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**WEIli Holdings Limited**  
**偉立控股有限公司**

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

**(Stock Code: 2372)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 5.4% to approximately RMB106.0 million for year ended 31 December 2025 (2024: approximately RMB112.0 million).
- Gross profit increased by approximately 248.5% to approximately RMB11.5 million for the year ended 31 December 2025 (2024: approximately RMB3.3 million).
- The Group recorded a loss attributable to shareholders of the Company of approximately RMB4.1 million for the year ended 31 December 2025 (2024: approximately RMB9.5 million).
- Basic loss per share was approximately RMB0.5 cents for the year ended 31 December 2025 (2024: approximately RMB1.2 cents).
- The Board has resolved not to recommend the declaration of final dividend for the year ended 31 December 2025.

## ANNUAL RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) is pleased to announce the audited consolidated financial results of WElli Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (the “**Year**” or “**FY2025**”) together with the comparative figures for the year ended 31 December 2024 (“**FY2024**”).

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

|   |       | Year ended 31 December |           |
|---|-------|------------------------|-----------|
|   |       | 2025                   | 2024      |
|   | Notes | RMB'000                | RMB'000   |
| Revenue   | 3     | <b>106,025</b>         | 111,977   |
| Cost of sales   |       | <b>(94,571)</b>        | (108,726) |
| <b>Gross profit</b>   |       | <b>11,454</b>          | 3,251     |
| Other income  | 4     | <b>1,618</b>           | 4,987     |
| Other gains and losses  |       | <b>437</b>             | 297       |
| Impairment losses reversed (recognised) under<br>expected credit loss model (“ <b>ECL</b> ”), net |       | <b>1,326</b>           | (1,103)   |
| Selling expenses  |       | <b>(5,753)</b>         | (5,159)   |
| Administrative expenses   |       | <b>(13,069)</b>        | (13,429)  |
| Finance costs   |       | <b>(25)</b>            | (553)     |
| Loss before tax   |       | <b>(4,012)</b>         | (11,709)  |
| Income tax (expense) credit   | 5     | <b>(88)</b>            | 2,219     |
| <b>Loss and total comprehensive expense for the year</b>  | 6     | <b>(4,100)</b>         | (9,490)   |
| Loss per share  |       |                        |           |
| — Basic (RMB cents)   | 7     | <b>(0.5)</b>           | (1.2)     |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

|   |              | <b>As at 31 December</b> |                |
|---|--------------|--------------------------|----------------|
|   |              | <b>2025</b>              | 2024           |
|   | <i>Notes</i> | <b>RMB'000</b>           | <b>RMB'000</b> |
| <b>Non-current assets</b>                   |              |                          |                |
| Property, plant and equipment               | 9            | <b>34,542</b>            | 38,536         |
| Right-of-use assets                         |              | <b>2,769</b>             | 2,846          |
| Intangible assets                           |              | <b>50</b>                | 72             |
| Deferred tax assets                         |              | <b>3,616</b>             | 3,704          |
| Prepayments                                 | 10           | <b>288</b>               | –              |
|   |              | <u><b>41,265</b></u>     | <u>45,158</u>  |
| <b>Current assets</b>                       |              |                          |                |
| Inventories                                 | 11           | <b>45,586</b>            | 40,631         |
| Trade receivables                           | 12           | <b>65,676</b>            | 104,249        |
| Bills receivable                            |              | <b>2,777</b>             | 10,722         |
| Prepayments and other receivables           | 10           | <b>2,336</b>             | 3,440          |
| Pledged bank deposits                       |              | <b>4,285</b>             | 4,347          |
| Cash and cash equivalents                   |              | <b>89,235</b>            | 53,200         |
|   |              | <u><b>209,895</b></u>    | <u>216,589</u> |
| <b>Current liabilities</b>                  |              |                          |                |
| Trade and other payables                    | 13           | <b>43,040</b>            | 47,485         |
| Bank borrowing                              |              | <b>–</b>                 | 2,000          |
|   |              | <u><b>43,040</b></u>     | <u>49,485</u>  |
| <b>Net current assets</b>                   |              | <u><b>166,855</b></u>    | <u>167,104</u> |
| <b>Total asset less current liabilities</b> |              | <u><b>208,120</b></u>    | <u>212,262</u> |

