant increase in sales volume of toluene oxidation products and its derivatives. The Group's gross profit for the period increased by approximately 20.2% compared to the same period in 2023, mainly driven by the growth in sales of the toluene oxidation products mentioned above, partially offset by the decrease in gross profit from the product trading business. During the Reporting Period, the overall gross profit margin of the Group decreased by approximately 0.2 percentage points year on year to approximately 12.1% (2023: 12.3%), due to the decline in the gross profit margin of product trading.

During the Reporting Period, the profit attributable to equity holders of the parent company increased by approximately 68.8% to approximately RMB123.0 million (2023: approximately RMB72.9 million), primarily due to the increase in gross profit as mentioned before. Net profit margin increased by approximately 1.0 percentage points to approximately 3.7% (2023: approximately 2.7%), mainly due to the increase in other income during the Reporting Period, such as input VAT surplus deduction, relocation compensation, as well as the increase in share of profits of a joint venture.

Toluene oxidation products and its derivatives accounted for approximately 63.0% of the Group's total revenue for the year ended 31 December 2024 (2023: approximately 56.6%)

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 increased by approximately 36.6% to approximately RMB2,070.0 million compared to the same period in 2023 (2023: approximately RMB1,515.3 million). The downstream application of such products primarily encompass essential consumer goods industries such as food and beverage, pharmaceuticals, and daily chemicals. Driven by the steady recovery of key livelihood industries in 2024, the overall demand has picked up. Leveraging a differentiated business strategy segmented by region and its product variety, the Group has effectively improved the capacity utilization rate of its production facilities and expanded its market share, while ensuring the continued robustness of the profitability of its core business. Specifically, for standard products such as industrial-grade benzoic acid, which the Group has a relatively high market share in the domestic market, it continued to implement a strategy of setting lower selling prices considering customers' price sensitivity. This successfully stimulated a significant year-on-year increase in sales volume. For high-value-added products such as spherical sodium benzoate, which are the Group's main products in the overseas market, the Group achieved an increase in unit price and ensuring profitability through a pricing model that controls the gross profit margin. Meanwhile, capitalizing on the reduced supply capacities among major overseas competitors in toluene oxidation products, the Group aggressively captured vacated market share, resulting in robust export growth.

During the Reporting Period, the total sales volume of such series of products increased by approximately 41.9% to 259,611 tons compared to the same period of last year (2023: approximately 182,969 tons). During the Reporting Period, the average selling price of such series of products decreased to RMB7,973 per ton (2023: approximately RMB8,281 per ton), mainly affected by the price fluctuations of raw materials, especially petroleum toluene, which is the major raw material. The revenue from such series of products accounted for approximately 63.0% of the Group's total revenue (2023: approximately 56.6%).

During the Reporting Period, the total gross profit of such series of products increased to approximately RMB257.8 million (2023: approximately RMB184.4 million), and the gross profit margin of such series of products increased by approximately 0.3 percentage points to approximately 12.5% (2023: approximately 12.2%).

Toluene chlorination products and its derivatives accounted for approximately 21.7% of the Group's total revenue for the year ended 31 December 2024 (2023: approximately 26.4%)

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 increased by approximately 0.8% to approximately RMB711.4 million compared to the same period in 2023 (2023: approximately RMB705.8 million). Despite downstream demand for the major products in such series continuing to be constrained by the sluggish real estate sector, the Group implemented targeted sales pricing adjustments to maintain its market share, which drove a modest increase in sales volume to approximately 96,902 tons (2023: approximately 96,179 tons). The Group's overall average selling price of such series of products remained stable during the Reporting Period. The revenue from such series of products accounted for approximately 21.7% of the Group's total revenue (2023: approximately 26.4%).

During the Reporting Period, the total gross profit of such series of products increased slightly to approximately RMB136.4 million (2023: approximately RMB130.5 million), and the gross profit margin of such series of products rose by approximately 0.7 percentage points to approximately 19.2% (2023: approximately 18.5%). The increase in gross profit and gross profit margin was mainly attributable to the increase in gross profit margin of other fine chemicals related to toluene chlorides.

