The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of this Post Hearing Information Pack, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Post Hearing Information Pack.

Post Hearing Information Pack of

CNGR Advanced Material Co., Ltd.

中偉新材料股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

WARNING

The publication of this Post Hearing Information Pack is required by The Stock Exchange of Hong Kong Limited (the "**Exchange**") and the Securities and Futures Commission of Hong Kong (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

This Post Hearing Information Pack is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its joint sponsors, overall coordinators, advisors or member of the underwriting syndicate that:

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or supplemental, revised or replacement pages on the Exchange's website does not give rise to any obligation of the Company, its joint sponsors, overall coordinators, advisors or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) the Post Hearing Information Pack is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, its sponsors, overall coordinators, advisors or members of the underwriting syndicate is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;

(j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this Document, you should obtain independent professional advice.

CNGR Advanced Material Co., Ltd.
中偉新材料股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	:	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	:	**HK$[REDACTED] per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
[REDACTED]	:	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**

Morgan Stanley

华泰国际 HUATAI INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Document.

A copy of this Document, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Document or any other documents referred to above.

The **[REDACTED]** is expected to be determined by agreement between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), and our Company on the **[REDACTED]**, which is expected to be on or before **[REDACTED]**. The **[REDACTED]** will not be more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]**. If, for any reason, the **[REDACTED]** is not agreed by 12:00 noon on **[REDACTED]**, **[REDACTED]** between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company, the **[REDACTED]** will not proceed and will lapse.

Applicants for **[REDACTED]** may be required to pay, on application (subject to application channels), the maximum **[REDACTED]** of HK$ **[REDACTED]** for each **[REDACTED]** together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%, subject to refund if the **[REDACTED]** as finally determined is less than HK$**[REDACTED]**.

The [REDACTED], for themselves and on behalf of the [REDACTED], may, where considered appropriate and with the Company's consent, reduce the number of [REDACTED] being [REDACTED] offered under the [REDACTED] and/or the indicative [REDACTED] range stated in this Document at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range will be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the website of the Company at www.cngrgf.com.cn as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. See "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this Document for further details.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See [REDACTED] in this Document for further details. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Document, including the risk factors as set out in the section headed "Risk Factors" in this Document.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be **[REDACTED]**, sold, pledged or transferred within the United States or to, or for the account or benefit of US persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The **[REDACTED]** may be **[REDACTED]**, sold or delivered (a) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in reliance on Regulation S.

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This Document is issued by us solely in connection with the **[REDACTED]** *and does not constitute an* **[REDACTED]** *to sell or a solicitation of an* **[REDACTED]** *to buy any security other than the* **[REDACTED]** *by this Document pursuant to the* **[REDACTED]**. *This Document may not be used for the purpose of, and does not constitute, an* **[REDACTED]** *or a solicitation of an* **[REDACTED]** *to* **[REDACTED]** *for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public* **[REDACTED]** *of the* **[REDACTED]** *or the distribution of this Document in any jurisdiction other than Hong Kong. The distribution of this Document and the* **[REDACTED]** *and sale of the* **[REDACTED]** *in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

You should rely only on the information contained in this Document to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Document. Any information or representation not made in this Document must not be relied on by you as having been authorized by us, the Joint Sponsors, **[REDACTED]** *any of our or their respective directors, officers, employees, agents, advisers or representatives, or any other person or party involved in the* **[REDACTED]**.

Page

Expected Timetable i

Contents iii

Summary 1

Definitions 27

Glossary of Technical Terms 37

Forward-Looking Statements 40

Risk Factors 42

Waivers from Strict Compliance with the Listing Rules 75

Information about this Document and the [REDACTED] 83

Directors and Parties Involved in the [REDACTED] 87

Corporate Information 90

Industry Overview 92

Regulatory Overview 114

History, Development and Corporate Structure 145

Business 154

Connected Transactions 237

CONTENTS

Page

Directors and Senior Management 248

Share Capital 257

Substantial Shareholders 260

Relationship with the Controlling Shareholders 261

Financial Information 266

Future Plans and Use of [REDACTED] 324

[REDACTED] 327

Structure of the [REDACTED] 337

How to Apply for [REDACTED] 345

Appendix I **Accountants' Report** I-1

Appendix IA **Unaudited Interim Condensed Consolidated Financial Information** IA-1

Appendix II **Unaudited [REDACTED] Financial Information** II-1

Appendix III **Taxation and Foreign Exchange** III-1

Appendix IV **Summary of Principal Legal and Regulatory Provisions** IV-1

Appendix V **Summary of Articles of Association** V-1

Appendix VI **Statutory and General Information** VI-1

Appendix VII **Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display** VII-1

SUMMARY

This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to invest in the **[REDACTED]**. *There are risks associated with any investment. Some of the particular risks in investing in the* **[REDACTED]** *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to invest in the* **[REDACTED]**.

OVERVIEW

Who we are

We are a new energy materials company. We are primarily engaged in the research and development (R&D), production and sales of new energy battery materials with a focus on cathode active material precursors (pCAM), and new energy metal products. We are the global leader of nickel-based and cobalt-based cathode active material precursors (pCAM) for lithium-ion batteries, ranking the first by shipment volume for five consecutive years since 2020 with market share of 20.3% and 28.0% in terms of nickel-based pCAM and cobalt-based pCAM in 2024, respectively(1). We ranked the first globally in 2024 in terms of sales value for all pCAM products, with a market share of 21.8%. Our new energy battery materials are essential to lithium-ion batteries that are widely used in EV, ESS, consumer electronics, as well as applications with higher power demands and therefore strong commercial potentials, such as AI-enabled consumer electronic devices, humanoid robotics and low-altitude aerial vehicles(2).

Starting from R&D for new energy battery materials, we have since established an integrated operation spanning from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling. Our integrated supply chain enables us to sell new energy metal products, which mainly include nickel intermediates and electrolytic nickel, as well as certain by-products of the nickel extraction process such as cobalt and copper. We have built a global presence in terms of customer base, supply chain and manufacturing sites, which propels our growth and future development. By production volume, we ranked the sixth in the global nickel product market in 2024, with a market share of 3.7%(3).

Riding on the back of our technological know-how and vertically integrated operation globally, we have achieved global leadership in the new energy battery materials industry.

Our business and products

Our vertically integrated business model enables us to deliver a comprehensive product matrix that includes nickel-based, cobalt-based, phosphorus-based, sodium-based and other innovative new energy

Notes:

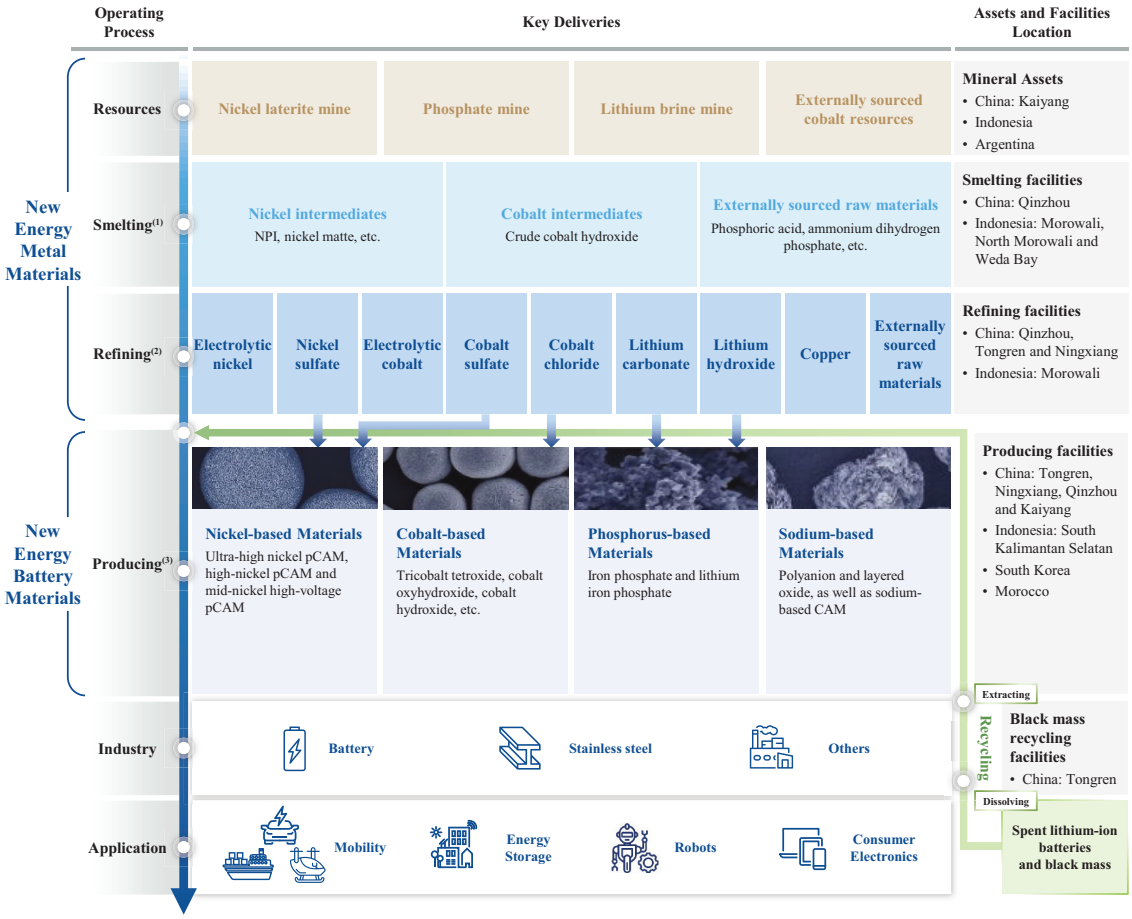
(1) Nickel-based pCAM, phosphorus-based pCAM and cobalt-based pCAM are the mainstream pCAM. In terms of sales value, the nickel-based pCAM, phosphorus-based pCAM and cobalt-based pCAM accounted for 75.2%, 23.1% and 1.2% of the total pCAM market in 2024, together of which accounted for 99.6% of the overall pCAM market in terms of sales value in 2024.

(2) According to the Frost & Sullivan, typically, more than 96.7% of the nickel-based materials are used in EV and low-altitude aerial vehicles, almost all of the cobalt-based materials are used in consumer electronics, and more than 97.5% of the phosphorus-based materials are used in EV and ESS.

(3) According to the Frost & Sullivan, among the major kinds of new energy metal materials, the production volume of nickel, cobalt, lithium and copper was 3.5 million metal tons, 0.3 million metal tons, 0.2 million metal tons and 23.0 million metal tons globally in 2024, respectively.

By sales value, the market size of pCAM of RMB87.7 billion and market size of new energy metals of RMB2,455.8 billion accounted for approximately 3.2% and 90.6% of the global market size of new energy materials in 2024, respectively, which consisted of (i) new energy battery materials of RMB256.0 billion, including pCAM, CAM, anodes, electrolyte fluid and separators, and (ii) the new energy metals of RMB2,455.8 billion, including lithium, nickel, cobalt and copper.

battery materials, along with new energy metal products. During the Track Record Period, substantially all of our new energy battery materials are pCAM, with all nickel-based and cobalt-based materials being pCAM. To better serve our customers and address evolving market demand, we launched phosphorus-based CAM in the second half of 2024. The chart below illustrates our vertically integrated business model and product matrix:



Note:

(1) The smelting process typically takes two to three days for nickel intermediates. Delivered intermediates include NPI (with a nickel content typically below 15%), low-grade nickel matte (with a nickel content typically ranging between 10% to 30%), high-grade nickel matte (with a nickel content typically exceeding 70%), etc.

(2) The refining process typically takes 11 to 13 days to produce electrolytic nickel (a high-purity form of nickel), nickel sulfate (with a nickel content typically around 23%), and cobalt sulfate (with cobalt content typically around 20.5%), etc.

(3) The producing process typically takes 10 to 25 days for nickel-based materials, seven to 18 days for cobalt-based materials, around 1 day for phosphorus-based materials, and three to six days for sodium-based materials. Nickel-based materials include ultra-high nickel pCAM (with nickel content of at least 90 mol%), high-nickel pCAM (with nickel content of at least 80 mol%), and mid-nickel pCAM (with nickel content of at least 50 mol%). Cobalt-based materials include tricobalt tetroxide (with cobalt content ranging between 70% to 75%).

Leveraging our expertise in the market, we engaged in metals trading to better inform our core business and broaden our connections and reach in the industry since 2022. In our metals trading operations, we procure finished metal commodities, primarily electrolytic nickel, and subsequently sell them to buyers in the market to capture the price differentials.

Since 2017, we from time to time resold externally sourced nickel raw materials, such as nickel matte, to maintain an optimal inventory level in response to the raw material price fluctuations. The nickel raw

materials were procured externally for the initial purpose of producing our own products, as compared with the finished metal commodities under our metals trading business, which were held for future trading purpose only.

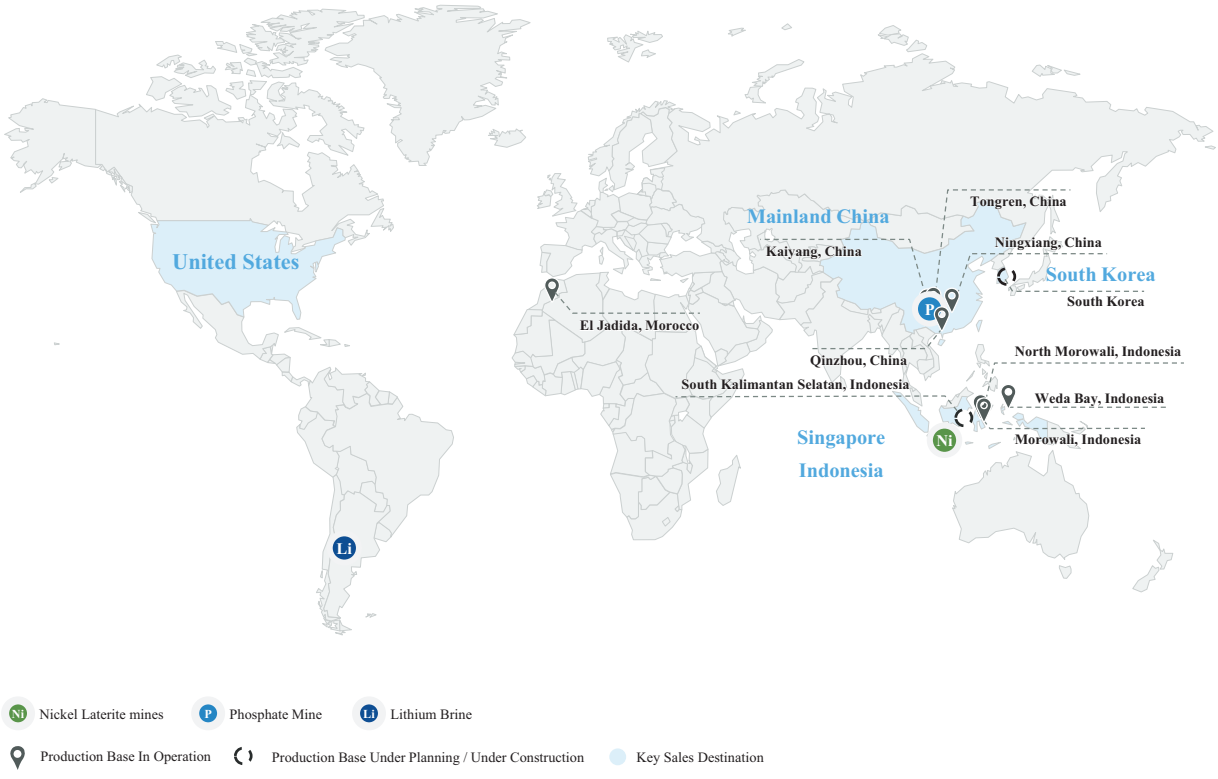
Moreover, benefiting from our strong R&D and production capabilities, we also provide contract manufacturing services to our customers from time to time since 2017. Customers who have access to upstream raw material resources may choose to engage us for contract manufacturing services for our advanced technology, quality of products and large-scale production capacity of new energy battery materials, rather than purchasing new energy battery materials directly from us, when it more cost-effective for them. Under such arrangement, the customers will be responsible to provide relevant raw materials, and we will manufacture the relevant new energy battery materials according to the specifications required by the customers.

Our R&D achievements

We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. This enables us to achieve rapid product iteration. Since our inception, we have been continuously developing new products tailored to customer needs and adopting advanced technologies to enhance efficiency. Our breakthroughs include industry-first ultra-high nickel pCAM, 4.55V high voltage cobalt-based pCAM, and low-cost NFPP pCAM; experimental titanium-doped LFP pCAM; our pioneer position as the first in the world to employ eco-friendly OESBF pyrometallurgical technique to smelt lateritic nickel ores; and our centrifugal extraction technology that has transformed the nickel and cobalt hydrometallurgy. See "Business — Strength — Commitment in R&D and continuous technology achievements to enable delivery of high-quality, cost-efficient products and driving new applications."

Our global footprint

We have established a global presence in terms of customer base, supply chain and manufacturing sites, which propels our growth and future development. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, revenue from our direct customers outside of China accounted for 33.7%, 41.1%, 44.5%, 45.4% and 50.6% of our total revenue, demonstrating high recognition of our products worldwide. We have also built a global supply chain with access to high-quality and cost-effective resources, including nickel, phosphate and lithium resources, allowing us to secure a stable and cost-efficient supply of raw materials consistently and enhance our business resilience. All our production bases are strategically located — either close to upstream resources or positioned to serve demands in key end markets, granting us the maximum flexibility. We position our production bases to capitalize on tremendous global demand across Asia, Europe and North America, while maintaining the agility to navigate market complexities. Specifically, we established production bases in China, the world's largest producer of new energy batteries, to remain close to a number of key customers. In Indonesia, our production bases serve as a regional hub for South and Southeast Asia, leveraging the country's abundant, high-quality and cost-effective nickel resources as well as its well-established nickel value chain. In Morocco, our production base operates as a strategic hub for the European and American markets, supported by abundant phosphate and clean energy resources and an established phosphate industry value chain. Finally, our production base in South Korea, the second-largest producer of new energy batteries in terms of shipment volume in 2024, positions us near key customers in the region. As of June 30, 2025, we had four production bases in China, three production bases in Indonesia, one production base in Morocco and one production base under planning in each of Indonesia and South Korea. We also form strategic partnerships with leading local industry players in our global expansion.



Our high-quality customers

We have a high-quality customer base globally covering industry leading players in new energy materials, battery, automotive and consumer electronics industries. We supply leading cathode companies directly and act either as a direct supplier or an indirect supplier (by providing products to the designated

cathode companies) to world-renowned battery companies and top automotive brands. Notably, we supplied to top 10 global EV battery manufacturers by shipments in 2024. We have forged strong and long-term relationship with these customers.