|                                | <b>As at 31 December</b> |                       |
|--------------------------------|--------------------------|-----------------------|
|                                | <b>2025</b>              | 2024                  |
|                                | <b><i>RMB'000</i></b>    | <i>RMB'000</i>        |
| <b>Non-current liabilities</b> |                          |                       |
| Deferred income                | <u>1,500</u>             | <u>1,542</u>          |
| <b>Net assets</b>              | <u><u>206,620</u></u>    | <u><u>210,720</u></u> |
| <b>Capital and reserves</b>    |                          |                       |
| Share capital                  | 6,842                    | 6,842                 |
| Other reserves                 | 169,866                  | 169,866               |
| Retained profits               | <u>29,912</u>            | <u>34,012</u>         |
| <b>Total equity</b>            | <u><u>206,620</u></u>    | <u><u>210,720</u></u> |

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## *FOR THE YEAR ENDED 31 DECEMBER 2025*

### **1. GENERAL INFORMATION**

WEili Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 April 2021 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The Company’s shares (the “Shares”) have been listed (“Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 30 June 2022. The address of its registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and its principal place of business is New Industrial Park, Mi’ersi Town, Hong’an County, Hubei Province, People’s Republic of China (the “PRC”).

The Company and its subsidiaries (the “Group”) are principally engaged in manufacturing and sales of cigarette packaging paper in the PRC.

The directors consider City Ease Limited (“City Ease”), a company incorporated in the British Virgin Islands (the “BVI”), as the ultimate holding company of the Group and Mr. Chen Weizhuang (“Mr. Chen”) as the ultimate controlling shareholder of the Company.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company and its principal subsidiaries.

### **2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS**

#### **Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **New and amendments to HKFRS Accounting Standards in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

|  |  |
|--|--|
| Amendments to HKFRS 9 and HKFRS 7        | Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>             |
| Amendments to HKFRS 9 and HKFRS 7        | Contracts Referencing Nature-dependent Electricity <sup>2</sup>                                    |
| Amendments to HKFRS 10 and HKAS 28       | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup> |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>2</sup>                         |
| HKFRS 18                                 | Presentation and Disclosure in Financial Statements <sup>3</sup>                                   |
| Amendments to HKAS 21                    | Translation to a Hyperinflationary Presentation Currency <sup>3</sup>                              |

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### ***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

### 3. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in manufacturing and sales of cigarette packaging paper. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. The executive directors of the Company consider that there is only one segment which is used to make strategic decisions. Revenue and profit before income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

All of the businesses of the Group are carried out in the PRC during the reporting period. An analysis of the Group’s revenue as well as timing of revenue recognition is as follows:

#### Revenue by types of products or service

|  | Year ended 31 December |                |
|--|------------------------|----------------|
|  | 2025                   | 2024           |
|  | RMB’000                | RMB’000        |
| Goods transferred at point in time                     |                        |                |
| — Sales of cigarette packaging paper and raw materials | 105,632                | 106,153        |
| Services transferred over time                         |                        |                |
| — Processing service income                            | 393                    | 5,824          |
|  | <u>106,025</u>         | <u>111,977</u> |

#### Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

|            | Year ended 31 December |         |
|------------|------------------------|---------|
|            | 2025                   | 2024    |
|            | RMB’000                | RMB’000 |
| Customer A | 40,862                 | 14,100  |
| Customer B | 19,924                 | *       |
| Customer C | 14,339                 | 49,915  |

\* This customer contributed less than 10% of total revenue for the corresponding year.

#### Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for period of one year or less. As permitted under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### 4. OTHER INCOME

|   | Year ended 31 December |              |
|---|------------------------|--------------|
|   | 2025                   | 2024         |
|   | RMB'000                | RMB'000      |
| Interest income                                       | 696                    | 891          |
| Government grants related to income ( <i>Note a</i> ) | 232                    | 3,338        |
| Amortisation of deferred income ( <i>Note b</i> )     | 42                     | 42           |
| Others  | 648                    | 716          |
|   | <u>1,618</u>           | <u>4,987</u> |

*Notes:*

- (a) The amounts mainly represented the incentive subsidies provided by the PRC government to encourage business operation in the PRC. There were no unfulfilled conditions attached to these government grants.
- (b) Government grants relating to the purchase of land use right are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related asset.