Products trading accounted for approximately 15.3% of the Group's total revenue for the year ended 31 December 2024 (2023: approximately 17.0%)

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 increased by 10.3% to approximately RMB502.8 million compared to the same period in 2023 (2023: approximately RMB456.0 million). The expansion of the production capacity scale of the Group's toluene oxidation products and the continuous optimization of production capacity utilization rate have driven a year-on-year increase in the procurement volume of petroleum toluene raw materials. Generally, when the inventory of raw materials exceeds the safety stock level, the Group disposes of redundant inventory through the trading market, resulting in a positive correlation between the trading volume of toluene and the procurement scale. This dynamic resulted in increased revenue from products trading. The revenue from products trading accounted for approximately 15.3% of the Group's overall revenue (2023: approximately 17.0%).

During the Reporting Period, the total gross profit from products trading decreased to approximately RMB2.1 million (2023: approximately RMB14.8 million), and the gross profit margin decreased to approximately 0.4% (2023: approximately 3.2%). The decrease in both the gross profit and the gross profit margin was mainly due to the continuous decline in the market price of toluene, a traded commodity, in 2024, making it difficult to maintain the gross profit margin at the same level as last year.

Export

During the Reporting Period, the Group achieved export revenue of approximately RMB835.5 million, representing an increase of approximately RMB218.4 million or approximately 35.4% as compared to the export revenue of approximately RMB617.1 million for the same period in 2023. The growth in the Group's export revenue was primarily attributed to its cost leadership. This was enabled by the advantages of domestic raw material and energy costs, along with the Group's scale production efficiency. Complemented by the consistent quality of its products and its adoption of low-carbon production methods, and integrated with flexible sales strategies and dedicated services, the Group adeptly capitalized on the market shift where the supply capabilities of overseas competitors waned. As a result, it propelled a substantial surge in export volume.

During the Reporting Period, the Group's export revenue accounted for approximately 25.4% of its total revenue, representing an increase of 2.3 percentage points over the same period in 2023 (2023: approximately 23.1%).

REVIEW AND PROSPECTS

During the Reporting Period, the global economy persisted in its moderate to low growth trajectory, with market demand showing no substantial improvement. While inflationary pressures have somewhat subsided, the global trade system is undergoing far-reaching transformations. Geopolitical tensions have escalated, and the multilateral trade framework has been buffeted by trade barriers and protectionist measures. The heightened uncertainty of trade policies across nations has cast a pall over global economic growth and eroded market confidence. The global traditional basic chemical industry has remained mired in a prolonged slump, predominantly weighed down by sluggish demand and mounting cost pressures. In Europe, the chemical sector has witnessed production capacity closures due to exorbitant energy costs, with the aromatic hydrocarbon and olefin industries bearing the brunt of the impact. Although the American market has been buoyed by low natural gas prices, escalating trade frictions have impeded export activities, squeezing the profit margins of enterprises. The Asian market, meanwhile, has emerged as the primary region under duress, where traditional basic chemicals are grappling with a confluence of challenges, including overcapacity, elevated inventory levels, shrinking profit margins, the imperatives of green transformation, and the reconfiguration of international supply chains.

As a renowned supplier of toluene derivatives in both the China and global markets, the Group cannot be immune to the adverse effects of the chemical industry's downturn. Nevertheless, challenges and opportunities have gone hand in hand. The Group has implemented the following strategies: (i) Through meticulous segmentation of the product market by region and product category, coupled with the implementation of a differentiated business approach, the Group has effectively enhanced the capacity utilization of its production facilities, expanded its market share, and safeguarded the sustained profitability of its core business operations; (ii) Capitalizing on the supply shortfalls of major competitors, the Group has further bolstered its market share in export sales; (iii) The Group has explored the latent potential of its existing production capacities, aiming to reduce costs and enhance efficiency. It has achieved a reduction in unit costs by optimizing production processes, enhancing energy efficiency, and undertaking technological upgrades. Thanks to these strategies, the Group's performance has shown a gradual upward trend. The Group's overall revenue increased by approximately 22.7% to approximately RMB3,284.2 million compared to the same period in 2023 (2023: approximately RMB2,677.1 million), and net profit increased by approximately 68.8% to approximately RMB123.0 million compared to the same period in 2023 (2023: approximately RMB72.9 million).