Our sustainable development

We actively promote the United Nations Sustainable Development Goals. As a member of the United Nations Global Compact (UNGC) since May 2023, we support UN's Sustainable Development Goals (SDGs) and adhere to the ten principles of the UNGC. We have established a comprehensive sustainable development system and maintained regular communication with our stakeholders regarding our ESG governance, strategies, actions, and achievement of objectives.

We are dedicated to building a responsible supply chain that encompasses best practices related to labor, health and safety, environment, compliance management systems, business ethics, and carbon emission performance. Notably, we are actively promoting the use of green energy in our production process. In addition, our OESBF process effectively enhances multi-metal recovery while significantly reducing coal consumption and, lowering carbon emissions by approximately 10%, compared to RKEF method. We have also built facilities to recycle valuable metals from black mass, which in turn is recycled from spent lithium-ion batteries. Our recycling initiatives reduce waste, and minimize the environmental impact associated with traditional mining and smelting.

Due to our strong ESG performance in 2024, our MSCI ESG rating was upgraded to AA from BBB in 2025.

PRODUCTION

Our production is integrated across the new energy materials value chain from upstream new energy metals mining, smelting and refining to new energy materials production and to recycling, with new energy battery materials at our core. We began as a pCAM specialist and have since expanded our product portfolio while building supply chain capabilities in upstream mineral resources, smelting and refining, and further in downstream recycling, to support and secure our production of new energy battery materials. See "Business — Production."

New energy battery materials production

We produce our new energy battery materials at our production bases in China and overseas. As of the Latest Practicable Date, we operated five production bases capable of manufacturing these materials, including four in China that covered all categories of our new energy battery materials, and one in Morocco focused on nickel-based pCAM. Depending on the types of new energy battery materials produced, the raw materials for new energy battery materials include nickel—, cobalt—, manganese—, sodium— and ferrous—based metal compounds and phosphoric acid. See "Business—Production—Production Bases". We also plan to build a production base in Indonesia and another in South Korea, both dedicated to nickel-based pCAM production.

Mineral resources, smelting and refining

We strategically invested in nickel laterite, phosphate and lithium brine resources. As of the Latest Practicable Date, we held 51.0%, 48.8% and 46.7% equity interests in three nickel laterite mines in Indonesia, respectively, all of which granted us pre-emptive rights to the ores, enabling us to direct the majority of these ores to our local smelting facilities at market price. As of the Latest Practicable Date, we held 100.0% equity interest in a phosphate mine in Kaiyang, China, which was under construction. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang phosphate mine. Upon completion of the capital increase, the state-owned partnership will hold

approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% equity interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025. As of the same date, we also held 100.0% interest in a lithium brine mine and 49.9% equity interest in another lithium brine mine with the remaining 50.1% equity interest to be transferred to us by the end of January 2026 in Argentina, both of which remained undeveloped. See "Business - Mineral Resources," and "Waiver From Strict Compliance With the Listing Rules - Acquisition after the Track Record Period."

During the Track Record Period and up to the Latest Practicable Date, two of our nickel laterite mines were under operation, of which we held 48.8% and 46.7% equity interests respectively. We have secured pre-emptive rights for lateritic nickel ores produced at both of the nickel laterite mines under operation. The table below sets forth the allocation of nickel lateritic ores between the us and other customers of the those two nickel laterite mines.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Amount of nickel latertic ores allocated to the Group				
Nickel lateritic mine 2	–	–	513.2	535.4
Nickel lateritic mine 3	–	–	87.6	345.5
Total	**–**	**–**	**600.8**	**880.9**
Amount of nickel lateritic ores allocated to its other customers				
Nickel lateritic mine 2	–	–	–	–
Nickel lateritic mine 3	1,078.5	1,869.2	2,130.0	1,774.5
Total	**1,078.5**	**1,869.2**	**2,130.0**	**1,774.5**

We determine the procurement amount of nickel lateritic ores through a comprehensive evaluation of several factors, including ore grade, suitability for specific production processes, and overall economic efficiency. During the Track Record Period, we procured all lateritic nickel ores produced at nickel lateritic mine 2, as we enjoy the pre-emptive rights for the lateritic nickel ores produced at this mine, and procured all lateritic nickel ores produced to satisfy our production needs. We only procured a small portion of nickel lateritic ores produced at nickel lateritic mine 3 for the following considerations: (i) the ore procured from this mine is mainly supplied to the Morowali production base. Given Indonesia's status as an archipelago, cross-island transportation of ore involves significant logistics expenses, making it uneconomical to supply ore from this mine to other production bases; and (ii) the ore currently being extracted was from the surface layer in this nickel laterite mine, most of which is more suitable for other production processes than those adopted in Morowali production base.

Save for the above two nickel latertie mines, the remaining mines were not under operation during the Track Record Period and up to the Latest Practicable Date. Specifically, our nickel laterite mine 1 is expected to commence extraction in the second half of 2025, our two lithium brine mines are expected to launch the first production line in 2030, and our phosphate mine is expected to launch trial production in 2028.

Our smelting facilities are located in our three production bases in Indonesia, close to our nickel laterite resources, and one production base in China. We employ pyrometallurgical techniques, including the OESBF and RKEF processes, to produce nickel intermediates, including NPI, low-grade and high-grade nickel matte, from lateritic nickel ores sourced locally. We also extract cobalt, copper and precious metals as by-products through the smelting process.

Our refining facilities, located in our production bases in both China and Indonesia, are equipped with flexible production lines capable of processing nickel and cobalt intermediates into high-quality raw

materials for new energy battery materials or into high-purity metals such as electrolytic nickel, cobalt and copper.

Black mass recycling

As part of our integrated operations, we have built facilities in our domestic production bases to recover valuable metals such as nickel, cobalt and lithium from mixed metal concentrates, known as "black mass," a composite material rich in nickel, cobalt, lithium and other metals, recycled from spent lithium-ion batteries. Black mass recycling not only serves as a cost-effective source of these essential materials for our new energy battery materials production, while reducing waste and minimizing the environmental impact associated with traditional mining and smelting, paving the way for our commitment to a greener, more sustainable future. We typically source spent lithium-ion batteries and black mass from EV manufacturers and other new energy materials suppliers. During the Track Record Period, the recycled materials from black mass were used as raw materials to produce our new energy battery materials. We are among the few in China accredited by MIIT for both sorting spent power batteries, and dismantling spent power batteries and refining black mass. See "Business — Production — Black Mass Recycling."

Product pricing

We generally determine our pricing for new energy battery materials based on the costs of metal materials as well as the costs of development and manufacturing. For example, high-nickel products are priced higher than mid-nickel products. Since metal prices constitute a significant portion of our overall product cost, our pricing strategy is closely tied to how we source and price metal materials.

For international customers, including the customers in Hong Kong, we typically refer the monthly average LME nickel price and MB cobalt price as the pricing benchmark, and for customers in China, we use the SMM and SHFE prices. The selection of the market platforms used as the pricing reference is primarily determined by the location of our customers. The price trends across these major exchanges are largely consistent, with no significant discrepancies observed among them. After determining the benchmark metal price, we will apply a certain discount rate to it to price our products. While the discount rates for different products are primarily driven by industry factors, we still actively negotiate with our customers to obtain a more favorable discount rate within the industry norm. Typically, higher discount rates are applied when determining the selling prices for customers who maintain long-term business relationships with us and have substantial volume requirements. In some cases, when customers directly supply the metal materials, our product pricing is primarily based on the costs of development and manufacturing.

The pricing of our new energy metals is referenced to benchmark prices published by the LME/MB or SMM/SHFE, depending on the markets in which we sell our products.

As a result of such pricing mechanism, fluctuations in prices of metal and other major raw material prices impact our revenue from sales of new energy battery materials and new energy metals. The prices of these metals and key raw materials have historically experienced significant fluctuation. The table below summarizes the historical and estimated global price trends for our major new energy battery materials and their major raw materials. See "Industry Overview – New Energy Battery pCAM Materials Prices and Costs."

	Average Price (RMB'000 per ton)													
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Nickel-based pCAM	107.3	126.2	88.7	78.7	117.7	127.5	104.5	68.6	66.7	64.8	63.0	61.2	59.5	57.9
Cobalt-based pCAM	333.0	409.8	197.8	194.9	302.8	312.7	160.8	103.3	172.6	153.4	161.8	172.3	183.7.	191.5
Phosphorus-based pCAM	15.8	14.8	10.9	10.6	14.3	21.0	13.3	9.2	11.1	12.6	14.4	15.8	17.3	18.8
Phosphorus-based CAM	95.0	65.6	50.3	37.3	60.1	157.8	91.6	38.9	37.5	36.1	34.8	33.6	32.4	31.2
Nicke	70.3	86.9	96.0	95.5	119.3	175.5	152.2	120.6	105.9	99.4	100.6	102.8	105.5	107.6
Cobalt	428.1	523.4	239.8	237.7	345.6	457.8	246.1	193.2	241.6	217.4	206.5	201.4	198.8	197.6
Concentrated phosphoric acid	5.4	5.2	5.0	5.4	8.9	10.4	7.8	7.1	7.5	8.0	8.5	8.8	9.1	9.4

COMPETITIVE STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth:

- Leading global pCAM company that benefits from high market share and growth opportunities driven by energy transition
- Commitment in R&D and continuous technology achievements to enable delivery of high-quality, cost-efficient products and drive new applications
- Established international presence and outstanding globalization capabilities to capitalize on tremendous global demand while navigating market complexities
- Trusted partners of global top-tier high-quality customers with strong and long-standing relationship
- Flexible, vertically-integrated operations to ensure a secure, green supply chain and maximize value
- Advanced engineering and manufacturing capabilities to achieve optimal operational efficiency and superior product quality
- Experienced and entrepreneurial management team with strong execution capabilities

See "Business – Strengths."

GROWTH STRATEGIES

We will continue to pursue the following strategies to drive further growth:

- Leverage technologies to address the emergent demands fueled by industry tailwinds
- Continue to enhance global footprint and strengthen stable supply of upstream resources

- Capitalize on our expertise in industrial integration to strengthen our supply chain and expand our industrial ecosystem

- Promote digitalization and intelligent technologies across all aspects of operation

See "Business – Growth Strategies."

CUSTOMERS AND SUPPLIERS

Our direct and indirect customers are mainly leading companies in the global new energy materials, battery, automotive and consumer electronics industries. In 2022, 2023 and 2024 and the six months ended June 30, 2025, revenue from our five largest customers in each year during the Track Record Period amounted to RMB17,589.7 million, RMB14,984.2 million, RMB11,734.9 million and RMB7,245.9 million respectively, accounting for 58.0%, 43.7%, 29.2% and 34.0% of our total revenue in the respective periods. In 2022, 2023 and 2024 and the six months ended June 30, 2025, revenue from our largest customer in each year during the Track Record Period amounted to RMB5,513.0 million, RMB4,524.5 million, RMB3,548.0 million and RMB2,026.2 million, respectively, accounting for 18.2%, 13.2%, 8.8% and 9.5% of our total revenue in the respective periods.

Our suppliers are primarily raw materials, equipment, and engineering service providers. In 2022, 2023 and 2024 and the six months ended June 30, 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB14,662.7 million, RMB13,734.0 million, RMB10,454.1 million and RMB5,116.3 million, accounting for 36.5%, 36.6%, 24.9% and 25.7% of our total purchases in the respective periods. In 2022, 2023 and 2024 and the six months ended June 30, 2025, purchases from our largest supplier in each year during the Track Record Period amounted to RMB5,065.5 million, RMB6,076.5 million, RMB2,713.2 million and RMB1,455.9 million, accounting for 12.6%, 16.2%, 6.5% and 7.3% of our total purchases in the respective periods.

During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers or suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

COMPETITION

We operate our core business in the new energy battery materials market, which is relatively concentrated with significant barriers to entry. These entry barriers include robust R&D capabilities, strong customer recognition with lengthy certification process, access to key mineral resources and substantial capital investment. Competition among the leading players in the market remains intense.

We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years since 2020. We compete with other manufacturers mainly based on our ability to optimize vertically integrated global operations, strengthen customer relationships, and continuously advance technology achievements.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth summary financial data from our consolidated financial information during the Track Record Period. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements as set out in the Accountants' Report in Appendix I to this Document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Results of operations

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Revenue	**30,343,742**	**100.0%**	**34,273,223**	**100.0%**	**40,222,890**	**100.0%**	**20,086,186**	**100.0%**	**21,322,547**	**100.0%**
Cost of sales	(26,963,139)	(88.9)%	(29,696,767)	(86.6)%	(35,380,773)	(88.0)%	(17,517,858)	(87.2)%	(18,780,024)	(88.1)%
Gross profit	**3,380,603**	**11.1%**	**4,576,456**	**13.4%**	**4,842,117**	**12.0%**	**2,568,328**	12.8%	**2,542,523**	11.9%
Other income and gains	636,747	2.1%	901,809	2.6%	733,599	1.8%	368,718	1.8%	267,119	1.3%
Selling and marketing expenses	(56,277)	(0.2)%	(86,695)	(0.3)%	(111,487)	(0.3)%	(50,134)	(0.2)%	(48,043)	(0.2)%
Administrative expenses	(686,513)	(2.3)%	(999,593)	(2.9)%	(1,156,896)	(2.9)%	(570,950)	(2.8)%	(636,726)	(3.0)%
Research and development costs	(929,164)	(3.1)%	(1,055,686)	(3.1)%	(1,109,313)	(2.8)%	(450,535)	(2.2)%	(544,764)	(2.6)%
Other expenses	(112,843)	(0.4)%	(98,221)	(0.3)%	(188,393)	(0.5)%	(68,386)	(0.3)%	(238,587)	(1.1)%
Finance costs	(538,914)	(1.8)%	(841,226)	(2.5)%	(1,037,366)	(2.6)%	(495,398)	(2.5)%	(521,081)	(2.4)%
Share of profits and losses of:										
Joint ventures	133	0.0%	(17,951)	(0.1)%	39,701	0.1%	19,836	0.1%	3,673	0.0%
Associates	(782)	0.0%	2,006	0.0%	10,582	0.0%	(12,133)	(0.1)%	2,939	0.0%
Profit before tax	**1,692,990**	**5.6%**	**2,380,899**	**6.9%**	**2,022,544**	**5.0%**	**1,309,346**	**6.5%**	**827,053**	**3.9%**
Income tax expense	(153,564)	(0.5)%	(280,410)	(0.8)%	(234,789)	(0.6)%	(153,514)	(0.8)%	(121,403)	(0.6)%
Profit for the year	1,539,426	5.1%	2,100,489	6.1%	1,787,755	4.4%	1,155,832	5.8%	705,650	3.3%
Profit attributable to:										
Owners of the parent	1,548,644	5.1%	1,947,559	5.7%	1,467,224	3.6%	863,235	4.3%	735,192	3.4%
Non-controlling interests	(9,218)	0.0%	152,930	0.4%	320,531	0.8%	292,597	1.5%	(29,542)	(0.1)%

Non-IFRS measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use non-IFRS measures, including EBITDA (Non-IFRS measure) and EBITDA margin (Non-IFRS measure), as additional financial metrics, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of EBITDA (Non-IFRS measure) and EBITDA margin (Non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define EBITDA (Non-IFRS measure) as profit for the year adjusted for interest income, income tax expense, finance costs and depreciation and

amortization. We define EBITDA margin (Non-IFRS measure) as EBITDA (Non-IFRS measure) as a percentage of our total revenue.

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands, except for percentages)			*(Unaudited)*	
Profit for the year	1,539,426	2,100,489	1,787,755	1,155,832	705,650
adjusted for:					
Interest income	(89,933)	(218,289)	(221,627)	(104,159)	(79,019)
Income tax expense	153,564	280,410	234,789	153,514	121,403
Finance costs	538,914	841,226	1,037,366	495,398	521,081
Depreciation and amortization	536,013	899,844	1,444,696	642,185	1,018,875
EBITDA (Non-IFRS measure)	**2,677,984**	**3,903,680**	**4,282,979**	**2,342,770**	**2,287,990**
EBITDA margin (Non-IFRS measure)	*8.8%*	*11.4%*	*10.6%*	*11.7%*	*10.7%*

Revenue

During the Track Record Period, we primarily generated revenue from (i) the sales of new energy battery materials, including four main categories based on the primary metal or chemical element, namely, nickel-based materials, cobalt-based materials, phosphorus-based materials and other innovative materials, (ii) sales of new energy metal products, substantially all of which were nickel products consisting of nickel intermediates and electrolytic nickel, with the remainder comprising cobalt and copper products, (iii) metals trading, (iv) resales of raw materials, and (v) others, which mainly include contract manufacturing services. See "Business – Our Business and Products."

By products

The table below sets forth the breakdown of our revenue by products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
New energy battery materials										
Nickel-based materials	24,627,656	81.2%	21,733,466	63.4%	16,163,302	40.2%	8,830,575	44.0%	7,490,866	35.1%
Cobalt-based materials	3,194,732	10.5%	2,957,722	8.6%	2,244,581	5.6%	1,078,274	5.4%	1,451,943	6.8%
Phosphorus-based materials	661	0.0%	327,722	1.0%	679,644	1.7%	246,692	1.2%	670,075	3.1%
pCAM	661	0.0%	327,722	1.0%	679,610	1.7%	246,692	1.2%	669,947	3.1%
CAM	–	–	–	–	34	0.0%	–	0.0%	128	0.0%
Other innovative materials[1]	–	–	–	–	9,869	0.0%	2,922	0.0%	19,368	0.1%
Sub-total	**27,823,049**	**91.7%**	**25,018,910**	**73.0%**	**19,097,396**	**47.5%**	**10,158,463**	**50.6%**	**9,632,252**	**45.2%**
New energy metal products	–	–	3,388,015	9.9%	13,483,103	33.5%	6,439,175	32.1%	9,272,895	43.5%
Metals trading	9,881	0.0%	749,037	2.2%	4,355,858	10.8%	1,969,857	9.8%	546,540	2.6%
Resales of raw materials	1,888,469	6.2%	4,011,372	11.7%	1,829,391	4.5%	836,199	4.2%	1,249,179	5.9%
Others[2]	622,342	2.1%	1,105,889	3.2%	1,457,142	3.6%	682,493	3.4%	621,681	2.9%
Total	**30,343,742**	**100.0%**	**34,273,223**	**100.0%**	**40,222,890**	**100.0%**	**20,086,186**	**100.0%**	**21,322,547**	**100.0%**

Note:

(1) Other innovative materials mainly include sodium-based and manganese-based pCAM.