#### 5. INCOME TAX EXPENSE (CREDIT)

|   | Year ended 31 December |                |
|---|------------------------|----------------|
|   | 2025                   | 2024           |
|   | RMB'000                | RMB'000        |
| Income tax expense (credit) comprised of: |                        |                |
| Current tax                               |                        |                |
| — PRC Enterprise Income Tax (“EIT”)       | —                      | (351)          |
| Deferred tax                              | 88                     | (1,868)        |
|   | <u>88</u>              | <u>(2,219)</u> |

The income tax expense (credit) for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

|   | <b>Year ended 31 December</b> |                 |
|---|-------------------------------|-----------------|
|   | <b>2025</b>                   | 2024            |
|   | <b>RMB'000</b>                | <b>RMB'000</b>  |
| Loss before tax   | <u><b>(4,012)</b></u>         | <u>(11,709)</u> |
| Tax at PRC EIT rate of 25% (2024: 25%)                                | <b>(1,003)</b>                | (2,927)         |
| Tax effect of expenses not deductible for tax purpose                 | <b>278</b>                    | 154             |
| Effect of different tax rate of group entities                        | <b>1,169</b>                  | 954             |
| Tax effect of tax losses not recognised                               | <b>660</b>                    | 340             |
| Utilisation of tax losses previously not recognised                   | <b>(370)</b>                  | –               |
| Super deduction for research and development expenses ( <i>note</i> ) | <u><b>(646)</b></u>           | <u>(740)</u>    |
| Income tax expense (credit) for the year                              | <u><b>88</b></u>              | <u>(2,219)</u>  |

*Note:* The eligible expenditures represent research and development costs incurred in the PRC and charged to profit or loss, which is subject to an additional 100% tax deduction in the calculation of income tax expense for both years.

## 6. LOSS FOR THE YEAR

|  | <b>2025</b>         | 2024           |
|--|---------------------|----------------|
|  | <b>RMB'000</b>      | <b>RMB'000</b> |
| Loss for the year has been arrived at after charging:  |                     |                |
| Depreciation of property, plant and equipment  | <b>4,381</b>        | 3,029          |
| Depreciation of right-of use assets  | <b>77</b>           | 77             |
| Amortisation of intangible assets  | <b>22</b>           | 22             |
| Cost of inventories recognised as an expense including write-down<br>of inventories of approximately RMB771,000 (2024: RMB390,000) | <b>94,571</b>       | 108,726        |
| Auditor's remuneration   | <b>995</b>          | 860            |
| Research and development costs recognised as an expense<br>(included in administrative expenses)                                   | <b>4,695</b>        | 4,930          |
| Staff cost:  |                     |                |
| Directors' remuneration  | <b>1,226</b>        | 1,233          |
| Other staff cost:  |                     |                |
| Salaries and other allowances  | <b>7,592</b>        | 8,542          |
| Retirement benefit scheme contributions  | <u><b>603</b></u>   | <u>678</u>     |
| Total staff costs  | <u><b>9,421</b></u> | <u>10,453</u>  |

## 7. LOSS PER SHARE

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

|   | Year ended 31 December |                |
|---|------------------------|----------------|
|   | 2025                   | 2024           |
|   | <i>RMB'000</i>         | <i>RMB'000</i> |
| Loss for the year attributable to owners of the Company | <u>(4,100)</u>         | <u>(9,490)</u> |
|   | <b>No. of Shares</b>   | No. of Shares  |
|   | <i>'000</i>            | <i>'000</i>    |
| Number of shares  |                        |                |
| Weighted average number of ordinary shares in issue     | <u>800,000</u>         | <u>800,000</u> |

No diluted loss per share is presented as there were no potential dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