Going forward, the Group will continue to uphold a proactive and steady development strategy. It will proactively address market challenges and fully leverage the Group's long-standing technology, cost, and brand advantages in toluene oxidation and toluene chlorination products. The Group aims to further expand its market share and enhance its profitability. To achieve sustainable growth in production capacity and improve its market position, the Group is committed to implementing the following strategies: (i) Continuously expanding production capacity to maintain its long-term economies of scale and profitability; (ii) Timely responding to changes in market conditions by adjusting sales and pricing strategies; (iii) Further enhancing its R&D capabilities to develop high-value products; (iv) Expanding its sales and marketing networks in the global market; and (v) Tapping the potential of existing production capacity, reducing costs, and increasing efficiency, and lowering unit costs through the optimization of production processes, improvement of energy efficiency, and technological transformation.

In addition, the Phase I of the expansion plan of the Group's Hubei Xinxuanhong Production Plant, with an annual production capacity of 40,000 tons of fine chemicals, was officially put into operation at the end of 2024. The main products include 10,000 tons per year of benzyl acetate, 20,000 tons per year of benzyltoluene, and 10,000 tons per year of dibenzylamine. Among them, dibenzylamine represents an extension of the Group's existing toluene oxidation product chain, while benzyl acetate and benzyltoluene are expansions of the Group's existing toluene chlorination product chain. This project marks the first development of the hydrogenation series and alkylation product lines, which will further expand the application areas of the Group's product portfolio. It is expected that in 2025, this project will bring new growth drivers to the Group's revenue. The Group will continue to invest in Hubei Xinxuanhong Production Plant in accordance with the production expansion plan disclosed in the "Business" and "Future Plans and Use of Proceeds" sections of the Prospectus, and the Group expects Phase II expansion of Hubei Xinxuanhong Production Plant (which has a designed production capacity mainly including 160,000 tons per year of toluene chlorination products and 210,000 tons per year of other fine chemical products) will commence construction in the second half of 2025. It is expected that part of the production capacity of Phase II will be put into operation in 2026, and the remaining production capacity will be constructed and put into use in phases until 2029. The Group expects that these new products will further drive business growth. The Group believes that with the recovery of the economy and the easing of inflation, as well as its continuous efforts, its revenue and profits will continue to improve.

FINANCIAL REVIEW

Revenue and Gross Profit

During the Reporting Period, the Group achieved revenue and gross profit of approximately RMB3,284.2 million and approximately RMB396.3 million respectively, representing an increase of approximately RMB607.1 million and approximately RMB66.5 million as compared to approximately RMB2,677.1 million and approximately RMB329.8 million for the same period in 2023, or an increase of 22.7% and 20.2%, respectively. During the Reporting Period, the Group's gross profit margin was approximately 12.1%, compared to approximately 12.3% for the corresponding period in 2023.

Other Income and Gains

During the Reporting Period, the Group's other income and gains was RMB74.1 million, representing an increase of approximately RMB48.6 million compared to approximately RMB25.5 million for the same period in 2023. Such increase in other income and gains was mainly due to the recognition of more other income during the Reporting Period, such as input VAT surplus deduction, relocation compensation, etc.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses was approximately RMB24.4 million, representing an increase of approximately RMB3.7 million compared to approximately RMB20.7 million for the same period in 2023. Such increase in selling and distribution expenses was mainly attributable to the increase in employees remuneration with our expansion in sales.