(2) Others mainly include revenue from contract manufacturing services.

The table below sets forth the sales volume and average selling price of the main categories of our new energy battery materials and the nickel products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Sales volume[1]	Average selling price[2]	Sales volume	Average selling price[2]	Sales volume	Average selling price[2]	Sales volume	Average selling price[2]	Sales volume	Average selling price[2]
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials										
Nickel-based materials	200.0	123.1	211.3	102.9	194.9	82.9	101.2	87.3	97.8	76.6
Cobalt-based materials	9.7	327.9	19.0	155.8	21.1	106.6	9.5	113.7	11.7	124.3
Phosphorus-based materials	0.1	14.3	31.9	10.3	77.9	8.7	28.2	8.8	73.0	9.2
New energy metal products										
Nickel products[3]	–	–	30.6	109.8	124.6	102.2	59.2	104.0	89.8	93.9
Metals trading										
Electrolytic nickel	0.1	166.5	2.9	124.2	26.4	118.2	14.8	122.6	1.9	112.7

Note:

(1) Excluding the volume from our contract manufacturing services, revenue from which is recorded under "others" in our revenue.

(2) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year, which represented the average price at which our products were sold to our customers.

(3) The sales volume of nickel products was calculated based on the metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte, high grade nickel matte, and other nickel products, such as electrolytic nickel.

During the Track Record Period, we generated a majority of our revenue from the sales of new energy battery materials and new energy metal products, which accounted for over 80% of our total revenue in each period. Our revenue from sales of nickel-based materials decreased from RMB24,627.7 million in 2022 to RMB16,163.3 million in 2024, and decreased from RMB8,830.6 million in the six months ended June 30, 2024 to RMB7,490.9 million in the six months ended June 30, 2025, primarily due to the decrease in the selling prices of our nickel-based materials, which was in line with the downward industry trend. Our revenue from sales of cobalt-based materials decreased from RMB3,194.7 million in 2022 to RMB2,244.6 million in 2024 primarily due to the decrease in selling prices as affected by the decrease in market price of cobalt. Our revenue from sales of cobalt-based materials increased from RMB1,078.3 million in the six months ended June 30, 2024 to RMB1,451.9 million in the six months ended June 30, 2025, primarily due to the increase in selling prices as affected by the increase in prices of cobalt, which was driven by the supply disruptions caused by the export suspension of a major cobalt-producing country since February 2025. We did not have local operations in this country during the Track Record Period and up to the Latest Practicable Date.

Our revenue from sales of new energy metal products increased from RMB3,388.0 million in 2023 to RMB13,483.1 million in 2024, and increased from RMB6,439.2 million in the six months ended June 30, 2024 to RMB9,272.9 million in the six months ended June 30, 2025, as we strategically sold more nickel products to the broader market amid the expansion of our nickel production. Our revenue from metals trading increased significantly from RMB9.9 million in 2022 to RMB4,355.9 million in 2024, primarily due to the increase in trading volume of nickel products. Our revenue from metals trading decreased from RMB1,969.9 million in the six months ended June 30, 2024 to RMB546.5 million in the six months ended June 30, 2025, primarily due to a decrease in trading volume of nickel products. The decline in sales volume was primarily due to the fewer trading opportunities to earn price differentials on metal commodities, as identified through our ongoing assessment of market conditions and price fluctuations in the six months ended June 30, 2025. The actual trading volumes in any given year may fluctuate based on prevailing market dynamics and may not always meet the targets previously established. Nevertheless, we will

continue to closely monitor market developments and trading opportunities, and will adjust our trading strategies as appropriate in response to future market conditions.

By geographical location

The table below sets forth the breakdown of our revenue by geographical location for the periods indicated. Geographical location is solely based on the places of registration of our direct customers, which may not align with the delivery destinations or end markets of our products for the periods indicated. During the Track Record Period, we sold our products to customers with places of registration in 22 countries or regions in aggregate.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Mainland China	20,124,343	66.3%	20,200,092	58.9%	22,339,155	55.5%	10,961,315	54.6%	10,538,496	49.4%
Overseas	10,219,399	33.7%	14,073,131	41.1%	17,883,735	44.5%	9,124,871	45.4%	10,784,051	50.6%
South Korea	4,603,070	15.2%	6,962,064	20.3%	5,197,928	12.9%	2,948,612	14.7%	2,066,557	9.7%
the Netherlands	4,662,692	15.4%	3,458,181	10.1%	176,866	0.4%	176,339	0.9%	—	—
Singapore	289,223	1.0%	224,527	0.7%	2,883,438	7.2%	1,439,692	7.2%	1,476,789	6.9%
Indonesia	12,180	0.0%	1,383,876	4.0%	3,774,712	9.4%	1,749,464	8.7%	1,588,753	7.5%
United States	5,044	0.0%	57,510	0.2%	1,151,151	2.9%	769,652	3.8%	1,626,226	7.6%
Hong Kong	—	—	555,973	1.6%	2,292,402	5.7%	671,949	3.3%	2,175,620	10.2%
Others[(1)]	647,185	2.1%	1,431,000	4.2%	2,407,238	6.0%	1,369,162	6.8%	1,850,107	8.7%
Total	**30,343,742**	**100.0%**	**34,273,223**	**100.0%**	**40,222,890**	**100.0%**	**20,086,186**	**100.0%**	**21,322,547**	**100.0%**

Note:

(1) Mainly include Switzerland, United Kingdom and Luxembourg.

During the Track Record Period, the revenue contribution from overseas continuously increased, primarily due to our continuous efforts in penetrating overseas markets and improvement of global presence. As a result of our globalization strategy, we expect that the overseas market will continue to account for a substantial portion of our total revenue in the future.

In particular, the revenue from sales to customers of South Korea decreased from RMB6,962.1 million in 2023 to RMB5,197.9 million in 2024, and further decreased from RMB2,948.6 million in the six months ended June 30, 2024 to RMB2,066.6 million in the six months ended June 30, 2025. The revenue contribution from those customers decreased from 20.3% in 2023 to 12.9% in 2024, which further decreased from 14.7% in the six months ended June 30, 2024 and 9.7% in the six months ended June 30, 2025. Such decrease was primarily due to the decrease in selling prices and sales volume of nickel-based materials in South Korea, and the increase in our total revenue primarily attributable to the increase in revenue from sales of new energy metal products.

The revenue from sales to customers with place of registration in the Netherlands decreased from RMB3,458.2 million in 2023 to RMB176.9 million in 2024, and further decreased from RMB176.3 million in the six months ended June 30, 2024 to nil in the six months ended June 30, 2025, primarily due to the fact that the Customer A changed its transaction entities for part of the orders from its subsidiaries in the Netherlands to the United States in 2024 and the six months ended June 30, 2025.

The revenue from sales to customers with place of registration in Singapore increased from RMB224.5 million in 2023 to RMB2,883.4 million in 2024, with revenue contribution increased from 0.7% in 2023 to 7.2% in 2024, primarily due to the significant increase in sales of new energy metal products to customers with place of registration in Singapore. We started to produce nickel products in Indonesia since 2023, and several of our customers for these nickel products are registered in Singapore.

The revenue from sales to customers with place of registration in Indonesia increased from RMB12.2 million in 2022 to RMB3,774.7 million in 2024, with revenue contribution increasing from 0.0% in 2022 to 9.4% in 2024, primarily due to the increase in our sales of new energy metal products in Indonesia as we started our production of nickel products in Indonesia since 2023.

The revenue from sales to customers with place of registration in the United States increased from RMB57.5 million in 2023 to RMB1,151.2 million in 2024, and further increased from RMB769.7 million in the six months ended June 30, 2024 to RMB1,626.2 million in the six months ended June 30, 2025. The revenue contribution from those customers increased from 0.2% in 2023 to 2.9% in 2024, and further increased from 3.8%in the six months ended June 30, 2024 to 7.6% in the six months ended June 30, 2025. Such increase was primarily due to the fact that the Customer A changed its transaction entities for part of the orders from its subsidiaries in the Netherlands and Shanghai to the United States in 2024 and the six months ended June 30, 2025.

The revenue from sales to customers with place of registration in Hong Kong increased from nil in 2022 to RMB2,292.4 million in 2024, and further increased from RMB671.9 million in the six months ended June 30, 2024 to RMB2,175.6 million in the six months ended June 30, 2025, primarily due to the increase in our sales of new energy metal products to customers with place of registration in Hong Kong. We started to produce nickel products in Indonesia since 2023, and several of our customers for these nickel products are registered in Hong Kong.

See "Financial Information – Principal Components of Results of Operations – Revenue."

Gross profit and gross profit margin

By products

The table below sets forth the breakdown of our gross profit and the gross profit margin by business nature for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)						*(Unaudited)*			
New energy battery materials										
Nickel-based materials	3,070,332	12.5%	3,772,716	17.4%	3,209,255	19.9%	1,625,101	18.4%	1,334,942	17.8%
Cobalt-based materials	182,548	5.7%	243,331	8.2%	238,618	10.6%	96,465	8.9%	375,877	25.9%
Phosphorus-based materials	70	10.6%	(26,932)	(8.2)%	(70,902)	(10.4)%	(4,122)	(1.7)%	(70,199)	(10.5)%
pCAM	70	10.6%	(26,932)	(8.2)%	(70,910)	(10.4)%	(4,122)	(1.7)%	(70,231)	(10.5)%
CAM	–	–	–	–	8	23.6%	–	–	32	24.9%
Other innovative materials	–	–	–	–	(2,110)	(21.4)%	446	15.3%	(9,072)	(46.8)%
Sub-total	**3,252,950**	**11.7%**	**3,989,115**	**15.9%**	**3,374,861**	**17.7%**	**1,717,890**	**16.9%**	**1,631,548**	**16.9%**
New energy metal products	–	–	301,192	8.9%	1,016,899	7.5%	676,019	10.5%	690,171	7.4%
Metals trading	143	1.4%	1,125	0.2%	37,916	0.9%	837	0.0%	13,557	2.5%
Resales of raw materials	49,694	2.6%	154,782	3.9%	89,231	5.0%	1,446	0.3%	29,276	2.3%
Others	77,816	12.5%	130,241	11.8%	323,210	22.3%	172,137	25.3%	177,972	28.6%
Total	**3,380,603**	**11.1%**	**4,576,456**	**13.4%**	**4,842,117**	**12.0%**	**2,568,328**	**12.8%**	**2,542,523**	**11.9%**
Gross profit per ton[(1)]										
Nickel-based materials	15.3		17.9		16.5		16.1		13.6	
Cobalt-based materials	18.7		12.8		11.3		10.2		32.2	

Notes:

(1) Calculated by dividing gross profit from sales of new energy battery materials by the total volume (in metric tons) sold during the year.

During the Track Record Period, our gross profit margin was primarily affected by our product mix and raw material prices. Our gross profit margin increased from 11.1% in 2022 to 13.4% in 2023, primarily due to the increase in gross profit from sales of nickel-based materials. Our gross profit margin decreased from 13.4% in 2023 to 12.0% in 2024, primarily due to the significant increase in revenue contribution from of new energy metal products, which have lower gross profit margin as compared to our new energy battery materials. Our gross profit margin decreased from 12.8% in the six months ended June 30, 2024 to 11.9% in the six months ended June 30, 2025, primarily due to the increase in revenue contribution from new energy metal products, which have lower gross profit margin as compared to our new energy battery materials, and the decrease in gross profit margin of new energy metal products.

New energy battery materials

Nickel-based materials

The gross profit margin for our nickel-based materials improved from 12.5% in 2022 to 17.4% in 2023, while gross profit per ton increased from approximately RMB15,300 to RMB17,900. This increase in gross profit per ton and gross profit margin was mainly driven by the lower cost per ton benefiting from processing metals within our integrated supply chain, supported by the commencement of our nickel production in 2023. In 2024, the gross profit margin for our nickel-based materials further improved to 19.9%, although gross profit per ton declined to approximately RMB16,500. The decrease in gross profit per ton was mainly due to decline in the benchmark price of nickel. Nevertheless, our gross profit margin for the nickel-based materials improved in 2024 because the cost per ton decreased at a sharper rate than the decrease in our average selling price, benefiting from the value we created through development and manufacturing of nickel-based materials. Our gross profit margin from nickel-based materials remained relatively stable at 18.4% and 17.8% in the six months ended June 30, 2024 and 2025, respectively, while our gross profit per ton for nickel-based materials decreased from RMB16,100 per ton in the six months ended June 30, 2024 to RMB13,600 per ton in the six months ended June 30, 2025, primarily due to the decrease in nickel prices.

Cobalt-based materials

The gross profit margin for our cobalt-based materials increased from 5.7% in 2022 to 10.6% in 2024, while the gross profit per ton decreased from approximately RMB18,700 in 2022 to RMB11,300 in 2024. The decrease in gross profit per ton was mainly due to decline in cobalt prices. Nevertheless our gross profit margin of our cobalt-based materials improved from 2022 to 2024 because the cost per ton decreased at a sharper rate than the decrease in our average selling price. The gross profit per ton for our cobalt-based materials increased from RMB10,200 per ton in the six months ended June 30, 2024 to RMB32,200 per ton in the six months ended June 30, 2025, with gross profit margin increased from 8.9% to 25.9% during the same period, primarily due to (i) an increase in selling prices of cobalt-based materials as a result of the increased price of cobalt, and (ii) the use of raw materials that were procured earlier at lower prices when cobalt prices were relatively low.

Phosphorus-based materials

The gross profit margin for our phosphorus-based materials decreased from 10.6% in 2022 to negative gross profit margin of 8.2% in 2023. Such negative gross profit margin increased from 8.2% in 2023 to 10.4% in 2024. This decrease in gross profit margin was primarily due to the decrease in selling prices of phosphorus-based materials as affected by intensified competition resulting from the over-supplies in the market, while the raw materials did not decrease to the same extent as compared to the selling prices. Our negative gross profit margin increased from 1.7% in the six months ended June 30, 2024 to 10.5% in the six months ended June 30, 2025, primarily because we recorded less depreciation costs related to the production facilities of phosphorus-based materials in the six months ended June 30, 2024 as those production facilities were still undergoing frequent adjustment before being recognized as our assets during that period.

New energy metal products

The gross profit margin of new energy metal products decreased in 2024, primarily due to the overall decrease in prevailing market prices of nickel products in 2024, while sourcing costs remained high due to mining production quotas, which restrained supply of lateritic nickel ores. The gross profit margin of new energy metal products continued to decrease in the six months ended June 30, 2025 as compared to that in the six months ended June 30, 2024, primarily due to the continuous decrease in the nickel prices.

By geographical location

The table below sets forth the breakdown of our gross profit and the gross profit margin by business nature for the periods indicated. Geographical location is solely based on the places of registration of our direct customers, which may not align with the delivery destinations or end markets of our products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Mainland China	1,817,630	9.0%	2,325,643	11.5%	2,383,233	10.7%	1,328,189	12.1%	1,401,750	13.3%
Overseas[1]	1,562,973	15.3%	2,250,813	16.0%	2,458,884	13.7%	1,240,139	13.6%	1,140,773	10.6%
Total	**3,380,603**	**11.1%**	**4,576,456**	**13.4%**	**4,842,117**	**12.0%**	**2,568,328**	**12.8%**	**2,542,523**	**11.9%**

Note:

(1) Mainly include South Korea, Singapore, Indonesia, the Netherlands and Hong Kong.

Typically, the gross profit margin for our new energy battery materials from overseas customers was higher than that of the customers in Mainland China, primarily because the products demanded by our overseas customers are more advanced and high-end compared to those preferred by domestic customers, who tend to be more cost-sensitive. Therefore, the overall gross profit margin from overseas customers was higher than that of the customers in China from 2022 to 2024, as a greater mix of advanced products, such as high- and ultra-high nickel pCAM, which generally have higher gross profit margin, were sold to our overseas customers. However, the overall gross profit margin from overseas decreased from 13.6% in the six months ended June 30, 2024 to 10.6% in the six months ended June 30, 2025 primarily due to the decrease in nickel price which resulted in a lower gross profit margin of our new energy metal products that were mainly sold in overseas. The increase in our gross profit margin in Mainland China increased from 12.1% in the six months ended June 30, 2024 to 13.3% in the six months ended June 30, 2025, primarily due to the increase in gross profit margin for our cobalt-based materials which were mainly sold in Mainland China.

See "Financial Information — Principal Components of Results of Operations — Gross Profit and Gross Profit Margin."

Our net profit increased from RMB1,539.4 million in 2022 to RMB2,100.5 million in 2023, which decreased to RMB1,787.8 million in 2024, primarily due to the fluctuation in gross profit as mentioned above. Our net profit decreased from RMB1,155.8 million in the six months ended June 30, 2024 to RMB705.7 million in the six months ended June 30, 2025, primarily due to (i) a decrease in other income and gains primarily attributable to the decrease in government grants, (ii) an increase in research and development expenses primarily attributable to an increase in salaries, compensations and benefits, and (iii) an increase in other expenses primarily attributable to an increase in exchange losses mainly caused by the fluctuation in exchange rates of US dollar.

Financial position

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Total non-current assets	21,112,556	32,044,317	39,176,747	40,769,354
Total current assets	32,590,359	29,966,649	33,718,432	33,924,751
Total assets	**53,702,915**	**62,010,966**	**72,895,179**	**74,694,105**
Total non-current liabilities	15,768,120	17,605,072	19,367,145	18,777,198
Total current liabilities	17,590,661	16,482,201	24,039,467	26,487,312
Total liabilities	**33,358,781**	**34,087,273**	**43,406,612**	**45,264,510**
Net current assets	**14,999,698**	**13,484,448**	**9,678,965**	**7,437,439**
Net assets	**20,344,134**	**27,923,693**	**29,488,567**	**29,429,595**
Total equity	**20,344,134**	**27,923,693**	**29,488,567**	**29,429,595**

Our net current assets decreased from RMB14,999.7 million as of December 31, 2022 to RMB13,484.4 million as of December 31, 2023, primarily due to a decrease in total current assets, mainly including (i) a decrease in inventories of RMB1,691.1 million primarily, (ii) a decrease in pledged deposits of RMB1,227.6 million, and (iii) a decrease in cash and cash equivalents of RMB2,581.8 million, which was partially offset by an increase in prepayments, deposits and other receivables of RMB2,696.2 million. Such decrease in total current assets was partially offset by a decrease in total current liabilities, mainly including (i) a decrease in trade and bills payables of RMB129.4 million, (ii) a decrease in derivative financial instructions of RMB457.9 million, and (iii) a decrease in interest-bearing bank borrowings of RMB967.5 million, which was partially offset by an increase in other payables and accruals of RMB408.9 million.