|   | Buildings<br><i>RMB'000</i> | Machinery<br><i>RMB'000</i> | Motor<br>vehicles<br><i>RMB'000</i> | Electronic<br>and other<br>equipment<br><i>RMB'000</i> | Construction<br>in progress<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|-----------------------------|-----------------------------|-------------------------------------|--|---|-------------------------|
| <b>COST</b>                                     |                             |                             |                                     |  |   |                         |
| At 1 January 2024                               | 20,837                      | 19,286                      | 753                                 | 1,317  | –   | 42,193                  |
| Additions                                       | –                           | –                           | –                                   | –  | 22,916  | 22,916                  |
| Transfer  | 375                         | 726                         | –                                   | 3  | (1,104)                                       | –                       |
| Disposals                                       | –                           | (1,675)                     | –                                   | –  | –   | (1,675)                 |
|   | <hr/>                       | <hr/>                       | <hr/>                               | <hr/>  | <hr/>   | <hr/>                   |
| At 31 December 2024                             | 21,212                      | 18,337                      | 753                                 | 1,320  | 21,812  | 63,434                  |
| Additions                                       | –                           | –                           | –                                   | 22   | 555   | 577                     |
| Transfer  | 555                         | 21,812                      | –                                   | –  | (22,367)                                      | –                       |
| Disposals                                       | –                           | (662)                       | –                                   | (104)  | –   | (766)                   |
|   | <hr/>                       | <hr/>                       | <hr/>                               | <hr/>  | <hr/>   | <hr/>                   |
| <b>At 31 December 2025</b>                      | <b>21,767</b>               | <b>39,487</b>               | <b>753</b>                          | <b>1,238</b>   | <b>–</b>                                      | <b>63,245</b>           |
|   | <hr/>                       | <hr/>                       | <hr/>                               | <hr/>  | <hr/>   | <hr/>                   |
| <b>DEPRECIATION AND<br/>IMPAIRMENT</b>          |                             |                             |                                     |  |   |                         |
| At 1 January 2024                               | 8,020                       | 10,626                      | 536                                 | 1,070  | –   | 20,252                  |
| Provided for the year                           | 1,266                       | 1,630                       | 47                                  | 86   | –   | 3,029                   |
| Eliminated on disposals                         | –                           | (1,591)                     | –                                   | –  | –   | (1,591)                 |
| Impairment loss recognised<br>in profit or loss | –                           | 3,208                       | –                                   | –  | –   | 3,208                   |
|   | <hr/>                       | <hr/>                       | <hr/>                               | <hr/>  | <hr/>   | <hr/>                   |
| At 31 December 2024                             | 9,286                       | 13,873                      | 583                                 | 1,156  | –   | 24,898                  |
| Provided for the year                           | 1,279                       | 3,026                       | 13                                  | 63   | –   | 4,381                   |
| Eliminated on disposals                         | –                           | (472)                       | –                                   | (104)  | –   | (576)                   |
|   | <hr/>                       | <hr/>                       | <hr/>                               | <hr/>  | <hr/>   | <hr/>                   |
| <b>At 31 December 2025</b>                      | <b>10,565</b>               | <b>16,427</b>               | <b>596</b>                          | <b>1,115</b>   | <b>–</b>                                      | <b>28,703</b>           |
|   | <hr/>                       | <hr/>                       | <hr/>                               | <hr/>  | <hr/>   | <hr/>                   |
| <b>CARRYING VALUES</b>                          |                             |                             |                                     |  |   |                         |
| <b>At 31 December 2025</b>                      | <b>11,202</b>               | <b>23,060</b>               | <b>157</b>                          | <b>123</b>   | <b>–</b>                                      | <b>34,542</b>           |
|   | <hr/> <hr/>                 | <hr/> <hr/>                 | <hr/> <hr/>                         | <hr/> <hr/>  | <hr/> <hr/>                                   | <hr/> <hr/>             |
| At 31 December 2024                             | 11,926                      | 4,464                       | 170                                 | 164  | 21,812  | 38,536                  |
|   | <hr/> <hr/>                 | <hr/> <hr/>                 | <hr/> <hr/>                         | <hr/> <hr/>  | <hr/> <hr/>                                   | <hr/> <hr/>             |

## 10. PREPAYMENTS AND OTHER RECEIVABLES

|                                       | As at 31 December |              |
|---------------------------------------|-------------------|--------------|
|                                       | 2025              | 2024         |
|                                       | RMB'000           | RMB'000      |
| <b>Included in non-current assets</b> |                   |              |
| Prepayment for equipment              | <u>288</u>        | <u>–</u>     |
| <b>Included in current assets</b>     |                   |              |
| Prepayments                           | 277               | 821          |
| Deposits                              | 1,909             | 2,356        |
| Recoverable of value added tax        | –                 | 11           |
| Others                                | 222               | 305          |
| Less: allowance for credit losses     | <u>(72)</u>       | <u>(53)</u>  |
|                                       | <u>2,336</u>      | <u>3,440</u> |