During the Reporting Period, the Group's selling and distribution expenses accounted for approximately 0.7% of the Group's revenue (2023: approximately 0.8%).

Administrative Expenses

During the Reporting Period, the Group's administrative expenses was approximately RMB118.4 million, representing an increase of approximately RMB22.9 million compared to approximately RMB95.4 million for the same period in 2023. Such increase in administrative expenses was mainly attributable to the increases in employees remuneration, and taxes.

During the Reporting Period, the Group's administrative expenses accounted for approximately 3.6% of the Group's revenue (2023: approximately 3.6%).

Research and Development Expenses

During the Reporting Period, the Group's research and development expenses was approximately RMB138.0 million, representing an increase of approximately RMB38.0 million compared to approximately RMB100.0 million for the same period in 2023. Such increase in research and development expenses was mainly due to the increase in raw material consumption, employees remuneration and depreciation and amortization due to the addition of seven new R&D projects.

During the Reporting Period, the Group's research and development expenses accounted for approximately 4.2% of the Group's revenue (2023: approximately 3.7%).

Finance Costs

During the Reporting Period, the Group's finance costs was approximately RMB37.4 million, representing an increase of approximately RMB5.1 million as compared to approximately RMB32.3 million for the same period in 2023. Such increase in finance costs was mainly due to increase in loans drawn to support its business operations.

Income Tax Expenses

During the Reporting Period, the Group's income tax expenses was approximately RMB36.0 million, representing an increase of approximately RMB14.2 million compared to approximately RMB21.8 million for the same period in 2023. Such increase in income tax expenses was mainly due to an increase in profit before tax during the Reporting Period compared to the same period in 2023. The Group's effective tax rate slightly decreased from 23.0% for 2023 to 22.7% for the Reporting Period.

Profit for the Year

During the Reporting Period, the Group recorded a net profit of approximately RMB123.0 million, representing an increase of approximately RMB50.1 million or 68.8% compared to approximately RMB72.9 million for the same period in 2023. The Group's net profit margin was approximately 3.7% for the Reporting Period and approximately 2.7% for the corresponding period in 2023.

Basic and diluted earnings per share

For the year ended 31 December 2024, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent were approximately RMB1.45, representing an increase of approximately RMB0.48 or approximately 49.5% compared to the corresponding period in 2023.

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 2024. 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 2024, the Group had cash and cash equivalents of approximately RMB73.7 million (31 December 2023: approximately RMB65.4 million). As of 31 December 2024, the Group had pledged deposits of approximately RMB125.4 million (31 December 2023: approximately RMB40.1 million). The amount of pledged deposits of the Group increased significantly during the Reporting Period, mainly due to the increase in bill financing secured by pledged deposits.

The Group's net current liabilities as at 31 December 2024 and 31 December 2023 were mainly due to bank and other borrowings, of which, the Group had contract liabilities of RMB53.2 million and RMB50.6 million as at 31 December 2024 and 31 December 2023, respectively. As at 31 December 2024, the Group had interest-bearing bank and other borrowings of approximately RMB923.0 million, representing an increase of RMB5.5 million or 0.6% from approximately RMB917.5 million as at 31 December 2023, were primarily due to additional loans financing for its daily business operation as well as for the expansion of its production capacity. The Group expects to roll-forward these loans or repay these loans on schedule using the cash flows it generate 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 RMB1,285 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 2024, the Group had unutilized bank credit line of RMB500 million.

Gearing Ratio

As at 31 December 2024, the Group's gearing ratio (which is calculated at net debt divided by total equity) was approximately 108.4%, representing a decrease as compared to approximately 158.5% as at 31 December 2023.