Our net current assets decreased from RMB13,484.4 million as of December 31, 2023 to RMB9,679.0 million as of December 31, 2024, primarily due to an increase in total current liabilities, mainly including (i) an increase in trade and bills payable of RMB1,655.9 million, (ii) an increase in interest-bearing bank borrowings of RMB4,178.2 million for capital expenditure and operational purposes, and (iii) an increase in bonds payables of RMB1,024.8 million. Such increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase in inventories of RMB1,897.3 million, and (ii) an increase in financial assets at fair value through profit or loss of RMB2,012.2 million.

Our net current assets decreased from RMB9,679.0 million as of December 31, 2024 to RMB7,437.4 million as of June 30, 2025, primarily due to an increase in total current liabilities, mainly including (i) an increase in trade and bills payables of RMB2,851.3 million and (ii) an increase in interest bearing bank borrowings of RMB12.0 million. Such increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase in prepayments, deposits and other receivables of RMB789.7 million, (ii) an increase in trade and bills receivables of RMB553.6 million and (iii) an increase in inventories of RMB400.4 million.

Our total equity increased from RMB20,344.1 million as of December 31, 2022 to RMB27,923.7 million as of December 31, 2023, primarily due to (i) the profit for the year of RMB2,100.5 million in 2023, (ii) the acquisition of subsidiaries of RMB1,407.4 million in 2023, and (iii) the capital contribution of non-controlling shareholders of RMB4,418.6 million in 2023. Our total equity increased from RMB27,923.7 million as of December 31, 2023 to RMB29,488.6 million as of December 31, 2024, primarily due to (i) the profit for the year of RMB1,787.8 million in 2024, (ii) the capital contribution of non-controlling shareholders of RMB2,338.4 million in 2024, which was partially

offset by (i) the acquisition of non-controlling interests of RMB1,504.6 million in 2024, and (ii) the payment of dividends of RMB1,031.1 million in 2024. Our total equity remained relatively stable at RMB29,488.6 million as of June 30, 2024 to RMB29,429.6 million as of June 30, 2025. See "Consolidated Statements of Changes of Equity" in the "Appendix I — Accountants' Report" to this Document.

See "Financial Information — Selected Balance Sheet Items."

Cash flows

	Year Ended December 31,			Six Months Ended June 30,
	2022	**2023**	**2024**	**2025**
	(in RMB thousands)			
Operating profit before working capital changes	2,878,055	4,169,086	4,334,955	2,346,284
Changes in working capital	(7,688,240)	399,780	(120,126)	(731,011)
Income tax paid	(143,382)	(183,677)	(271,866)	(139,632)
Net cash flows (used in)/from operating activities	(4,953,567)	4,385,189	3,942,963	1,475,641
Net cash flows used in investing activities	(11,775,398)	(9,644,253)	(9,972,453)	(2,536,487)
Net cash flows from financing activities	23,392,695	2,519,319	5,556,277	745,285
Net increase (decrease) in cash and cash equivalents	**6,663,730**	**(2,739,745)**	**(473,213)**	**(315,561)**
Cash and cash equivalents at beginning of the year	6,337,216	12,979,249	10,397,466	10,083,956
Effects of foreign exchange rate changes, net	(21,697)	157,962	159,703	(123,122)
Cash and cash equivalents at end of the year	**12,979,249**	**10,397,466**	**10,083,956**	**9,645,273**

In 2022, we had net cash used in operating activities of RMB4,953.6 million, which primarily due to our profit before tax of RMB1,693.0 million, as adjusted for the items including (i) certain non-cash and non-operating items, primarily comprising (a) finance costs of RMB538.9 million, (b) depreciation of property, plant and equipment of RMB497.5 million, and (c) write-down of inventories to net realizable value of RMB122.9 million, and (ii) changes in working capital, which primarily comprised (a) an increase in inventories of RMB4,883.9 million, (b) an increase in trade receivables of RMB1,744.7 million, and (c) an increase in prepayments and other assets of RMB1,116.2 million, which was partially offset by an increase in derivative financial instruments of RMB423.2 million.

See "Financial Information — Cash Flows."

KEY FINANCIAL RATIOS

	Year Ended/As of December 31,			Six Months Ended/ As of June 30,
	2022	2023	2024	2025
Return on assets[1]	2.9%	3.4%	2.5%	1.9%
Return on equity[2]	7.6%	7.5%	6.1%	4.8%
Gearing ratio[3]	110.4%	83.2%	97.2%	96.9%
Current ratio[4]	1.9	1.8	1.4	1.3
Quick ratio[5]	1.3	1.3	1.0	0.9

Notes:

(1) Return on assets is calculated based on the total profit for the relevant year/period divided by the ending balance of total assets and multiplied by 100%. For illustrative purpose, return on assets for the six months ended June 30, 2025 is calculated on an annualised basis, and may not represent the ratio for the year of 2025.

(2) Return on equity is calculated based on the total profit for the relevant year/period divided by the ending balance of total equity and multiplied by 100%. For illustrative purpose, return on equity for the six months ended June 30, 2025 is calculated on an annualised basis, and may not represent the ratio for the year of 2025.

(3) Gearing ratio is calculated based on interest-bearing bank borrowings, bonds payable, amount due to non-controlling shareholders, convertible bonds and lease liabilities divided by the ending balance of total equity and multiplied by 100%.

(4) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year/period.

(5) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year/period.

RISK FACTORS

We face risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our **[REDACTED]**. Some of the major risks that we face include:

- Our business is exposed to the supply-demand dynamics in the battery industry, and is affected by market demand for the end products where our new energy battery materials are used.
- The sizes of the markets for our products may be smaller than estimated and new market opportunities may not develop as quickly as we expect, or at all, limiting our ability to successfully sell our products.
- We are exposed to risks relating to price fluctuations of raw materials.
- We source certain raw materials from the market, and we may not be able to secure our supply of such materials in a stable, timely and cost-effective manner.
- If we are unable to manage our growth or execute our strategies, such as globalization of customer base or integration of industry value chain effectively, our business and prospects may be materially and adversely affected.
- We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged.

- We may fail to keep up with rapid technological changes and evolving industry standards.
- We face competition in our business.
- Our overseas expansion strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Deng and Ms. Wu will hold an aggregate of approximately **[REDACTED]**% of the total issued Shares, comprising approximately **[REDACTED]**% direct interest held by Mr. Deng, approximately **[REDACTED]**% indirect interest held by Zhongwei Holding and approximately **[REDACTED]**% indirect interest held by Hongxin Chengda. Therefore, Mr. Deng and Ms. Wu will control an aggregate of more than 30% of the voting rights in the Company. Accordingly, Mr. Deng, Ms. Wu, Zhongwei Holding and Hongxin Chengda are and will continue to be a group of Controlling Shareholders upon the **[REDACTED]**. See "Relationship with the Controlling Shareholders."

DIVIDEND POLICY

During the Track Record Period, we declared cash dividends to our shareholders as follows:

	Year Ended December 31,			Six Months Ended June 30
	2022	2023	2024	2025
		(in RMB thousands)		
Ordinary A Shares				
Interim dividend	–	–	260,460	–
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	101,753	173,023	772,489	328,451
Dividends of lapsed restricted shares	–	(344)	(1,813)	(3,218)
Total	**101,753**	**172,679**	**1,031,136**	**325,233**

As of the Latest Practicable Date, we had paid these dividends in full.

According to applicable laws in mainland China and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax until the cumulative amount reaches 50% or more of the Company's registered capital; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting. We may distribute our profits in the form of cash, stock, or a combination of both. The aggregate cash dividend for any three consecutive years shall not be less than 30% of the average distributable profits realized during such three years. We may distribute an interim dividend based on our current operating profits and cash flow situation.

We adopted "Shareholder Return Plan for 2024-2026" in 2024. We have strictly implemented this plan, which outlines the decision-making process for setting dividend standards and profit distribution policies, aiming to ensure a stable and consistent approach to profit distribution. After the completion of the **[REDACTED]**, our future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends

is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and fees incurred in connection with the **[REDACTED]** and the **[REDACTED]**. Our **[REDACTED]** are estimated to be approximately RMB **[REDACTED]** (including **[REDACTED]**) accounting for **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, assuming that an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** range stated in this Document) and no exercise of the **[REDACTED]**. Among our **[REDACTED]**, approximately RMB**[REDACTED]** is directly attributable to the issuance of Shares and will be charged to equity upon the completion of the **[REDACTED]**, and approximately RMB **[REDACTED]** has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The **[REDACTED]** we incurred in the Track Record Period and expect to incur would consist of approximately RMB**[REDACTED]** **[REDACTED]** related expenses and fees (including **[REDACTED]**, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately RMB**[REDACTED]** non-**[REDACTED]**-related expenses and fees including fees for the Joint Sponsors, legal adviser and reporting accountant and approximately RMB**[REDACTED]** for other **[REDACTED]** fees and expenses. During the Track Record Period, we incurred RMB**[REDACTED]** of **[REDACTED]**, among which, RMB**[REDACTED]** was included in prepayments, other receivables and other assets and & will be subsequently charged to our equity upon completion of the **[REDACTED]** and RMB**[REDACTED]** was charged to our consolidated statement of comprehensive income.

The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumption that (i) the **[REDACTED]** has been completed and **[REDACTED]** H Shares are newly issued under the **[REDACTED]**, and (ii) the **[REDACTED]** is not exercised.

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
[REDACTED] of our H Shares(1)	HK$**[REDACTED]**	HK$**[REDACTED]**	HK$**[REDACTED]**
[REDACTED] of our A Shares(2)	RMB**[REDACTED]**	RMB**[REDACTED]**	RMB**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of the parent per share(3)	HK$**[REDACTED]**	HK$**[REDACTED]**	HK$**[REDACTED]**

Note:

(1) Calculated based on the assumption that the **[REDACTED]** has been completed and **[REDACTED]** H Shares are newly **[REDACTED]** under the **[REDACTED]**.

(2) Calculated based on the average closing price of the A Shares of RMB**[REDACTED]** per Share for the five business days immediately preceding the Latest Practicable Date and the total number of **[REDACTED]** A Shares as of the Latest Practicable Date and excluding **[REDACTED]** treasury shares.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per share is arrived at after adjustments referred in "Appendix II — Unaudited **[REDACTED]** Financial Information" in this Document and on the basis of **[REDACTED]** Shares in **[REDACTED]** immediately following the completion of the **[REDACTED]** and does not take into account of any Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]**.

(4) Save as disclosed in the Appendix II, no adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to June 30, 2025.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the midpoint of the range of the **[REDACTED]** stated in this Document), we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses in connection with the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). We intend to use our **[REDACTED]** for the purposes and in the amounts set forth below.

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to expand production and supply chain capabilities;

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for R&D of new energy battery materials and advancing digitalization; and

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since December 2020, the Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respects.

IMPACT OF TARIFF

We have a global operation, with production facilities in China, Indonesia, Morocco and South Korea, while our products are primarily sold in China, South Korea, Singapore, Indonesia and the United States. The production and sales of our products involve moving raw materials and products across borders, which could entail tariff.

In March 2025, the president of the United States imposed 20% tariffs on Chinese goods. On April 2, 2025, the president of the United States imposed a 10% across-the-board tariff on all imports from the U.S.'s trading partners, along with additional country-specific tariffs for various countries (the so-called ''reciprocal tariffs'', as adjusted from time to time, and, together with the above-mentioned tariffs, the ''Additional US Tariffs''). On April 9, 2025, it was announced that the reciprocal tariffs would be paused for 90 days for all countries but China. On April 10, 2025, the reciprocal tariffs on China were raised to 125%. The United States and China are engaging in trade discussions, and on May 12, 2025, the United States stated that they would lower the reciprocal tariffs on China to 10% for 90 days.

On May 28, 2025, the U.S. Court of International Trade ruled that the Additional US Tariffs exceeded the president's legal authority. The international tariff policies are rapidly evolving, and the final outcome, including whether the current US Tariffs can be implemented as proposed, is highly uncertain.

We believe that the Additional US Tariffs, including the corresponding tariff policies introduced by other countries, assuming they are enforced as proposed, will not have a material and adverse impact on our business and results of operations, on the bases that (i) we make very limited direct exports to the United States, and therefore has insignificant direct exposure to the tariffs imposed by the United States; and (ii) downstream customers who import the end products incorporating our products in the United States, are responsible for the tariffs; (iii) we do not intend to further expand our business or significantly increase our direct sales in the United States; and (iv) we do not source any major raw materials from the United States.

See "Business — Tariff" for further details.

THE IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic has materially and adversely affected the global economy since the first quarter of 2020. In response, the PRC government and the governments of other countries have implemented numerous anti-pandemic measures, to safeguard public health and interest. During the Track Record Period and up to the Latest Practicable Date, our production activities have not encountered any material disruption due to the COVID-19 pandemic, nor did we experience temporary closure or shutdown of our offices or production facilities due to the COVID-19 pandemic.

Accordingly, our Directors believe that the outbreak of COVID-19 pandemic has not had any material adverse impact on our business, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that our operation or production activities will not be affected in the future due to pandemic or other events. See "Risk Factors — Risks Relating to Our Industry and Business — Our facilities or operations could be damaged or adversely affected as a result of natural disasters and other catastrophic events." As such, we plan to stay alert and closely monitor and evaluate the market situation based on any development of the COVID-19 pandemic in the future.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Unaudited financial information for the nine months ended September 30, 2025

We are a public company listed on the Shenzhen Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as of and for the nine months ended September 30, 2025 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as of and for the nine months ended September 30, 2025 in Appendix IA to this Document. Our unaudited interim condensed consolidated financial information as of and for the nine months ended September 30, 2025 has been reviewed by our reporting accountant in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Revenue

Our revenue increased by 10.4% from RMB30,162.9 million in the nine months ended September 30, 2024 to RMB33,297.5 million in the nine months ended September 30, 2025, primarily due to the increase in revenue from sales of new energy metal products, cobalt-based materials and phosphorus-based materials, which was partially offset by the decrease in revenue from sales of nickel-based materials.

The table below sets forth the sales volume and average selling prices of our major product.

	Nine Months Ended September 30,			
	2024		2025	
	Sales Volume[1]	Average selling price[2]	Sales Volume[1]	Average selling price[2]
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials				
Nickel-based materials	151.3	84.0	152.4	76.9
Cobalt-based materials	15.6	109.3	17.9	140.6
Phosphorus-based materials	46.6	8.7	115.8	9.1
New energy metal products				
Nickel products[3]	87.7	104.8	131.8	93.4

Note:

(1) Excluding the volume from our contract manufacturing services, revenue from which is recorded under "others" in our revenue.
(2) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year, which represented the average price at which our products were sold to our customers.
(3) The sales volume of nickel products was calculated based on the metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte, high grade nickel matte, and other nickel products, such as electrolytic nickel.

As affected by the continuous decrease in market prices of nickel, the average selling price of our nickel-based materials and nickel products decreased in the nine months ended September 30, 2025 as compared to that of the corresponding period in 2024. Such decrease in average selling prices was in line with the prevailing market trend. The average selling price of our phosphorus-based materials increased in the nine months ended September 30, 2025 as compared to that of the corresponding period in 2024, as a result of the supply and demand dynamics affected by the increase in end market needs for LFP batteries. As a result of our continuous efforts in expanding our market share and increase the production capacity of our phosphorus-based materials, the sales volume of our phosphorus-based materials increased significantly from 46,600 ton in the nine months ended September 30, 2024 to 115,800 ton in the nine months ended September 30, 2025. According to Frost & Sullivan, the prices of nickel is expected to continue to decrease during 2025 while at a relatively modest rate, which is expected to continuously affect our results of operations. As shown in the sensitivity analysis that illustrates the effects of hypothetical fluctuations in nickel on our gross profit for the periods indicated, the decrease in nickel price has historically and is expected to lead the decrease in our gross profit, which in turn could negatively affect our net profit in 2025.

Cost of sales

Our cost of sales increased by 10.9% from RMB26,392.1 million in the nine months ended September 30, 2024 to RMB29,270.3 million in the nine months ended September 30, 2025, which was generally in line with the growth of our revenue.

Gross profit

Our gross profit increased by 6.8% from RMB3,770.9 million in the nine months ended September 30, 2024 to RMB4,027.1 million in the nine months ended September 30, 2025, primarily due to the increase in revenue. Our gross profit margin remained relatively stable at 12.5% and 12.1% in the nine months ended September 30, 2024 and 2025, respectively.

Other income and gains

Our other income and gains decreased by 42.1% from RMB600.9 million in the nine months ended September 30, 2024 to RMB348.2 million in the nine months ended September 30, 2025, primarily due to the decrease in government grants of RMB205.2 million.

Selling and marketing expenses

Our selling and marketing expenses increased by 7.5% from RMB76.5 million in the nine months ended September 30, 2024 to RMB82.3 million in the nine months ended September 30, 2025. As a percentage of our revenue, the selling and marketing expenses remained relatively stable at 0.3% and 0.2% in the nine months ended June 30, 2024 and 2025, respectively.

Administrative expenses

Our administrative expenses increased by 17.2% from RMB822.4 million in the nine months ended September 30, 2024 to RMB964.2 million in the nine months ended September 30, 2025, primarily due to the increase in salaries, compensations and benefits. As such, as a percentage of our revenue, the administrative expenses increased from 2.7% in the nine months ended September 30, 2024 to 2.9% in the nine months ended September 30, 2025.

Research and development expenses

Our research and development expenses increased by 15.5% from RMB718.0 million in the nine months ended September 30, 2024 to RMB829.3 million in the nine months ended September 30, 2025, primarily due to an increase in salaries, compensations and benefits. As a percentage of our revenue, the research and development remained relative stable at 2.4% and 2.5% in the nine months ended September 30, 2024 and 2025, respectively.

Other expenses

Our other expenses increased by 99.1% from RMB217.6 million in the nine months ended September 30, 2024 to RMB433.3 million in the nine months ended September 30, 2025, primarily due to an increase in exchange losses mainly caused by the fluctuation in exchange rates of US dollar.

Profit for the period

As a result of the foregoing, our profit for the period decreased from RMB1,646.7 million in the nine months ended September 30, 2024 to RMB1,111.1 million in the nine months ended September 30, 2025.

Asset and liabilities

Our total assets increase from RMB72,895.2 million as of December 31, 2024 to RMB76,503.0 million as of September 30, 2025, primarily due to an increase in property, plant and equipment and inventories. Our total liabilities increased from RMB43,406.6 million as of December 31, 2024 to RMB46,906.5 million as of September 30, 2025, primarily due to an increase trade and bills payables and interest-bearing bank and other borrowings. As a result, our net assets remained relatively stable at RMB29,488.6 million as of December 31, 2024 to RMB29,596.5 million as of September 30, 2025.