## 11. INVENTORIES

|                                | As at 31 December |               |
|--------------------------------|-------------------|---------------|
|                                | 2025              | 2024          |
|                                | RMB'000           | RMB'000       |
| Raw materials                  | 33,322            | 31,755        |
| Work in progress               | –                 | 71            |
| Finished goods                 | 12,156            | 8,709         |
| Packaging materials and others | <u>108</u>        | <u>96</u>     |
|                                | <u>45,586</u>     | <u>40,631</u> |

## 12. TRADE RECEIVABLES

|                                   | As at 31 December |                |
|-----------------------------------|-------------------|----------------|
|                                   | 2025              | 2024           |
|                                   | RMB'000           | RMB'000        |
| Trade receivables                 | 71,374            | 111,282        |
| Less: allowance for credit losses | <u>(5,698)</u>    | <u>(7,033)</u> |
|                                   | <u>65,676</u>     | <u>104,249</u> |

The Group allows a credit period of 60 to 180 days to its customers. The aging analysis of the Group's trade receivables based on delivery date at the end of the reporting period are as follows:

|                | <b>As at 31 December</b> |                |
|----------------|--------------------------|----------------|
|                | <b>2025</b>              | 2024           |
|                | <b><i>RMB'000</i></b>    | <i>RMB'000</i> |
| 0 – 90 days    | 42,258                   | 44,500         |
| 91 – 180 days  | 8,087                    | 30,409         |
| 181 – 365 days | 6,121                    | 15,530         |
| Over 1 year    | 14,908                   | 20,843         |
|                | <u>71,374</u>            | <u>111,282</u> |

### 13. TRADE AND OTHER PAYABLES

|  | <b>As at 31 December</b> |                |
|--|--------------------------|----------------|
|  | <b>2025</b>              | 2024           |
|  | <b><i>RMB'000</i></b>    | <i>RMB'000</i> |
| Trade payables                                     | 31,248                   | 32,067         |
| Bills payable                                      | 8,570                    | 9,694          |
| Payroll Payable                                    | 1,340                    | 1,460          |
| Other accrued expenses                             | 974                      | 3,864          |
| Other tax payable excluding income tax liabilities | 709                      | 185            |
| Others   | 199                      | 215            |
|  | <u>43,040</u>            | <u>47,485</u>  |

The credit period on trade purchases is 90 days. Aging analysis of the Group's trade payables based on invoice date at the end of the reporting period is as follows:

|                | <b>As at 31 December</b> |                |
|----------------|--------------------------|----------------|
|                | <b>2025</b>              | 2024           |
|                | <b><i>RMB'000</i></b>    | <i>RMB'000</i> |
| 0 – 60 days    | 23,319                   | 14,843         |
| 61 – 90 days   | 2,263                    | 6,734          |
| 91 – 180 days  | 4,927                    | 7,009          |
| 181 – 365 days | 657                      | 2,602          |
| Over 1 year    | 82                       | 879            |
|                | <u>31,248</u>            | <u>32,067</u>  |

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND FUTURE OUTLOOK**

The Group is a PRC-based cigarette packaging paper manufacturer with research and development capabilities to supply customised products to the customers. The Group supplies products primarily to cigarette package manufacturers which operate in different provinces of the PRC, mainly including Hubei Province and Henan Province. The products sold by the Group are used in the manufacture of cigarette packages for well-known cigarette brands in the PRC.

The Group's products were used as cigarette packaging materials for cigarette brands which were recognised as the "Dual 15 cigarette brands (雙十五煙草品牌)" by the State Tobacco Monopoly Administration (中國國家煙草專賣局). The Group's revenue was mainly derived from the sale of cigarette packaging paper. The Group's products are categorised into (i) transfer paper; (ii) laminated paper; and (iii) frame paper. To a much lesser extent, the Group also provides cigarette packaging paper processing services to cigarette package manufacturers.

During FY2025, the Group proactively decreased orders for products with lower gross margins. This approach led to a reduction in sales volume; however, the overall gross margins for products have improved for FY2025.