Current Assets

As at 31 December 2024, the current assets of the Group amounted to approximately RMB950.2 million (31 December 2023: approximately RMB832.6 million), primarily consisting of inventories of approximately RMB292.4 million (31 December 2023: approximately RMB285.3 million), trade and bills receivables of approximately RMB311.4 million (31 December 2023: approximately RMB296.3 million), prepayments and other receivables of approximately RMB147.3 million (31 December 2023: approximately RMB145.4 million), cash and cash equivalents of approximately RMB73.7 million (31 December 2023: approximately RMB65.4 million), and pledged deposits of approximately RMB125.4 million (31 December 2023: approximately RMB40.1 million).

Inventories

The inventories of the Group consist of raw materials, work in progress and finished goods. As at 31 December 2024, the total inventories of the Group amounted to approximately RMB292.4 million, representing an increase of approximately RMB7.1 million as compared with the total inventories of approximately RMB285.3 million as at 31 December 2023. Inventory turnover days were 37 days during the Reporting Period as compared with 47 days for the year ended 31 December 2023. The inventory turnover days for the Reporting Period decreased as compared with the whole year of 2023, mainly due to the sales strategy of lower price for faster turnover adopted by the Company generally in response to market competition. The Group has been focusing on daily inventory management by making reasonable arrangements for business processes such as procurement, production and sales to ensure that inventories are maintained at a reasonable level.

Trade and Bills Receivables

As at 31 December 2024, trade and bills receivables of the Group were approximately RMB311.4 million, representing an increase of approximately RMB15.1 million as compared with that as at 31 December 2023. The increase in trade and bills receivables were mainly due to the increase in revenue in the Reporting Period.

The turnover days for trade and bills receivables were 34 days during the Reporting Period, significantly down from 42 days for the year ended 31 December 2023. This improvement was mainly attributable to the Group's strengthened management of customer credit term and accounts receivable during the Reporting Period. 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 2024, prepayments and other receivables of the Group were approximately RMB147.3 million, representing an increase of approximately RMB1.9 million from approximately RMB145.4 million as at 31 December 2023, mainly due to the increase of deductible input value-added tax, partially offset by the decrease in other receivables from related parties.

Current Liabilities

As at 31 December 2024, the total current liabilities of the Group amounted to approximately RMB1,575.0 million (31 December 2023: approximately RMB1,422.7 million), primarily consisting of trade and bills payables of approximately RMB360.8 million (31 December 2023: approximately RMB149.7 million), other payables and accruals and contract liabilities of approximately RMB286.0 million (31 December 2023: approximately RMB373.0 million), interest-bearing bank and other borrowings of approximately RMB923.0 million (31 December 2023: approximately RMB852.0 million), lease liabilities of approximately RMB3.9 million (31 December 2023: approximately RMB15.9 million), and income tax payable of approximately RMB1.3 million (31 December 2023: approximately RMB32.1 million).

Trade and Bills Payables

As at 31 December 2024, the Group's trade and bills payables amounted to approximately RMB360.8 million, representing an increase of approximately RMB211.1 million as compared to that as at 31 December 2023, which was mainly attributable to the increase in the amount of bill financing secured by pledged deposits during the Reporting Period.

The turnover days for trade and bills payables were 32 days, representing an increase from the trade and bills payables of 25 days for the year ended 31 December 2023. The increase was mainly attributable to the increase in the amount of bill financing adopted by the Group during the Reporting Period, which led to an extension of the related payment terms.

Other Payables and Accruals

As at 31 December 2024, other payables and accruals and contract liabilities of the Group were approximately RMB286.0 million in aggregate, representing a decrease of approximately RMB87.0 million as compared with that as at 31 December 2023, mainly due to payment of dividends payable.

Pledge of Assets

As at 31 December 2024, certain of the Group's property, plant and equipment with net carrying amounts of approximately RMB258.8 million (31 December 2023: approximately RMB270.5 million) were pledged to secure bank and other borrowings and bank facilities granted to the Group.

Material Acquisitions, Disposals and Significant Investment

Save for the production expansion of Hubei Xinxuanhong Production Plant as disclosed above, 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 RMB217.1 million, which mainly related to purchase of property, plant and equipment and leasehold land. At the end of the reporting period, the Group had the contractual commitments amounted to RMB28.0 million, which mainly related to Hubei Xinxuanhong Production Plant.