Cash flow

In the nine months ended September 30, 2025, we recorded net cash flow generated from operating activities of RMB2,215.3 million, net cash flow used in investing activities of RMB5,046.4 million, and net cash flow generated from financing activities of RMB1,282.4 million.

Regulatory updates

On October 9, 2025, the Ministry of Commerce and the General Administration of Customs jointly released the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (Ministry of Commerce & General Administration of Customs Announcement [2025] No.58) (《公布對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》（商務部海關總署公告2025年第58號）) ("**Announcement No.58**"). The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced that the implementation of the

Announcement No. 58 will be suspended for one year. Upon effect and implementation of the Announcement No. 58, specified items including certain cathode materials will become subject to export control. Among the products manufactured and sold by us during the Track Record Period and up to the Latest Practicable Date, part of the nickel-based materials (namely, nickel-cobalt-manganese hydroxide and nickel-cobalt-aluminium hydroxide) (the "**Controlled Nickel-based Materials**") and part of the phosphorus-based materials (namely, lithium iron phosphate) (the "**Controlled Phosphorus-based Materials**" (collectively, the "Controlled Items" fall within the controlled items expressly listed in Announcement No. 58. As advised by the PRC Legal Adviser, we can continue to export the Controlled Items as usual without an export license until the effect and implementation of the Announcement No. 58. However, upon the effect and implementation of the Announcement No. 58, any export of Controlled Items shall, on top of existing export procedures, comply with the Export Control Law of the People' Republic of China (《中華人民共和國出口管制法》) and the Control List for the Export of Dual-Use Items and Technologies of the People' Republic of China (《中華人民共和國兩用物項出口管制條例》). According to the issued Announcement No. 58, there is no transitional arrangement after its effectiveness. We shall submit a written application for obtaining the "Dual-Use Items and Technologies Export License" to the Ministry of Commerce, which shall contain the end-use certificates with the end-user information, such as their identities and purpose for procurements of relevant products. The application is subject to review and approval by the competent authorities, and we need to submit the export license to customs when going through export declaration procedures after the effectiveness of Announcement No. 58. According to consultations conducted by us with the commerce authorities of China, we shall take normal procedures to obtain export licenses for the Controlled Items. As of the Latest Practicable Date, we had almost finished the preparation of application materials and expected to submit the applications in time before the effect and implementation of the Announcement No. 58. According to the relevant laws and regulations and as advised by the PRC Legal Adviser, the competent authorities are expected to revert the review results and, if the application passes the review, issue the export license within 45 working days after receiving the application. We had taken and plan to take several measures to mitigate the impact of such announcement, including potential substitutes for exports of Controlled Nickel-based Materials from China with Controlled Items produced in our Morocco and Indonesia production bases and prioritizing the production and delivery of Controlled Items for existing orders before the Announcement No. 58 takes effect. We will closely monitor the implementation of Announcement No. 58 and continuously assess its impact. We will adjust those measures as necessary in time to ensure the compliance. See "Business —Export Control," and "Risk Factors - We are subject to anti-corruption, anti-bribery, anti-money laundering, financial, export control regulations and similar laws and regulations. Any non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation." In 2022, 2023 and 2024 and the six months ended June 30, 2025, the revenue generated from exports of Controlled Nickel-based Materials amounted to approximately RMB4.8 billion, RMB5.6 billion, RMB2.7 billion and RMB0.6 billion, respectively, accounting for approximately 16%, 16%, 7% and 3% of our total revenue in the corresponding period. In the first half of 2025, we conducted trial production and customer verification process for the Controlled Phosphorus-based Materials, with revenue of around RMB0.1 million generated from export of such materials in the six months ended June 30, 2025. The decrease in revenue from export of Controlled Nickel-based Materials as a percentage of our total revenue from 16% in 2023 to 7% in 2024 and further to 3% in the six months ended June 30, 2025, primarily due to (i) the decrease in export of Controlled Nickel-based Materials primarily attributable to the gradual adoption of LFP batteries in mass market EV in overseas markets, and (ii) the overall decrease in revenue contribution from sales of nickel-based materials attributable to the significant increase in revenue from sales of new energy metal products since 2023. Based on the above, after discussion with the PRC Legal Adviser, our Directors are of the view that the implementation of Announcement No. 58 is not expected to have material adverse effect on our business, results of operations and financial condition.

Save as disclosed, our Directors confirmed that, as of the date of this Document, there has been no material adverse change in our financial position since June 30, 2025, and there has been no event since June 30, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms."

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"ARS"	Argentine Peso, the lawful currency of Argentina
"Articles" or "Articles of Association"	the articles of association of our Company with effect upon the **[REDACTED]** (as amended from time to time), a summary of which is set out in Appendix V to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAC"	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)

[REDACTED]

"China," "mainland China," or "the PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this Document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules

"CNGR Hong Kong"	CNGR Hong Kong Material Science & Technology Co., Limited, a limited liability company established in Hong Kong on February 27, 2019, and a wholly-owned subsidiary of the Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "the Company" or "our Company"	CNGR Advanced Material Co., Ltd. (中偉新材料股份有限公司), a joint stock company with limited liability established in the PRC on September 15, 2014, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 300919)
"Compliance Adviser"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Deng, Ms. Wu, Zhongwei Holding and Hongxin Chengda
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)," "the Director(s)" or "our Director(s)"	the director(s) of our Company
"DNI"	PT Debonair Nickel Indonesia, a limited liability company established in Indonesia on October 1, 2021 and a subsidiary of the Company
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"Employee Stock Ownership Scheme"	the employee stock ownership scheme adopted by the Shareholders in November 2022, the principal terms of which are set out in "Statutory and General Information — Share Schemes — Employee Stock Ownership Scheme" in Appendix VI to this Document

"ESG"	Environmental, Social and Governance
	[REDACTED]
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong caused by a super typhoon or other natural disaster
	[REDACTED]
"Former SAWs"	the former State Administration of Work Safety of the PRC (中華人民共和國國家安全生產監督管理總局), currently known as the Ministry of Emergency Management of the PRC (中華人民共和國應急管理部)
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
	[REDACTED]
"Group," "the Group," "our Group," "our," "we" or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guangxi Zhongwei New Energy"	Guangxi Zhongwei New Energy Technology Company Limited* (廣西中偉新能源科技有限公司), a limited liability company incorporated under the laws of the PRC on February 8, 2021 and a subsidiary of the Company
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Guizhou Zhongwei New Material"	Guizhou Zhongwei New Material Trading Company Limited* (貴州中偉新材料貿易有限公司), a limited liability company incorporated under the laws of the PRC on May 31, 2022 and a wholly-owned subsidiary of the Company
"Guizhou Zhongwei Resources Recycling"	Guizhou Zhongwei Resources Recycling Industrial Development Company Limited* (貴州中偉資源循環產業發展有限公司), a limited liability company incorporated under the laws of the PRC on October 8, 2016 and a subsidiary of the Company

"Guizhou Zhongwei Xingyang"	Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited* (貴州中偉興陽儲能科技有限公司), a limited liability company incorporated under the laws of the PRC on November 3, 2021 and a subsidiary of the Company
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be **[REDACTED]** for and **[REDACTED]** in Hong Kong dollars and to be **[REDACTED]** and **[REDACTED]** on the Hong Kong Stock Exchange

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

"Hongxin Chengda"	Tongren Hongxin Chengda Enterprise Management Consulting Partnership (L.P.)* (銅仁弘新成達企業管理諮詢合夥企業（有限合夥）), a limited partnership incorporated under the laws of the PRC on May 14, 2019 and one of our Controlling Shareholders
"Hunan Zhongwei New Energy"	Hunan Zhongwei New Energy Technology Company Limited* (湖南中偉新能源科技有限公司), a limited liability company incorporated under the laws of the PRC on December 26, 2016 and a subsidiary of the Company
"Hunan Zhongwei Zhengyuan"	Hunan Zhongwei Zhengyuan New Material Trading Company Limited* (湖南中偉正源新材料貿易有限公司), a limited liability company incorporated under the laws of the PRC on November 23, 2016 and a wholly-owned subsidiary of the Company
"IFRSs"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies), who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

[REDACTED]

"Joint Sponsors"	the joint sponsors as named in the section headed "Directors and Parties Involved in the **[REDACTED]**
"Latest Practicable Date"	October 28, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[REDACTED]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Macau"	the Macau Special Administrative Region of the PRC

"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Deng"	Mr. Deng Weiming (鄧偉明), one of our Controlling Shareholders and the spouse of Ms. Wu
"MSCI"	Morgan Stanley Capital International
"Ms. Wu"	Ms. Wu Xiaoge (吳小歌), one of our Controlling Shareholders and the spouse of Mr. Deng
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NNI"	PT Nadesico Nickel Industry, a limited liability company established in Indonesia on July 29, 2019 and a subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

"Overseas Listing Trial Measures"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Legal Adviser"	CM Law Firm, the PRC legal adviser to our Company
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"PT Zhongtsing"	PT Zhongtsing New Energy, a limited liability company established in Indonesia on May 4, 2021 and a subsidiary of the Company
	[REDACTED]
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Restricted Share Incentive Schemes"	the 2022 Restricted Share Incentive Scheme and 2023 Restricted Share Incentive Scheme
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"R&D"	research and development
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SCNPC"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and A Shares
"Shareholder(s)"	holder(s) of the Share(s)
	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code" or "Hong Kong Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
	[REDACTED]
"UNGC"	United Nations Global Compact
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"UN SDGs"	sustainable development goals of United Nations
"U.S. dollar(s)," "US$" or "USD"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	The U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

"VAT"	value-added tax
"Zhongwei Holding"	Hunan Zhongwei Holding Group Company Limited* (湖南中偉控股集團有限公司), a limited liability company incorporated under the laws of the PRC on August 10, 2004 and one of our Controlling Shareholders
"Zoomwe Hong Kong"	Zoomwe Hong Kong New Energy Technology Co., Limited, a limited liability company established in Hong Kong on March 26, 2021 and a wholly-owned subsidiary of the Company
"2022 Restricted Share Incentive Scheme"	the 2022 restricted share incentive scheme adopted in April 2022, the principal terms of which are set out in "Statutory and General Information — Share Schemes — Restricted Share Incentive Schemes" in Appendix VI to this Document
"2023 Restricted Share Incentive Scheme"	the 2023 restricted share incentive scheme adopted in June 2023, the principal terms of which are set out in "Statutory and General Information — Share Schemes — Restricted Share Incentive Schemes" in Appendix VI to this Document
"%"	per cent

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including our subsidiaries) have been included in this Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Unless otherwise stated, 29,832,872 repurchased A Shares which are held as treasury shares by the Company as of the Latest Practicable Date have been included in the total number of issued shares of the Company as of the Latest Practicable Date and immediately after completion of the **[REDACTED]**.

* *For identification purpose only*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this Document in connection with our Company and its business. Such terminology and meanings may not correspond to standard industry meanings or usage of those terms.

"AI"	artificial intelligence
"AGV"	automated guided vehicle
"CAM"	active materials used in the cathode of new energy batteries, responsible for storing and releasing electrical energy during charge and discharge cycles.
"cobalt-based materials"	cobalt-based new energy materials, mainly include LCO pCAM
"EPC"	engineering procurement construction
"ERP"	enterprise resource planning
"ESS"	energy storage system
"EV"	new energy vehicles, mainly comprising of battery electric vehicles and plug-in hybrid electric vehicles
"eVTOL"	electric vertical take-off and landing aircraft, an aircraft that uses electric power to hover, take off, and land vertically
"electrolytic nickel"	a high-purity form of nickel produced through electrolysis
"high-grade nickel matte"	an intermediate smelting product with a nickel content typically exceeding 70%
"high-nickel pCAM/product"	nickel-based pCAM with nickel content of at least 80 mol%
"IoT"	Internet of Things
"LCO"	lithium cobalt oxide (LiCoO2), a chemical compound and a commonly used CAM in lithium-ion batteries
"LFMP"	lithium iron manganese phosphate ($LiFeMnPO_4$), a type of lithium-ion battery CAM made up of lithium, iron, manganese, and phosphate
"LFP"	lithium iron phosphate ($LiFePO_4$), a chemical compound and a commonly used CAM in lithium-ion batteries
"LME"	the London Metal Exchange
"low-grade nickel matte"	an intermediate smelting product with a nickel content typically ranging between 10% to 30%
"MB"	the Metal Bulletin
"MES"	manufacturing execution system

"MHP"	mixed hydroxide precipitate, a nickel intermediate product used in the production of nickel sulfate, nickel plate, and other nickel-cobalt materials
"mid-nickel pCAM/product"	nickel-based pCAM with nickel content of at least 50 mol%
"NCA"	nickel cobalt aluminum, a nickel-based CAM made up of nickel, cobalt and aluminum
"NCM"	nickel cobalt manganese, a nickel-based CAM made up of nickel, cobalt and manganese in varying proportions
"new energy battery materials"	materials used in the production of new energy batteries, including CAM and their corresponding pCAM, anode, electrolyte fluid and separators
"new energy materials"	materials that include (i) new energy battery materials, and (ii) new energy metals
"NFPP"	Sodium iron phosphate compound (Na4Fe3(PO4)2P2O7), a chemical compound and a polyanion type of Sodium-ion cathode active material
"new energy metals"	metals including lithium, nickel, cobalt and copper and their intermediates, which are essential raw materials for producing new energy battery materials and other materials in the new energy industry
"nickel-based materials"	Nickel-based new energy materials, mainly include NCM/NCA pCAM
"nickel matte"	a nickel intermediate in the extraction and smelting of nickel, including for example, low-grade nickel matte and high-grade nickel matte
"nickel sulfate"	an inorganic compound with the chemical formula $NiSO_4$
"NPI"	nickel pig iron, a low grade ferro-nickel alloy with a nickel content typically below 15%
"OESBF"	a pyrometallurgical technique, utilizing oxygen-enriched side-blown furnace to smelt metal ores
"pCAM"	cathode active material (CAM) precursors, the raw materials or precursor compounds used to produce CAM for batteries
"phosphorus-based materials"	phosphorus-based new energy materials, mainly include LFP/LFMP pCAM and LFP/LFMP CAM
"RKEF"	a pyrometallurgical technique, utilizing rotary kiln electric furnace to smelt metal ores
"SAP"	system applications and products
"SHFE"	the Shanghai Futures Exchange

"SMM"	the Shanghai Metals Market
"sodium-based materials"	sodium-based new energy materials, mainly include sodium-based pCAM and CAM
"UAV"	unmanned aerial vehicle
"ultra-high nickel pCAM/product"	nickel-based pCAM with nickel content of at least 90 mol%
"XRD data"	the information obtained from an X-ray diffraction experiment used to analyze the crystal structure, phase identification, and crystallographic properties of materials
"5G"	5th Generation Mobile Communication Technology

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our franchisees and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate;
- capital market developments; and
- the effectiveness of our quality control systems.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors".

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

An investment in the H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this Document, including our consolidated financial statements and related notes, before you decide to buy the H Shares. If any of the circumstances or events described below actually arises or occurs, our future prospects, business, results of operations and financial condition may suffer. In any such case, the market price of the H Shares could decline and you may lose all or part of your investment. This Document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our business is exposed to the supply-demand dynamics in the battery industry, and is affected by market demand for the end products where our new energy battery materials are used.

We primarily provide new energy battery materials for producing cathode of lithium-ion and other advanced batteries used in EV, ESS, consumer electronics, as well as emerging high-potential market such as humanoid robotics, electric vessels and low-altitude aerial vehicles Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand for EV, ESS and consumer electronics. Robust growth in existing markets, such as EV, ESS and consumer electronics, as well as emerging high-potential markets, is a key driver of demand for our new energy battery materials, which propelled the growth of our business during the Track Record Period. See "Financial Information – Market demand and customer orders." The downstream demands in those markets are affected by many factors, such as:

- the government policies which influence the development of EV, ESS and new emerging market;
- the penetration rates of AI technologies in applications;
- the development and upgrade of consumer electronics;
- the energy and infrastructure development; and
- the macro-economies which affected the consumption habits of the society.

There is no assurance that the downstream demand for existing markets, such as EV, ESS and consumer electronics, as well as emerging high-potential markets, such as humanoid robotics and low-altitude aerial vehicles will maintain at the same level as we experienced during the Track Record Period or continue to increase in the future. There is no assurance that we will not experience the slowdown in growth in the existing or emerging downstream market in the future. If the downstream demand for EV, ESS, consumer electronics, as well as humanoid robotics and low-altitude aerial vehicles do not increase as we expect, the market demands for our products will decrease correspondingly, which may result in under-utilization of our production capacity, and in turn materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated a large portion of revenue from our battery materials, with nickel-based materials accounting for 81.2%, 63.4%, 40.2%, 44.0% and 35.1% of our total revenue from sales of battery materials in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. We expect that the production and sales of nickel-based materials will continue to contribute to a large percentage of our total revenue from new energy battery materials in the near term. Therefore, the market acceptance of nickel-based materials is critical to our future success. Although we believe that the market for ternary batteries, the major end products of our nickel-based materials, has good growth potential, there is no assurance for its development in the future. In particular, the gradual adoption of LFP

batteries in mass market EV in overseas markets has slowed and may continue to slow the growth rate of installation volumes for ternary batteries in those markets, and directly affected our sales of nickel-based materials in those markets for the period of concerned. This shift in market preference has intensified competition among manufacturers of ternary battery products, which in turn intensified competition among pCAM manufacturers, leading to increased price pressure and heightened competition for market share. As a result, our business and results of operations could be adversely affected if we are unable to effectively respond to such evolving market dynamics and competitive challenges. Any negative changes in the demand for or prices of nickel-based materials could have a material adverse effect on our business, financial condition and results of operations.

Sales of other categories of battery materials, such as cobalt-based materials, phosphorus-based materials and other innovative materials which include sodium-ion batteries were less than those of nickel-based materials during the Track Record Period. There can be no assurance that our diverse product portfolio will achieve broader market acceptance. Any failure to successfully develop, launch and market our new products could jeopardize our ability to recover our investments, which in turn may materially and adversely affect our business, results of operations and financial condition.

The sizes of the markets for our products may be smaller than estimated and new market opportunities may not develop as quickly as we expect, or at all, limiting our ability to successfully sell our products.