Looking into the future, since the demand for tobacco products is inelastic in general due to its product nature, the number of smokers in the PRC is expected to grow in the foreseeable future despite the smoking control policies imposed by the government. In addition, benefiting from the focus of the cigarette industry towards mid-to-high end and the increase in purchasing power of PRC citizens, the demand of mid-to-high-end cigarettes which generally entail the use of cigarette packaging paper with advanced technical features is expected to increase. We will continue to adapt, optimise and manage our resources prudently to seize business opportunities which are beneficial to the long-term growth of the Group. We will continue to draw on our expertise and experience to devise effective strategies to increase our market share.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's overall revenue decreased from approximately RMB112.0 million for FY2024 to approximately RMB106.0 million for FY2025, representing a decrease of approximately RMB6.0 million or 5.4%. Such decrease was mainly due to the Group proactively decreased orders for products with lower gross margins. This approach led to a reduction in revenue; however, the overall gross margins for products have been improved.

### **Cost of sales**

The Group's cost of sales decreased from approximately RMB108.7 million for FY2024 to approximately RMB94.6 million for FY2025, representing a decrease of approximately RMB14.1 million or 13.0%. This reduction exceeded the 5.4% decline in revenue, reflecting the positive impact of the Group's stringent cost-control measures and a more favorable product mix. Consequently, the decrease in cost of sales was more pronounced than the decrease in revenue for the corresponding period.

### **Gross profit and gross profit margin**

The Group's gross profit increased from approximately RMB3.3 million for FY2024 to approximately RMB11.5 million for FY2025, representing an increase of approximately RMB8.2 million or 248.5%, while the Group's gross profit margin increased from approximately 2.9% for FY2024 to approximately 10.8% for FY2025. This growth was primarily driven by the Group's strategic shift toward higher-margin products and effective cost-control measures, which resulted in cost reductions significantly outpacing the decline in revenue.

### **Selling expenses**

The Group's selling expenses increased from approximately RMB5.2 million for FY2024 to approximately RMB5.8 million for FY2025. This increase was primarily driven by higher sales commissions, which aligned with the growth in revenue from the finished packaging paper.

### **Administrative expenses**

The Group's administrative expenses decreased from approximately RMB13.4 million for FY2024 to approximately RMB13.1 million for FY2025 mainly due to the streamlining of staff headcount during FY2025.

### **Impairment losses reversed (recognised) under ECL, net**

We recognised net impairment losses under ECL model, of approximately RMB1.1 million for FY2024 and net reversal of approximately RMB1.3 million for FY2025, mainly due to the decrease in the ECL rate for trade receivables.

### **Other income**

The Group's other income decreased from approximately RMB5.0 million for FY2024 to approximately RMB1.6 million for FY2025 which was mainly due to the decrease in government grants received from approximately RMB3.3 million for FY2024 to approximately RMB0.2 million for FY2025.

### **Other gains and losses**

The Group's other gains and losses increased from approximately RMB0.3 million for FY2024 to approximately RMB0.4 million for FY2025, which was mainly attributable to the increase in gain on disposal of property, plant and equipment.

### **Finance costs**

The Group's finance costs decreased from approximately RMB553,000 for FY2024 to approximately RMB25,000 for FY2025, which was mainly attributable to the decrease in interest expenses on bank borrowing.

### **Income tax (expense) credit**

The Group recorded income tax credit of approximately RMB2.2 million for FY2024 and income tax expense of approximately RMB0.1 million for FY2025 which was mainly due to the provision of deferred taxation.

## **Loss and total comprehensive expense for the year**

The Group's loss and total comprehensive expense narrowed by 56.8% from approximately RMB9.5 million for FY2024 to approximately RMB4.1 million for FY2025. The improved financial performance was primarily attributable to the increase in the Group's gross profit as discussed above.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group since the date of Listing (the “**Listing Date**”) and up to the date of this announcement.

As at 31 December 2025 and 2024, the Company's issued capital was HK\$8.0 million and the number of its issued ordinary Shares was 800,000,000 Shares of HK\$0.01 each. During FY2025, the Company did not hold or sell any treasury shares.

As at 31 December 2025, the Group had total cash and cash equivalents of approximately RMB89.2 million (31 December 2024: approximately RMB53.2 million). The cash and cash equivalents were denominated in Renminbi (“**RMB**”), Hong Kong dollars and United States dollars.

As at 31 December 2025, the Group did not have any bank borrowing (31 December 2024: RMB2.0 million, principally denominated in RMB).

The gearing ratio of the Group as at 31 December 2025, calculated as total borrowing (including bank borrowing) divided by the total equity was nil (31 December 2024: approximately 1%).