Future Plans for Material Investment or Capital Assets

Save for the production expansion plan of Hubei Xinxuanhong Production Plant as disclosed above and as disclosed 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 2024 and as at the date of this announcement, the Group had no other plans for material investment or acquisition of capital assets.

Contingent Liabilities

As at 31 December 2024, the Group had no significant contingent liabilities (31 December 2023: 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 arises from sales in currencies other than our functional currencies. The operation of the Group may also be affected by future fluctuation in exchange rate. The Group closely monitors the impact of changes in exchange rate on the Group's foreign currency risk.

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

All bank loans and other borrowings of the Group are denominated in RMB and at fixed interest rates except for an unsecured bank loan in the amount of RMB23.5 million as at 31 December 2024 which is at floating interest. 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 2024:

Use of Proceeds	Proportion (%)	Net proceeds from the Global Offering (HK\$ million)	Utilised amount as of 31 December 2024 (HK\$ million)	Unutilised amount as of 31 December 2024 (HK\$ million)	Expected timetable for fully utilising the unutilised amount ⁽¹⁾
Increasing our production capacity at Hubei Xinxuanhong Production Plant by constructing new production facilities	82.0%	21.2	6.4	14.8	Before December 2028
Research and development activities	3.0%	0.8	0.2	0.6	Before December 2026
Sales and marketing activities	5.0%	1.3	0.4	0.9	Before December 2026
Working capital and general corporate purposes	10.0%	2.6	2.6	0.0	
Total	100%	25.9	9.6	16.3	

Note:

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

As at 31 December 2024, the Group had a total of 626 employees (as at 31 December 2023: 625 employees).

During the Reporting Period, the Group's total staff costs (including wages, bonuses, social insurance and provident fund) amounted to approximately RMB123.9 million (for the year ended 31 December 2023: approximately RMB82.3 million). The increase in staff costs was mainly due to the increase in performance bonuses corresponding to the completion of results target during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other material subsequent events after the period from 31 December 2024 and up to the date of this announcement.

FINAL DIVIDEND

The Board recommends declaring a final dividend of RMB0.4823 per ordinary share for the year ended 31 December 2024. 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 15 May 2025, and will be payable on 9 June 2025 to shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on 23 May 2025. The dividends payable to Shareholders will be declared in RMB and paid in HKD based on the average RMB to HKD central parity rate published by the People's Bank of China over the five business days ending on and including the date of the forthcoming AGM. As of the date of this announcement, the Company's total number of shares is 93,300,000 shares, the total final dividend is approximately RMB45.0 million.

In addition, on October 9, 2024, the Directors approved the declaration of a special dividend of approximately RMB0.4823 per ordinary share, which is distributed from the retained profits of 2023.

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 Monday, 12 May 2025 to Thursday, 15 May 2025, 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 Friday, 9 May 2025 at 4:30 p.m.

To determine the identity of shareholders entitled to receive the final dividend, the Company will also close the Register of Members from Thursday, 22 May 2025 to Friday, 23 May 2025, 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, 21 May 2025 at 4:30 p.m.

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 since the Listing Date and up to the date of this announcement.

COMPLYING WITH THE CORPORATE GOVERNANCE CODE

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

Since the Listing Date and up to the date of this announcement, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the annual consolidated financial statements of the Group for the year ended 31 December 2024. The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been compared by the Group's auditor, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance conclusion has been expressed by the auditor.

Save as disclosed in this announcement, during the Reporting Period, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix D2 to the Listing Rules.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company at www.chinaorganic.com. The annual report of the Company for the year ended 31 December 2024 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company (if necessary) and posted on the above website in due course.

By Order of the Board
Wuhan Youji Holdings Ltd.
Zou Xiaohong

Chairman of the Board and Executive Director

Wuhan, the PRC, 26 March 2025

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