The markets for our new energy battery material products are rapidly evolving, making it difficult to predict with accuracy the sizes of the markets for our current and future products. For example, we believe new emerging markets such as humanoid robotics, electric vessels and low-altitude aerial vehicles and the potential growth in relatively developed markets such as EV and ESSs will drive demand for our products. However, our estimates of the annual total addressable market for our current and future products are based on a number of internal and third party estimates and assumptions. Sales of new or existing products into new market opportunities may take several years to develop and mature, and we cannot be certain that these market opportunities will develop as we expect. For example, robotics and low-altitude aerial vehicles may not be adopted by the relevant market as quickly as we expect, or at all, and the development of alternatives to EV in the future. Our assumptions and the data underlying our estimates of the total annual addressable market for our products may not be correct and the conditions supporting our assumptions or estimates, or those underlying the third party data we have used, may change at any time, thereby reducing the accuracy of our estimates.

We are exposed to risks relating to price fluctuations of raw materials.

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, cost of raw materials accounted for 93.8%, 90.2%, 83.8% 85.2% and 77.4% of our total cost of sales, respectively. See "Financial — Principal Components of Results of Operations — Cost of sales." As such, prices of raw materials have a significant impact on our cost of sales. The current or expected prices of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to the macroeconomy, the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters and other factors. We may not be able to obtain stable, high-quality raw materials at reasonable prices at all times.

Key metals involved in our new energy battery materials are nickel and cobalt. We primarily use the average LME/MB or SMM/SHFE prices over an agreed period as the metal pricing benchmark, applying negotiated discount rates to price our new energy battery materials. When sourcing metal raw materials, we use similar pricing benchmarks, but the discount rates differ. The differences in discount rates reflect variations in metal content, and are influenced by changing supply and demand dynamics, which are beyond our control. We also sell new energy metals, mainly nickel products, using LME/MB or SMM/SHFE prices as benchmark.

The global yearly average price of nickel decreased from RMB175,700 per ton in 2022 to RMB120,600 per ton in 2024, and the global yearly average price of cobalt decreased from RMB457,800 per ton in 2022 to RMB193,200 per ton in 2024. Such decrease in raw material prices directly affected the selling prices of our battery material products and our new energy metals.

The profitability of our new energy battery materials is partially influenced by the difference in the discount rates applied to (i) the cost of sourcing metal raw materials, and (ii) the metal price used to price our finished products. Similarly, the profitability of our new energy metal, mainly nickel products, is impacted by the difference in discount rates applied to (i) the cost of sourcing metal ores and (ii) the pricing of our metal products. We cannot assure you that we can always benefit from favorable differences in the discount rates.

In addition, we have taken measures including conducting hedging activities to mitigate the impact of fluctuation in prices of key raw materials. Such measures also include certain inherent risks. See "— We source certain key raw materials from the market, and we may not be able to secure our supply of such materials in a stable, timely and cost-effective manner." Finally, our profitability depends on our ability to optimize operational efficiency to capture more value. We cannot assure you that our efforts in this regard will always be effective.

We source certain raw materials from the market, and we may not be able to secure our supply of such materials in a stable, timely and cost-effective manner.

Although we have established multiple production facilities in PRC and overseas to produce certain raw materials, such as nickel sulfate, for our major products as part of our vertical integrated operation strategy, we still need to procure certain raw materials, including nickel ores, nickel and cobalt intermediates and auxiliary materials such as sulfuric acid and sodium hydroxide, needed for our products from third parties. Our current suppliers may be unable to satisfy our future requirements of quality and quantity of raw materials on a timely basis. Moreover, the prices of raw materials and components could fluctuate significantly due to circumstances beyond our control. See "— We are exposed to risks relating to price fluctuations of raw materials." If our current suppliers are unable to satisfy our long-term requirements on a timely basis, we may be required to seek alternative sources for necessary materials, produce the raw materials in-house or redesign our proposed products to manufacture available substitutes at competitive cost. If we fail to do so, it will result in a significant delay in our manufacturing and delivery of our products, which may result in liabilities of damages and damage to our reputation, and will adversely and materially affect our business, results of operations and financial condition.

Certain of our raw materials are commodities such as nickel and cobalt raw materials. The profitability of our products is partially affected by the cost of sourcing these materials relative to the metal prices we use to price our products. This margin is influenced by changing supply and demand dynamics, which are beyond our control. Moreover, as we continue to expand our overseas business, the proportion of foreign currency-denominated transactions has been increasing, exposing us to risks associated with exchange rate fluctuations. Any increase in costs or decrease in revenue due to exchange rate movements may have an adverse impact on our profitability. In response to such risks, during the Track Record Period, we have engaged in hedging transactions for certain raw materials and the exchange rates with a view to mitigate risks associated with fluctuations. While these hedging activities potentially reduce our exposure to changes in commodity prices and exchange rates, the use of such hedging instruments may ultimately limit our ability to benefit from favorable price trends. The successful use of hedging instruments depends on our ability to accurately forecast the direction and extent of market movements within a given time frame. To the extent selling prices remain stable or fluctuate in a direction opposite to our anticipations, we may realize losses on hedging transactions that are not offset by decreases in raw material prices or exchange rates. Furthermore, if we fail to properly monitor and manage our hedging positions, we may be required to deposit and utilize additional funds, which could adversely affect our cash and cash equivalent position. Although we have implemented certain risk control procedures aimed at mitigating risks related to these

hedging transactions, there can be no assurance that these procedures will be effective and adequate. There is no guarantee that we will not experience losses from these hedging transactions in the future, or that such losses will not have a material adverse effect on our business, financial condition, results of operations and prospects. For details, see ''Business — Our Supply Chain — Inventory Management — Hedging."

If we are unable to manage our growth or execute our strategies, such as globalization of customer base or integration of industry value chain effectively, our business and prospects may be materially and adversely affected.

Our business has continued to grow in recent years, so have our business network and number of employees. In addition, as we expand our product portfolio, customer base and international markets, as well as further integrate our industry value chain, we will need to work with a larger number of suppliers and partners efficiently and maintain and expand mutually-beneficial relationships with our existing and new suppliers and partners. We also need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management aspects, refine our reporting systems and procedures, and expand, train and manage our growing employee base. All these efforts will require significant managerial, financial and human resources. We cannot assure you that such efforts will reach our expected outcome. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. In addition, changes and developments taking place in industries that we operate in may also require us to re-evaluate our business model and adopt material changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments may have a materially adverse effect on our business, financial condition and results of operations. Even if we innovate and adapt to these changes and developments, we may nevertheless fail to realize the anticipated benefits of changes adopted to our long-term strategies and business plans or even harm our profitability as a result. See also "— Our overseas expansion strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks."

We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged.

We expect to further expand our production capacity to meet customers' increasing demands for our products. See "Business — Production – Expansion Plan." Such expansion will impose significant responsibilities on our senior management and require significant commitment of our resources, including financial resources and the time needed to identify, recruit, maintain, and integrate additional employees. Our proposed expansion will also expose us to greater overhead and support costs and other risks associated with the manufacture and commercialization of new products as disclosed in this Document. Difficulties in effectively managing the budgeting, financing, forecasting and other process control issues presented by such expansion could negatively affect our business, prospects, results of operations and financial condition.

Such expansion is also required to obtain various approvals, permits, licenses and certificates and complete relevant inspections by competent government authorities. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain relevant approvals, permits, licenses and certificates or complete the inspections for our production expansion projects may materially delay our production expansion or even result in the cancelation of such plans, which may adversely affect our business, financial conditions and results of operations.

However, even if we manage to expand our production capacity as planned, there is no assurance that we may increase our production output in a timely manner or at all as envisaged. Our ability to increase our production output is subject to significant constraints and uncertainties, including but not limited to:

- delays by our suppliers and equipment vendors and cost overruns as a result of a number of factors, many of which may be beyond our control or cannot be foreseen, such as increases in raw material prices and problems with equipment vendors;

- failure to complete or delay in fulfilling the legal procedures required by relevant laws and regulations (including but not limited to obtaining licenses, approvals, filings, registrations) from competent government authorities for construction, overseas investment, foreign investment and production;

- our ability to configure the production lines for specific products in a timely manner;

- the performance of the manufacturing equipment we procured and the production expertise we retained; and

- diversion of significant management attention and other resources.

For example, although our North Morowali production base has reached full production capacity, its construction was delayed and resulted in cost overruns. Our business partner—a minority shareholder in the base—had agreed to indemnify us for these overruns and any shortfall in expected nickel production returns due to the construction delay, however, its recent insolvency may prevent us from recovering any of these indemnities.

Moreover, our product development, manufacturing and testing protocols are complex and require significant technological and production process expertise. Any changes in our processes could cause one or more production errors, requiring a temporary suspension or delay in our production line until the errors can be researched, identified, and properly addressed and rectified, and thus limit our production output. This may occur particularly as we introduce new products, modify our engineering and production techniques, and/or expand our production capacity. In addition, our failure to maintain appropriate quality assurance processes could result in increased product failures, loss of customers, increased warranty reserve, or increased production and logistics costs, and delays.

If we are unable to increase our production output in a timely manner or at all in the end because of any of the risks described above, we may be unable to fulfill customer orders or achieve the growth we expect. In addition, if we are unable to fulfill customer orders, our reputation could be affected, and our customers could source products from other companies. The combination of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may fail to keep up with rapid technological changes and evolving industry standards.

Our industry is characterized by rapid and innovative technological changes. Our future success will depend, in part, on our ability to respond to fast changing technologies, adapt our products to evolving industry standards and improve the performance, functionality and reliability of our products. Our failure to continue to adapt to such changes could harm our business. If we are slow to develop products that are suitable for next generation of battery technologies, or if the products we develop are not widely accepted and used in our customers' products, we may not be able to capture a significant share of the market. In addition, the widespread adoption of new technologies, such as robotics and low-altitude aerial vehicles could require substantial expenditures to develop our new products. If we fail to keep up with rapid and innovative technological changes to remain competitive, our future growth may be materially and adversely affected and our results of operations could be materially and adversely affected.

Moreover, we make consistent investments in R&D. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses were RMB929.2 million, RMB1,055.7 million, RMB1,109.3 million, RMB450.5 million and RMB544.8 million, respectively. See "Financial Information — Results of Operations — Research and Development Expenses." In order to maintain and expand our competitive advantage, we may devote more resources in R&D in the future. In addition to our in-house R&D capabilities, we also engage in joint R&D collaboration with third parties to jointly develop new technologies and products. See "Business — Research and Development — Collaboration," and "Business — Research and Development — Our Research and Development." However, as R&D activities are inherently uncertain, we cannot assure you that our R&D projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will achieve wide market acceptance or enjoy the advantages as we expected. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in our competitive position. Even if such products can be successfully launched, we cannot assure you that they will be accepted by our customers and achieve anticipated sales target or profit.

In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products or more competitively priced. Due to uncertainties in the time frame for developing new products and the duration of market window for these products, there is a substantial risk that we may have to abandon a product or a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product.

We face competition in our business.

The global new energy battery materials markets are highly competitive, and we expect that such intense competition to continue in the future.

In particular, in recent years, with the rapid development of the EV industry, nickel-based materials, as the key raw material for ternary cathode in EV batteries, has led to the existing ternary precursor manufacturers expanding their production capacity, resulting in increasingly fierce industry competition. Moreover, to capture the rapid growth opportunities and potential of LFP batteries and further expand our product portfolio, we realized commercial production of phosphorus-based materials in 2023. As a new entrant in phosphorus-based materials, we faced intensified competition from other established manufacturers in this field. We may not succeed in competing with those established manufacturers of phosphorus-based materials. As a result, we may not be able to successfully expand our product portfolio or realize the business growth in phosphorus-based materials as we expect. For example, due to the intense competition and over-supply of LFP and LFP pCAM in the market during the Track Record Period, the selling price of our phosphorus-based materials decreased from RMB14,300 per metric ton in 2022 to RMB8,700 per metric ton in 2024, which resulted in negative gross profit for sales of our phosphorus-based materials in 2023 and 2024. See "Financial Information - Principal Components of Results of Operations - Revenue," and " - Gross Profit and Gross Profit Margin."

Moreover, the market for nickel products, including nickel intermediates and electrolytic nickel, is experiencing increasing competition as more market participants enter the industry. The entry of new competitors, as well as the expansion of production capacity by existing players, could lead to oversupply, increased price pressure, and intensified competition for customers and raw materials. This could, in turn, adversely impact our market share, sales volumes, and profit margins. If we are unable to compete effectively or adapt to changing market dynamics, our business, results of operations, and financial condition could be materially and adversely affected.

In response to the market competition, our existing competitors may seek to increase their market shares through various measures, such as continued R&D efforts, increased production capacity, optimized production process and active marketing campaigns. Our competitors may have made, or may in the future make, greater investments in research and development activities than we have. Such investments enable them to drive or respond rapidly to fast-changing techniques (such as pyrometallurgical processing) and

technologies (such as advanced materials and centrifugal extraction methods). Our competitors may also seek to increase their market shares through the reduction of price. We expect to face competition from competitors as we expand our business into new business lines, geographic regions and product categories. Competitive pressure could also have an adverse impact on the demand for and pricing of our products, which in turn affects our growth and market share. Even if there is sufficient downstream demand for EV, ESS and consumer electronics battery products, there is no guarantee that we will always succeed in competing with other market players for orders from downstream customers. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition.

Our overseas expansion strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks.

We derive a significant portion of our revenues from our overseas operations. During the Track Record Period, we generated over 30.0% of our revenues outside the PRC. We expect that overseas sales will continue to account for a significant percentage of our revenues. Moreover, we have established production bases in Indonesia and Morocco, and expect to further expand those production bases and further enhance our overseas presence in the future. Accordingly, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with manufacturing and operating in various jurisdictions, any of which could negatively affect our financial performance. These risks include the following:

- lack of familiarity with local operating and market conditions;
- difficulties and costs of staffing and managing overseas operations;
- difficulties of recruiting competent employees locally;
- difficulties in managing relationships with local communities and potential disputes with them;
- potential failure to achieve the expected returns from investing in production bases;
- potential delay in construction plan from third-party service providers;
- trade customer, or local joint venture partner insolvency and the inability to collect accounts receivable;
- labor disputes and work stoppages at our operations and suppliers;
- complex supply chain and shipping logistical challenges;
- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing presence;
- legal, regulatory, political, economic and commercial instability and uncertainty;
- changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;
- changes in foreign trade policies and regulations by local authorities, including those in relation to economic sanctions, export controls, and import restrictions, as well in trade barriers such as unfavorable changes in tariffs or quotas, particularly, in light of navigating the changing relationships between major economies;

- difficulty in coping with possible conflict of laws resulting from sanctions and import/export controls measures of different jurisdictions where we operate;
- changes in foreign country regulatory requirements, including data privacy laws;
- complexities relating to compliance with foreign anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws;
- difficulty in obtaining or enforcing intellectual property rights;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- foreign currency exchange rate fluctuations;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation and/or deflation, and changes in interest rates;
- misconduct by our customers beyond our control, including but not limited to breaching the agreements with them, policies that we require them to adhere to, and laws and regulations of various jurisdictions that are applicable to them; and
- other obstacles and risks related to overseas manufacturing and operations.

We are a China-based enterprise with global presence. We operate in both PRC and various overseas jurisdiction, where economic, regulatory, and governance environments have evolved dynamically in recent decades. Governments in these markets have pursued market-oriented reforms and stronger corporate governance, with policies often tailored to local industry or regional needs. Changes in market conditions or regulations across these regions may impact our business, prospects, results of operations and financial condition. Moreover, if foreign governments implement laws or regulations restricting investment in Chinese entities and we are deemed to be subject to such restrictions, the investment and transactions in our H Shares, our business prospects, results of operations, financial conditions and future capital raising may be adversely affected.

We are subject to various laws and regulations of PRC and other jurisdictions in which we operate and are required to obtain and comply with relevant permits, licenses, certificates, consents and other approvals from administrative authorities. Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have an adverse effect on our operations. We are also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licenses or certificates. There can be no assurance that we will be able to fulfill the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations. There may be delays on the part of relevant administrative bodies in reviewing our applications and granting approvals.

Moreover, in early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariff on certain imports from China. The U.S. tariffs and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. In particular, In March 2025, the president of the United States imposed 20% tariffs on Chinese goods. On April 2, 2025, the president of the United States

imposed a 10% across-the-board tariff on all imports from the U.S.' trading partners, along with additional country-specific tariffs for various countries (the so-called "reciprocal tariffs" as adjusted from time to time, and, together with the above-mentioned tariffs, the "Additional US Tariffs". On April 9, 2025, it was announced that the reciprocal tariffs would be paused for 90 days for all countries but China. On April 10, 2025, the reciprocal tariffs on China were raised to 125%. The United States and China are engaging in trade discussions, and on May 12, 2025, the United States stated that they would lower the reciprocal tariffs on China to 10% for 90 days. We cannot predict the timing, scope, or severity of potential changes in tariffs and trade policies, which may continue to evolve in the future. In 2022, 2023 and 2024, and the six months ended June 30, 2025 our revenue generated from direct sales to U.S. customers amounted to RMB6.3 million, RMB57.5 million, RMB48.3 million, and RMB38.8 million, respectively, accounting for 0.0%, 0.2%, 0.2%, and 0.2% of our total revenue of the corresponding period. In terms of revenue from direct sales to customers with places of registration in the United States, we recorded RMB5.0 million, RMB57.5 million, RMB1,151.2 million, and RMB1,626.2 million in 2022, 2023 and 2024, and the six months ended June 30, 2025 respectively. As such, our Directors do not expect the recently implemented tariff changes by the U.S. government would result in a material adverse effect on our business and financial conditions. However, we cannot assure you that our products will not be subject to higher tariffs or trade restrictions in the future. Any future negative changes in the U.S. tariff policies towards China may deter market demands of our products or the end market products in the U.S., and we may face a decrease in revenue or decreased profitability. Additionally, if any changes are implemented faster and/or more strictly than anticipated, we may not be able to respond and mitigate the risks associated effectively and timely. Any of the above could negatively affect our business, results of operations and financial condition.

The Additional US Tariffs have had a significant impact on the global industry landscape of new energy battery materials. On one hand, affected by these tariff measures, China's exports of new energy battery materials to the U.S. are expected to decline substantially, placing pressure on related enterprises in terms of rising export costs, order transfers, and shrinking market share. Meanwhile, the U.S. is accelerating the development of domestic production capacity and that of its allied countries in the battery materials sector. Enterprises in regions such as South Korea, Japan, and Indonesia, which benefit from geopolitical advantages, are expected to receive more orders and policy support, thereby enhancing their competitiveness in the global market. On the other hand, some leading Chinese enterprises with overseas production capacity can mitigate trade barriers through localized manufacturing in non-tariff-sensitive regions, thus maintaining strong adaptability and market share amid the ongoing restructuring of the global supply chain. Enterprises are expected to dynamically adjust their global strategies and trade arrangements to navigate an increasingly uncertain policy environment. If we fail to effectively deal with the increasing uncertain policy environment mentioned above, our business, results of operations and financial position may be materially and adversely affected.