## **TREASURY POLICY**

The Group has implemented a series of internal control policies and rules regarding investment to ensure that the purpose of investment is to preserve capital and liquidity, and the Group would only purchase investment products under limited circumstances. The Group's finance department is responsible for managing the investment activities, and investment strategies and decisions of the finance department are subject to review and approval of the Board and management team. Prior to making a proposal to invest in investment products, the Group will assess and ensure that there remains sufficient working capital for the business needs, operating activities, research and development and capital expenditures even after

purchasing such investment products. The Group adopts a prudent approach in selecting investment products. The Group generally analyses the investment products based on its historical financial performance. Should the Group notice any adverse changes to the financial performance of the investment products based on available information, the finance department will report to the Board and take appropriate actions in a timely manner.

## **FOREIGN EXCHANGE EXPOSURE**

The Group transacts mainly in RMB, which is the functional currency of the Group's principal operating subsidiaries. However, the Group retains certain cash and cash equivalents in Hong Kong dollars and United States dollars that are exposed to foreign exchange rate risks. The Board considers that the Group has not exposed to significant foreign exchange risk and no foreign exchange hedging was conducted by the Group during FY2025.

## **CAPITAL EXPENDITURE**

During FY2025, the Group incurred capital expenditures of approximately RMB3.0 million (FY2024: approximately RMB3.7 million), primarily due to purchases of property, plant and equipment.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2025 and 2024, the Group did not have any capital commitment.

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save for the business plans as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus dated 17 June 2022 (the "**Prospectus**"), and as disclosed in the Company's announcement in relation to the acquisition of the machineries and change in use of net proceeds dated 27 October 2023 ("**Acquisition and Change in UOP Announcement**"), the Group did not have any future plan for material investments or capital assets as at 31 December 2025. For details, please refer to the section headed "Use of Proceeds" in this announcement.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES OR JOINT VENTURES**

Save for those disclosed in this announcement, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries and associates or joint ventures during FY2025.

### **PLEDGE OF ASSETS**

As at 31 December 2025, buildings with net book value of approximately RMB9.5 million (31 December 2024: approximately RMB9.9 million) were pledged to secure bills payable of the Group.

As at 31 December 2025, land use right with net book value of approximately RMB2.8 million (31 December 2024: approximately RMB2.8 million), were pledged to secure bills payable of the Group.

As at 31 December 2025 and 2024, the Group did not have any pledged bank borrowing.

The Group's pledged bank deposits were with maturity within one year, denominated in RMB and represented bank deposits pledged to banks for the issuance of bank acceptance bills payable in respect of future settlement to suppliers of the Group.

As at 31 December 2025, the Group did not have any pledged bills receivables (31 December 2024: RMB3,000,000 were pledged to secure bills payable of the Group).

## USE OF PROCEEDS

The net proceeds from the Listing, after deducting related expenses, were approximately HK\$90.3 million (the “**Net Proceeds**”). The balance of the net proceeds brought forward at the beginning of FY2025 was approximately HK\$52.0 million. An analysis of the utilisation of the use of proceeds from the Listing Date and up to 31 December 2025 is set out below:

| Description  | Intended<br>use of proceeds<br><i>HK\$' million</i> | Utilised<br>amount during<br>the Reporting<br>Period<br><i>HK\$' million</i> | Utilised<br>amount as at<br>31 December<br>2025<br><i>HK\$' million</i> | Unutilised<br>amount as at<br>31 December<br>2025<br><i>HK\$' million</i> | Expected<br>timeline for<br>utilising the<br>unutilised<br>Net Proceeds |
|--|---|--|---|---|---|
| Expanding the Group’s production capacity, production efficiency and product portfolio                                     | 33.3  | 1.0  | 2.3   | 31.0  | Before<br>31 December<br>2027   |
| Enhancing the Group’s research and development capabilities  | 17.6  | –  | 1.1   | 16.5  | Before<br>31 December<br>2027   |
| Enhancing the Group’s enterprise resource planning system and infrastructure system  | 0.1   | –  | 0.1   | –   | Fully utilised  |
| Increasing the Group’s marketing efforts   | 2.6   | 0.5  | 0.9   | 1.7   | Before<br>31 December<br>2027   |
| Acquisition of printing machineries and positioning crosscutting machine for coloured cigarette packaging paper production | 22.9  | 1.3  | 22.9  | –   | Fully utilised  |
| Reserved as the Group’s general working capital  | 13.8  | –  | 13.8  | –   | Fully utilised  |
|  | <u>90.3</u>   | <u>2.8</u>   | <u>41.1</u>   | <u>49.2</u>   |   |

There has been a delay in the application of the Net Proceeds for (i) expanding the Group's production capacity, production efficiency and product portfolio, (ii) enhancing the Group's research and development capabilities and (iii) increasing the Group's marketing efforts. The reasons for the delay were that demand for cigarette packaging was lower than expected due to the global economic downturn and a decline in sales demand, which led to a slower rate of utilisation of the Net Proceeds allocated as mentioned above. With the gradual recovery of the cigarette packaging sector, the Company will apply the unutilised portion of the Net Proceeds as and when appropriate with reference to the pace of recovery of the cigarette packaging sector according to the manner disclosed in the Prospectus and the Acquisition and Change in UOP Announcement. All the unutilised balance of the Net Proceeds had been placed in licensed banks in the PRC as at 31 December 2025.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the declaration of final dividend for FY2024 and FY2025.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2025, the Group had a total of 80 employees, as compared to a total of 83 employees as at 31 December 2024. Remuneration to our employees comprises salaries, wages, bonuses and other benefits. The Group generally reviews the performance of the employees by way of annual appraisals. The results of these reviews are used for the purposes of salary adjustments and promotion. The total staff costs incurred by the Group for FY2025 was approximately RMB9.4 million compared to approximately RMB10.5 million for FY2024. Various on-the-job trainings were provided to the employees. The Group provides various trainings including induction training for new employees, on-the-job training, team-building training and external training for the employees to keep them abreast of the latest technical development relevant to the industry.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal, autonomous regional and provincial governments for its employees in the PRC. The Group is required to make contributions to the retirement plans at certain percentage of the employees' payroll. For FY2025 and FY2024, no forfeited contributions may be used by the Group to reduce the existing level of contributions.

## **EVENTS AFTER 31 DECEMBER 2025**

There is no material subsequent event requiring disclosure that has taken place after 31 December 2025 and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE**

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). During the Listing Date to the date of this announcement, the Company has complied with all the applicable code provisions of the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the required standard for securities transactions by Directors. All Directors, after specific enquiries being made by the Company, confirmed that they have complied with the required standard set out in the Model Code since the Listing Date and up to 31 December 2025.

## **BOARD OF DIRECTORS**

The Board is responsible for the formulation of business policies and strategies of the Group, the nomination and appointment of Directors, and to ensure the availability of resources as well as the effectiveness of its system of internal control. The senior management was delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various duties and responsibilities as set out in their terms of reference respectively. Each Director shall ensure that he or she carries out his or her duty in good faith in compliance with the standard of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

The Company is governed by the Board which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

## **AUDIT COMMITTEE**

The Company has established the audit committee (the "**Audit Committee**") on 2 June 2022 with written terms of reference. The composition of the Audit Committee meets the requirement of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of

financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board. The Audit Committee comprises three Independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. Liu Yimin and Ms. Feng Yuan. Mr. Chen Yeung Tak is the chairperson of the Audit Committee.

The Group's annual results for FY2025 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the annual results for FY2025 comply with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## **ANNUAL GENERAL MEETING (“AGM”) AND CLOSURE OF REGISTER OF MEMBERS**

The forthcoming AGM is scheduled to be held on Friday, 22 May 2026. A notice convening the AGM will be issued and despatched to the shareholders of the Company according to the articles of association of the Company, the Listing Rules and other applicable laws and regulations.

The register of members of the Company will be closed from Tuesday, 19 May 2026 to Friday, 22 May 2026 (both days inclusive), during which period no transfer of shares of the Company may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificate(s) should be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Monday, 18 May 2026.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2025 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities or any treasury shares.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the Company's website at [www.weiliholdings.com](http://www.weiliholdings.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2025 annual report of the Company will be issued and made available on the above websites.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 25 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the FY2025.

On behalf of the Board  
**WElli Holdings Limited**  
**Chen Weizhuang**  
*Chairman and Executive Director*

Hong Kong, 25 March 2026

*As at the date of this announcement, the Board comprises Mr. Chen Weizhuang and Mr. Yu Tianbing as executive Directors, Mr. Hu Haoran as non-executive Director, and Mr. Liu Yimin, Mr. Chen Yeung Tak and Ms. Feng Yuan as independent non-executive Directors.*