Some other regions have implemented or are considering tariffs on EV-related products manufactured in the PRC. The European Union increased tariffs on Chinese-built EV to as much as 45.3% in October 2024, in March 2025 the European Union and China have agreed to look into setting minimum prices of Chinese-made EV instead of tariffs imposed by the European Union in 2029. The European Union is also considering various measures to protect its domestic EV industry, potentially including tariffs on Chinese EV. These tariffs and potential measures could significantly impact the demand for Chinese-manufactured EV and related components in international markets. As a result, the demand for our products, some of which are used in the production of EV, could be adversely affected.

We face certain inherent risk in relation to metals trading, and our hedging strategies may fail.

During the Track Record Period, we have engaged in metals trading, which primarily involves nickel, cobalt and copper. However, there are certain inherent risk associated with metals trading. For example, the prices of metals such as nickel, cobalt, copper and other metals are subject to significant volatility driven by factors including changes in global supply and demand, geopolitical instability, and economic conditions. For example, the price of nickel decreased from RMB175,700 per ton in 2022 decreased rapidly to

RMB120,600 per ton in 2024, and further to RMB109,174 per ton in the six months ended June 30, 2025. This price volatility could result in fluctuations in our revenues and profit margins for the metals trading, and we may incur losses if we fail to effectively hedge against price changes or if market prices decline unexpectedly. The Group has determined through qualitative analysis that the ratio of hedging instruments to hedged items is 1:1. As of December 31, 2022, we had liabilities of commodity futures designated as hedging relationships of RMB459.5 million. As of December 31, 2023 and 2024 and June 30, 2025, we had assets of commodity futures designated as hedging relationships of RMB117.2 million, RMB135.3 million and RMB58.3 million, respectively. Had the Group not applied hedge accounting, the profit of the Group would decrease by RMB73.2 million in 2022 and RMB178.5 million in the six months ended June 30, 2025, increase by RMB489.2 million and RMB34.7 million in 2023 and 2024. See "Business - Our Supply Chain - Hedging." Moreover, metals trading is subject to regulatory requirements, as changes in environmental laws, export/import restrictions, and compliance requirements may increase operational costs or disrupt trade flows. If we fail to address those inherent risks associated with metals trading, our business, results of operations and financial condition could be materially and adversely affected.

Our business is capital intensive, and the sources of our future financing can be uncertain.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the acquisition of equity interests in mines, purchase of equipment and construction of production facilities. To the extent that we expand or add new production facilities and acquire equity interest in mines, we expect to fund the related financial commitments and other capital and operating expenses from the proceeds from the cash flow from operating activities, banking facilities and the net **[REDACTED]** from the **[REDACTED]** and future equity raisings from the A-share market. However, we cannot assure you that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable and affordable to us or consistent with our expectations. To the extent we cannot obtain financing for our expansion or acquisitions at reasonable costs or at all in the future, our business may be adversely affected. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. If that happens, our business, financial position, results of operations, prospects may be affected.

We may not be successful in our efforts to make acquisitions and successfully integrate newly acquired assets.

We have in the past pursued and may in the future consider opportunities to acquire assets that may strategically complement our integrated operations. We may be unable to realize the expected returns for our past acquisitions and investments, and we may be unable to identify suitable targets, opportunistic or otherwise, for acquisition in the future at acceptable terms or at all. In addition, exploring acquisition opportunities may divert management attention from the core business and organic innovation and growth, which could negatively impact our business, financial condition, results of operations and cash flows. If we identify a suitable acquisition candidate, our ability to successfully implement the acquisition will depend on a variety of factors, including our ability to obtain financing on acceptable terms consistent with any debt agreements existing at that time and our ability to negotiate acceptable price and terms. Historical instability in the financial markets indicates that obtaining future financing to fund acquisitions may present significant challenges and will also create dilution to shareholders among other potential impacts.

The success of our past and future acquisitions will be dependent upon our ability to effectively integrate the acquired assets and operations into our business. Integration can be complex, expensive and time-consuming. The failure to successfully integrate acquired assets in a timely and cost-effective manner could adversely affect our business, prospects, results of operations and financial condition. The diversion of our management's attention and any difficulties encountered in any integration process could also have a material adverse effect on our ability to manage our business. In addition, the integration process could result in the loss of key employees, the disruption of ongoing businesses, litigation, tax costs or

inefficiencies, or inconsistencies in standards, any of which could adversely affect our ability to maintain the appeal of our brands and our relationships with customers, employees or other third parties or our ability to achieve the anticipated benefits or synergies of such acquisitions and could harm our financial performance.

Additionally, these transactions involve other significant challenges and risks, including

- failure to realize a positive return on our investment;
- difficulties in conducting sufficient and effective due diligence on potential targets, joint venture partners, and unforeseen or hidden liabilities or additional incidences of non-compliance, operating losses, costs and expenses that may adversely affect us following our acquisitions or investments or other strategic transactions;
- actual or potential impairment charges or write-offs of investments in investees, intangible assets (including intellectual property we acquire) or real properties, and goodwill recorded in connection with invested businesses, in the event that a decline in fair value below the carrying value of our investments is other-than-temporary, or the carrying amount of an asset to which goodwill is allocated exceeds its fair value; and
- negative impact on our cash and credit profile from loans to or guarantees for the benefit of the investees.

In particular, we entered into two joint ventures with POSCO Holdings Inc.: (i) a joint venture for the production of nickel-based materials, which is our South Korea production base, in which we held an 80.0% equity interest; and (ii) a joint venture for the production of nickel sulfate (the "**Nickel Sulfate Project**"), in which we held a 40.0% equity interest. The Nickel Sulfate Project was terminated due to economic consideration as we identified alternative solution that can provide better return on our investment for sourcing raw materials. Before the termination we had invested RMB170 million into the project.

Moreover, in 2023, we, through our subsidiaries, and the platform for our employee stock ownership plan, acquired 60% and 7% equity interests, respectively, in PT Nadesico Nickel Industry ("**NNI**") from Jiangsu Delong Nickel Industry Co., Ltd. ("**Delong Nickel**") and its affiliate. According to the transaction agreement, Delong Nickel was under several obligations to us including the agreement to construct the North Morowali production base and indemnity to us for any shortfall in returns if the North Morowali production base did not reach its full capacity by December 2023, as well as several ancillary obligations. The construction of our North Morowali production base has been completed in the end but was delayed as compared with the original plan, which triggered several compensation and indemnity obligations of Delong Nickel to us. However, due to the deteriorating financial condition of Delong Nickel, a consolidated insolvency proceeding was initiated against Delong Nickel in August 2024. As a creditor, we have submitted several claims to the administrator of the insolvency of Delong Nickel. See "Business — Insolvency of Delong Nickel." As of the Latest Practicable Date, a total of RMB1,229.5 million of our claims was accepted by the administrator, with RMB137.3 million of our claims pending determination. There is no assurance how much of the outstanding claims against Delong Nickel can be recovered. If we failed to recover such claims, our financial condition can be adversely affected.

We depend on certain third parties for various services and products in connection with our business.

We rely on third-party suppliers for various goods and services including utilities, energy, raw materials, warehousing services and transportation services, which are in line with industry practice. We endeavor to source goods and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the goods and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-

party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, substantially increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures which could increase our costs of operations. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of goods or services not complying with our requirements or that of our customers, our reputation may be affected. Our reputation will also be adversely affected if the third-party providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, reputation, financial condition and results of operations.

We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing and mining processes at our production facilities due to, among others, failure to comply with safety measures and procedures.

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees. As our manufacturing processes, including mineral smelting, refining and new energy battery materials production, are complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have adequate or sufficient insurance to cover such liabilities, which could then adversely affect our business, results of operations and financial condition. See "— We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards."

We generate a substantial portion of our revenue from a limited number of key customers. If we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations will be adversely affected.

We generate a substantial portion of our revenue from a limited number of key customers. In 2022, 2023 and 2024 and the six months ended June 30, 2025, revenue from our five largest customers in each year during the Track Record Period amounted to RMB17,589.7 million, RMB14,984.2 million, RMB11,734.9 million and RMB7,245.9 million, respectively, accounting for 58.0%, 43.7%, 29.2% and 34.0% of our revenue in the respective period, and revenue from our largest customer amounted to RMB5,513.0 million, RMB4,524.5 million, RMB3,548.0 million and RMB2,026.2 million, respectively, accounting for 18.2%, 13.2%, 8.8% and 9.5% of our revenue in the respective period.

If these key customers do not continue to transact with us on scales or terms similar to historical levels, our business, financial condition and results of operations will be adversely affected. In particular, these key customers' products are characterized by rapidly evolving technology that requires different product specifications or adoption of new or alternative technologies each time a new product is introduced or an existing product is upgraded. The loss of or reduction in any key customer's business as a result of our inability to meet the product specifications, to adopt new technologies, our exclusion from a key product introduction cycle or for any other reason may materially and adversely affect our results of operations. Furthermore, Certain of our direct customers are also our indirect customers. As such, adverse development in relationship with these customers can result a loss of business from these customers directly, and from our other customers who supply our products to these customers.

If (i) there is any reduction, delay or cancelation of orders from one or more of our key customers due to a reduction in their product sales or for any other reason, (ii) one or more of our key customers select our competitors' products; (iii) we lose one or more of our key customers and are not able to obtain additional or alternative customers that can replace the lost sales volume and profit or (iv) any of our key customers fails to make timely payment for our products, our financial condition and results of operations may experience material fluctuations and our sales may decline.

Given the significant order volume of our key customers, we anticipate that we may continue to generate a substantial part of our revenue from a limited number of key customers in the foreseeable future. If our relationships with these customers are not sustained or do not develop, we may not be able to continue to generate sales, revenue and profit from these customers on scales that are comparative to historical levels, or at all.

Moreover, there is no assurance that we could retain our existing customers or attract new customers as we did during the Track Record Period, or at all. If we fail to retain our existing customers or attract new customers in the future due to that our products could not meet the requirements of the market, or that our selling prices are not competitive, or due to other factors disclosed herein, our business, financial conditions and results of operations will be adversely affected.

We may need to replenish mineral resources, and we may face mine development risks.

As part of our integrated operations, we invested in nickel laterites, phosphate and lithium brine resources as of the Latest Practicable Date. We may need to replenish resources from time to time in order to enhance the security of our supply chain. There is no assurance that we will be able to identify or acquire new and valuable resources. The failure for us to do so could adversely affect our operations.

As of the Latest Practicable Date, our lithium brine resources remained undeveloped. For these undeveloped mines, the development projects may take a number of years and material expenditures during the development phase before production is possible. Such projects could experience unexpected problems and delays during permitting, development, construction and mine start-up. Our decision to invest in a development project will be based on the results of studies, which estimate the anticipated economic returns of a project. The actual project profitability or economic feasibility may differ from such estimates.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial, export control regulations and similar laws and regulations. Any non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial, export control regulations and similar laws and regulations in various jurisdictions in which we conduct activities. In view of our overseas operation, there can be no assurance that the measures taken by us to mitigate the risk of will be fully effective in all circumstances. The Group may be exposed to liability or regulatory action if it, its customers, or suppliers are found to have engaged in money laundering or related activities, whether knowingly or inadvertently. If we fail to comply with anti-corruption, anti-bribery, anti-money laundering, financial and export control regulations and similar laws and regulations, we could be subject to whistle-blower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. Any violation or even an alleged or suspected violation could harm our reputation and cause our suppliers, customers, financial institutions or other counter-parties to refuse to do business with us, which may adversely affect our business, our results of operations, or the trading price of our Shares.

In particular, On October 9, 2025, the Ministry of Commerce and the General Administration of Customs jointly released the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (Ministry of Commerce & General Administration of Customs Announcement [2025] No.58) (《公布對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》（商務部海關總署公告2025年第58號）) ("**Announcement No.58**"). The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced that the implementation of the Announcement No. 58 will be suspended for one year. Upon effect and implementation of the Announcement No. 58, specified items including certain cathode materials will become subject to export control. Among the products manufactured and sold by us during the Track Record Period and up to the Latest Practicable Date,

the nickel-based materials (namely, nickel-cobalt-manganese hydroxide and nickel-cobalt-aluminium hydroxide) (the "**Controlled Nickel-based Materials**") and part of the phosphorus-based materials (namely, lithium iron phosphate) ("**Controlled Phosphorus-based Materials**") (collectively, the "**Controlled Items**") fall within the controlled items expressly listed in Announcement No. 58. As advised by the PRC Legal Adviser, from the effect and implementation of the Announcement No. 58, any export of Controlled Items shall, on top of existing export procedures, comply with the Export Control Law of the People' Republic of China (《中華人民共和國出口管制法》) and the Control List for the Export of Dual-Use Items and Technologies of the People' Republic of China (《中華人民共和國兩用物項出口管制條例》). In 2022, 2023 and 2024 and the six months ended June 30, 2025, the revenue generated from exports of Controlled Nickel-based Materials amounted to approximately RMB4.8 billion, RMB5.6 billion, RMB2.7 billion and RMB0.6 billion, respectively, accounting for approximately 16%, 16%, 7% and 3% of our total revenue in the corresponding period. In the first half of 2025, we conducted trial production and customer verification process for the Controlled Phosphorus-based Materials, with revenue of around RMB0.1 million generated from export of such materials in the six months ended June 30, 2025. See "Business — Export Control." There is no assurance that the measures taken by us to mitigate the impact of the Announcement No.58 will be effective, or that we will obtain the requested export licenses for our future exports of Controlled Items after the effect and implementation of the Announcement No. 58. If we fail to obtain the requested export licenses, our business, results of operations and financial condition may be adversely affected.

We recorded net operating cash outflow in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operating outflow in the future.

In 2022, we recorded net cash outflow from operating activities of RMB4,953.6 million. See "Financial Information — Liquidity and Capital Resources — Cash Flow." There is no assurance that we will generate net cash inflows from our operating activities in the future. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity, financial condition and prospects may be adversely affected. We cannot assure you that we will continue to have sufficient cash from other sources to fund our operations. If we resort to other financing activities to obtain additional cash, we will incur additional financing costs, and we cannot assure you that we will be able to obtain financing to satisfy our needs of cash flow on terms acceptable to us, or at all.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

In order to operate our business effectively and meet our consumers' demands and expectations, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had inventories of RMB9,620.2 million, RMB7,929.1 million, RMB9,826.4 million and RMB10,226.8 million, respectively. We determine our level of inventory based on our experience, number of orders from customers, assessment of customer demand and fluctuation in prices of raw materials. However, such assessment is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. For example, our inventory turnover days increased from 98 days in 2022 to 109 days in 2023, primarily as we expanded upstream, which resulted in longer production cycle. Our inventory turnover days in 2024 and the six months ended June 30, 2025 were 92 days and 96 days, respectively. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation. Moreover, the significant increase in our inventory levels may adversely affect the cash we generate from operating activities. In 2022, we utilized RMB4,883.9 million of working capital to increase our inventories, primarily to support our business expansion. This substantial allocation of cash, combined

with other increases in working capital, contributed to a net cash outflow from our operating activities in 2022. If we are unable to effectively manage our inventory levels, our cash flow and overall liquidity position may be adversely impacted.

Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

We may fail to recover our trade and bills receivables in a timely manner, which may affect our financial condition and results of operations.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our trade and bills receivables amounted to approximately RMB5,077.5 million, RMB5,139.8 million, RMB5,105.8 million and RMB5,659.4 million, respectively. We recorded impairment of trade receivables of RMB55.1 million, RMB44.9 million, RMB51.6 million and RMB72.0 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. See "Financial Information — Selected Balance Sheet Items — Trade and Bills Receivables." There can be no assurance that we will be able to maintain our trade receivables turnover days at a reasonable level. Should the credit worthiness of our customers deteriorate, or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers within their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from the customers or that they will settle our trade and bills receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

We may recognize impairment loss on our prepayments, deposits and other receivables.

We recorded prepayments, deposits and other receivables of approximately RMB2,639.6 million, RMB5,335.8 million, RMB5,436.6 million and RMB6,226.2 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, with impairment provision of RMB4.7 million, RMB31.5 million, RMB38.8 million and RMB54.7 million as of the same date, respectively. During the Track Record Period, our prepayments, deposits and other receivables primarily consisted of (i) prepayments mainly for raw materials for our new energy battery materials, (ii) deposits and other receivables, mainly including the receivables from our affiliates for our loans to those affiliates, and (iii) tax receivables for input tax associated with the construction and establishment of production bases, which were expected to be recovered in the future. See "Financial Information — Selected Balance Sheet Items — Prepayment, Deposits and Other Receivables." and note 25 to "Appendix I — Accountants' Report." We cannot assure you that there would not be any impairment on our prepayments, deposits or other receivables in the future. If we continue to record impairment losses on such balances in the future, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to timely fulfill our obligations in respect of contract liabilities to our customers or at all.

Our contract liabilities comprise advances received from our customers. We typically require some of our customers to pay part of the consideration for their purchases from us upon or prior to the delivery of the products. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had contract liabilities of RMB86.4 million, RMB169.2 million, RMB586.6 million and RMB280.6 million, respectively. See "Financial Information — Selected Balance Sheet Items — Other Payables and Accruals." Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. The continued operation of our production facilities may be

substantially interrupted and materially and adversely affected due to a number of factors, many of which may be beyond our control. As a result of disruption to any of our production facility or any problems in manufacturing our products, we may fail to fulfill our contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

Share-based payments may lead to shareholding dilution for our existing Shareholders and adversely affect our financial performance.

We adopted Employee Stock Ownership Scheme for the benefit of our directors (excluding independent directors), senior management, key management personnel, core employees, and other personnel deemed by the Board as requiring incentives, of our Company and its subsidiaries and branches. See note 36 to "Appendix I — Accountants' Report" and "Share Scheme" in "Appendix VI — Statutory and General Information." In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we incurred share-based payment expenses of RMB79.4 million, RMB51.9 million, RMB79.9 million , RMB55.9 million and RMB15.7 million, respectively. To further incentivize our directors (excluding independent directors), supervisors, senior management, key management personnel, core employees, and other personnel, we may pay additional share-based payment in the future. Issuance of Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Such share-based payments may also increase our expenses and therefore have a material and adverse effect on our financial performance.

Our financial results may be affected by government grants.

The government grants we received and recognized in profit or loss were RMB518.2 million, RMB579.7 million, RMB438.0 million, RMB231.5 million and RMB133.1 million in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. Not all of the government grants are recurring in nature. See "Financial Information — Results of Operations — Other Income and Gains." Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the local government, such as those associated with our income and investment and the initiation of certain R&D projects. In addition, the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future at the same level as we had during the Track Record Period, our financial condition and results of operations for the period may be adversely affected.

Fair value change of financial assets at fair value through profit or loss may affect our results of operations.

Our financial assets at fair value through profit or loss primarily consist of structured deposits. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had financial assets at fair value through profit or loss of RMB300.0 million, nil, RMB2,040.2 million and RMB1,161.0 million, respectively. Changes in the fair value of the structured deposits are reflected in our consolidated statement of profit or loss. See note 19 to "Appendix I — Accountants' Report." The methodology that we use to assess the fair value of our investments in wealth management products involve a significant degree of management judgment and are inherently uncertain. We cannot assure you that market conditions and regulatory environment will create fair value gains on those financial assets or that we will not incur any fair value losses on those financial assets in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We may record impairments of non-financial assets.

We may record impairments of non-financial assets, which may adversely affect our financial condition and results of operations. Goodwill, intangible assets with indefinite useful life and intangible assets with those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are

indications that the asset's carrying amount may not be recoverable. We measure impairment by comparing the carrying value of the asset to the recoverable amount of such asset, which is the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of such asset, we recognize an impairment loss based on the recoverable amount of such asset. The application of impairment test to our non-financial assets also requires management judgment regarding such assets. In 2024, we recorded impairment of non-financial assets of RMB18.6 million.

We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

Our PRC subsidiaries are subject to the PRC corporate income tax at a standard rate of 25% on their taxable income, but several of our PRC subsidiaries were accredited as "High and New Technology Enterprises," and several subsidiaries' operations fell within the scope of China's Western Development Program, which were entitled to a preferential income tax rate of 15%. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancelation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiary will be subject to the PRC enterprise income tax, at a rate of 25% on taxable income. As a result, the increase in our tax charge could lead to a material and adverse impact on our results of operations and financial condition.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

We may face risks in relation to the joint ventures and may not be successful in our investments.

We have, and may have more, interests in joint ventures engaging in mining and new energy materials manufacturing business. As of the December 31, 2022, 2023 and 2024 and June 30, 2025, we had investments in joint ventures of RMB206.3 million, RMB1,978.5 million, RMB2,354.3 million and RMB2,382.8 million, respectively. In particular, in 2023, we entered into a joint venture agreement with POSCO to collaborate on building a pCAM production base in South Korea, and we held 80.0% equity interest in it. In the same year, we, through our subsidiaries, and the platform for our employee stock ownership plan, acquired 60% and 7% equity interests, respectively, in NNI, while Jiangsu Delong Nickel Industry Co., Ltd. retained 33% equity interest in NNI as a minority shareholder. NNI currently operates the North Morowali production base. Certain important resolutions of these joint ventures must be passed by unanimous approval of the joint venture partners. Such joint ventures may involve special risks, including but not limited to the possibility that the joint venture partner may (i) have economic or business objectives that are inconsistent with ours; (ii) experience financial difficulties; or (iii) be unable or unwilling to fulfill their obligations under the joint venture contracts. Some of our joint ventures are located overseas and

engaged in production and operations. Those joint ventures are also subject to various uncertainties and risks associated with manufacturing and operating in those jurisdiction. See "—Our international strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks." If any of the above risks materialized in the future, our relationship with those joint venture partners and the related joint venture business may be adversely affected, which in turn would affect our business, financial condition and results of operation.

We are exposed to foreign currency exchange fluctuations.

A substantial portion of our revenues and cost of sales is denominated in Renminbi. However, as we operate part of our business in Indonesia and other international jurisdictions, we have made and expect to continue to make significant equity and other investments outside of China. We are therefore subject to significant risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our foreign operations, or affect the prices of our exported products and the prices of our imported equipment and materials. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. With respect to our monetary assets and liabilities denominated in foreign currencies, we recorded net foreign exchange differences gains of RMB47.1 million in 2023 and RMB17.8 million in the six months ended June 30, 2024, net foreign exchange differences loss of RMB21.7 million in 2022, RMB34.1 million in 2024 and RMB108.5 million the six months ended June 30, 2025. With respect to our operations outside of China, we recorded other comprehensive income on exchange differences on translation foreign operations of RMB112.6 million, RMB173.1 million, RMB141.3 million and RMB184.3 million in 2022, 2023 and 2024 and the six months ended June 30, 2024, respectively, and recorded other comprehensive loss on exchange differences on translation of foreign operations of RMB27.1 million in the six months ended June 30, 2025. The exchange differences were recognized in other comprehensive income during the Track Record Period, and may be reclassified subsequently to profit or loss in subsequent periods. There is no assurance that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

New legislations or changes in the regulatory requirements or government policies regarding our products or the end markets of our products may affect our business operations and prospects.

Our business has benefited from government policies of major economies worldwide that support the growth of new energy industries. These policies are subject to certain limits as well as changes that are beyond our control, and we cannot assure you that future changes, if any, would be favorable to our business. Any reduction or elimination of government and economic incentives because of policy changes, fiscal tightening, or other factors may result in the diminished competitiveness of the new energy industries, which in turn could materially and adversely affect our business, financial condition, and results of operations. See also "— New legislations or changes in the regulatory requirements regarding our products or the end markets of our products may affect our business operations and prospects."

Our products are used in the production of, or are incorporated into, final products that are sold into a number of end markets which include EV and ESS markets. New legislations or changes in the PRC regulatory requirements regarding these end markets may affect our business, financial condition, results of operations and prospects. For instance, on November 2, 2020, the General Office of the State Council issued the New Energy Automotive Industry Development Plan (2021–2035) (《新能源汽車產業發展規劃（2021–2035年）》) (國辦發[2020]39號), specified the importance to promote the high-quality development of the NEV industry. On March 11, 2021, the National People's Congress passed Outline of the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which proposed to support the development of EV as a strategic emerging industry and sped

up the innovation and application of the related core technologies. In the energy storage industry, "Guidance on Accelerating the Development of New Energy Storage" (《關於加快推動新型儲能發展的指導意見》), published by National Development and Reform Commission and National Energy Administration in 2021, proposed a holistic approach to foster the development of new energy storage market. EV battery shipment volume in China from 86.6 GWh in 2020 to 682.1 GWh in 2024, at a CAGR of 67.5%. ESS battery market by shipment volume in China has increased from 6.9 GWh in 2020 to 131.2 GWh in 2024, at a CAGR of 109.1%. Global ternary pCAM market increased from 472.2 thousand tons in 2020 to 961.5 thousand tons in 2024, at a CAGR of 19.5%. The MIIT issued the Electric vehicles traction battery safety requirements (《電動汽車用動力蓄電池安全 要求》, GB 38031-2025) on March 28, 2025, which will come into effect on July 1, 2026, which is a mandatory national standard clearly applicable to power storage batteries used in electric vehicles and has comprehensively improved the safety standards of power batteries and accelerated the popularization of high-safety and high-performance batteries. The new national standard imposes stricter requirements on battery safety performance, covering mechanical safety, electrical safety, thermal safety, and other aspects. This also elevates the demands for the selection and design of cathode materials. For instance, lithium iron phosphate (LFP) batteries may gain greater preference under the new national standard due to their higher stability. To comply with these updated requirements, battery manufacturers must adopt safer and more stable cathode materials. This shift could lead to the replacement or enhancement of existing materials, thereby propelling technical innovation and upgrading in cathode materials. However, there is no guarantee that such favorable industry policies in China may continue to exist in the future. We may need to change or adapt our business focuses from time to time in response to new rules, regulations and policies regarding our products or the end markets of our products, but we may not be able to do so in a timely and efficiently manner. Failure to do so may have a material adverse effect on our businesses, results of operations and financial condition.

We are subject to environmental, handling of hazardous substances, chemical manufacturing, fire prevention, health and safety laws and regulations and production standards and any inability to comply with such requirements and standards may subject us to liabilities.

Our mining, processing and production operations are subject to laws and regulations, administrative determinations, court decisions and similar constraints, especially the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the production and sale of our products in countries where we operate. Some of the countries in which we operate have laws and regulations related to water (quality and quantity), nature and greenhouse gas emissions which are becoming increasingly more stringent. See "Regulatory Overview — Laws and Regulations on Production Safety, Environmental Protection and Energy Conservation Review."

We have operations in both the PRC and overseas regions. We should comply with the environmental, health, and safety laws of the jurisdictions where we operate, including obtaining local permits, adhering to regulatory inspections, and implementing regional standards for pollution control and waste management. Non-compliance may result in penalties, operational suspensions, or other enforcement actions in those jurisdictions.

In addition, the relevant laws and regulations, administrative determinations and court decisions continue to evolve, which may involve stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed production facilities as well as a heightened degree of responsibility for companies and their officers, directors and employees. Any changes or amendments to such laws or regulations may cause us to incur additional capital expenditures, costs that we may not be able to pass on to customers, or other obligations or liabilities, which could decrease our capital and our ability to pursue developments in other areas.

We are dedicated to comply with such laws and regulations. However, compliance with these laws and regulations may impose substantial costs and burdens, and can cause delays in obtaining, or a failure to obtain or renew, or cancelation of, government permits and approvals which may adversely impact our

operations and closure processes. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, termination of government contracts or suspension of their operations. Such events could impact our results of operations, financial condition and reputation, all of which could adversely affect our ability to be profitable and attract new customers. Increased global attention or regulation on consumption of shared resources and use products or development of waste that have the potential to impact human health and the environment could similarly have an adverse impact on our results of operations and financial position due to increased compliance and input costs.

Any failure to make adequate contributions to various employee benefit plans can result in penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and Regulations. See "Business - Employees - Social Insurance and Housing Provident Funds." If we fail to pay social insurance and housing provident fund contributions in full based on employees' actual salaries, we may be required to pay the outstanding amount and could face late payment penalties or legal enforcement. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in mainland China, we may be exposed to penalties or be required to compensate employees.

Furthermore, on July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the **"New Judicial Interpretation"**), which took effect on September 1, 2025. According to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, the court shall deem such agreement or undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated based on the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions. As advised by our PRC Legal Adviser, the New Judicial Interpretation is not expected to have a material adverse effect on our financial position and business. See "Business — Employees — Social Insurance and Housing Provident Funds." However, if the relevant PRC authorities hold a different view with us and determine that we are not in compliance with the New Judicial Interpretation, the financial and business performance of the Company may be adversely affected.

Global economic and political conditions may impact our industries, business, and financial results.

Our operating results are directly affected by the general global economic conditions. If economic growth in countries where we do business slows or if such countries experience economic downturns or recessions, in which economic activity was impacted by falling demand for a variety of goods and services, poor liquidity, decreased government spending, reduced corporate profitability, volatility in credit, equity, and foreign exchange markets, inflationary pressures and higher interest rates, bankruptcies, and overall uncertainty, customers may delay or reduce purchases of our products.

Additionally, the uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing, or result in cost changes or interruptions to suppliers whose components we rely upon if we

are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate and the applicable regulatory requirements governing certain economic affairs, for example, import / export and foreign ownership restrictions, data privacy and cybersecurity are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

We are subject to governmental economic sanctions and export controls laws that could subject us to liability and impair our ability to compete in overseas markets. Geopolitical uncertainties between countries and regions in which we operate may further adversely affect our business and results of operations.

Our global operations subject us to various applicable sanctions and export controls regulations. We have exported our products to a number of countries and regions and derive significant sales from exporting to these countries and regions. In the event that any of these countries or regions which we export to imposes economic sanctions or enforces import restriction or tariffs in relation to our products, our business and operations may be adversely affected. Furthermore, we rely on a global network of suppliers to obtain

components and raw materials for production. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or components supplied to us, we may not be able to obtain a steady supply of necessary raw materials at competitive prices, and our business and results of operations may be materially and adversely affected.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments, and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. We take precautions to prevent our products from being provided to any target of these sanctions. However, we cannot assure you that our products would not be provided to those targets through independent distributors despite such precautions. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

We have operations in a large number of jurisdictions. Therefore, government policies restricting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or prevent us from being able to sell products in certain countries or regions. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

In recent years, there have been heightened complexity in international relations. Such tensions could reduce levels of international trade, investment, technological exchange, and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' business, prospects, financial condition, and results of operations. In addition, as our business depends on markets and supplies located overseas, economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material negative impact on our ability to secure the supply of raw materials for our production and our ability to continue to sell to global customers and further grow our customer base.

We may be involved in disputes or legal proceedings arising out of our operations from time to time and may face legal or reputational risks and significant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, logistics service providers, insurers and banks. These disputes may lead to legal or other proceedings, including threatened proceedings, which may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production or product launch schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our business, financial condition and results of operations.

Our patents and other non-patented intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. Although we have applied and obtained a number of trademarks and patents for the operations of our business, there is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, for such applications are expensive and time consuming. See "Business — Intellectual Properties." Unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. During the Track Record Period, we did not experience any material infringement of our intellectual property rights. Neither our Group nor any of our intellectual properties was the subject of, or to the best of the Directors' knowledge, is expected to be subject to, any disputes or litigation in relation to the infringement of any intellectual property rights during the Track Record Period. However, there is no assurance that we will not experience or be subject to such material infringement in the future.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. Our uses of trademarks relating to our design, software, technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages;
- redesign our products; or
- establish and maintain alternative branding for our products.

The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time consuming and may significantly divert the efforts and resources of our management. A determination in any such litigation or proceedings or requests to which we are a party may invalidate our patents, subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Any of the afore-mentioned will materially and adversely affect our business, financial condition and results of operations.

Failure to maintain an effective quality control system could have a material adverse effect on our business, financial condition and results of operations.

As the quality of our products is critical to the success of our businesses, we must maintain an effective quality control system for our production and other operational activities. We have established a quality management system that complies with relevant national and international standards, covering the raw material supply chain and product manufacturing. See "Business — Production — Quality Control." However, the effectiveness of our quality control system depends significantly on a number of factors, including the design of the system and the related training programs, as well as our ability to ensure that our employees adhere to our quality control policies and guidelines.

Any failure or deterioration of our quality control system could result in defects in our products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our businesses, financial condition, results of operations and reputation.

Our facilities or operations could be damaged or adversely affected as a result of natural disasters and other catastrophic events.

Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars, health epidemics, and other calamities. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, tsunami, earthquakes, power loss, telecommunications failures, cyber attacks, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to produce our products and provide services.

We may not be able to detect and prevent fraud, negligence or other misconducts committed by our employees or third parties.

Our internal control system and procedures are designed to monitor our operations and overall compliance. However, we cannot guarantee that they will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct committed by our employees, suppliers, business partners or other third parties in a timely and effective manner. Examples of such behavior include crimes such as theft, vandalism, bribery and unauthorized use of software.

We may be viewed as at least partially responsible for conducts of these parties on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or third parties. To the extent that we cannot recover related costs from the employees, suppliers, business partners or third parties involved, we may experience material adverse effects on our business, results of operations and financial condition. We may also attract negative publicity and incur damages to our reputation and brand value.

In particular, we use various third-party software in our operations. We cannot assure you that all of our employees have fully complied with the relevant license terms at all times. If any third party alleges that we are using unlicensed or infringing software, we may be required to obtain additional licenses, pay damages, or face litigation, any of which could materially and adversely affect our business, financial condition, and results of operations. During the Track Record Period, certain employees used unauthorized software, which exposed us to potential disputes with the proprietors.

Our operations rely on complex information technology systems and networks, and our business and reputation may be impacted by information technology system failures, network disruptions or cybersecurity breaches.

We rely on our computer systems and network infrastructure to conduct and monitor the daily operations of our manufacturing facilities, and to collect accurate up-to-date financial and operating and other transaction data for business analysis. We also rely on such systems and infrastructure to collect, process and store data, such as business data and transaction data generated in connection with our business operations. Therefore, our business is dependent upon the continued maintenance and enhancement of our computer systems and network infrastructure. Such systems and infrastructure are subject to certain risks, such as malfunction, nature disasters, and also the cyber security risks. Our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against these attacks. There is no assurance that we will not be subject to any of those cyber security issues in the future. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

Our insurance coverage may not cover all losses related to our operational risks.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These afore-mentioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. We may not have adequate or any insurance to cover these operational risks. We maintain insurance policies to cover product transport liability and employer liability. In addition, we have purchased a number of property-related insurance policies covering our facilities, machinery, equipment, inventories and other assets. There is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

The success of our business depends on our ability to attract, train and retain highly skilled employees and key personnel.

As a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly-skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Moreover, our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and

wages and provide greater benefits in order to attract and retain highly-skilled employees or other key personnel that we will need to achieve our strategic objectives. Our ability to recruit, train and integrate new employees into our operations may not meet the growing demands of our business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information such as know-how and may lessen the technological advantages over our competitors that we have developed.

You may have difficulties in effecting service of legal process or enforcing foreign judgments against us, our Directors, and our senior management.

We are a company incorporated under the PRC laws and a significant portion of our assets are located in the PRC. In addition, most of our Directors, and senior management reside in the PRC. The assets of these Directors, Supervisors and senior management are also mostly located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with the PRC or if the jurisdiction has been otherwise deemed by the courts of the PRC to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions. Similar to many other jurisdictions worldwide, the recognition and enforcement in the PRC of court judgments from foreign jurisdictions may face challenges due to differences in legal systems and cross-border enforcement frameworks.

On January 18, 2019, the Supreme People's Court of the PRC and the Government of Hong Kong Special Administrative Region of the PRC entered into an agreement regarding the scope of judgments which may be enforced between mainland China and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"). The New Arrangement broadens the scope of judgments that may be enforced between mainland China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement became effective on January 29, 2024, both in mainland China and in Hong Kong and replaced the Arrangement. Under the New Arrangement, any party concerned may apply to the relevant court of mainland China or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has become effective, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a mainland China court.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening

Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities.

Given that the Archive Rules were recently promulgated, their interpretation, application and enforcement are still evolving and subject to change. Failure to comply with them could have a material and adverse impact on our business, results of operation and financial condition.

We may be subject to the filing, approval, or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

The Trial Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (officially promulgated on February 17, 2023, and effective as of March 31, 2023) , issued by CSRC, aim to regulate the overseas securities issuance and listing activities of domestic enterprises in the PRC. We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this **[REDACTED]**, our future financing activities, and these regulatory authorities may impose fines and penalties on us, take other actions to restrict our financing activities, which could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

We are exposed to risks in relation to work safety and occurrence of accidents as well as other operational, transportation-related, occupational and environmentally related risks, which could materially and adversely affect our business, financial condition and results of operations.

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of battery materials which are promulgated by the relevant government authorities. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. We may experience various types of difficulties in connection with the manufacturing of our products. Some of our raw materials and chemicals are hazardous and their storage and use in the manufacturing process involve inherent risks including the leakage of flammable substances, toxic gases and liquids, equipment failures, industrial accidents, fires and explosions. Such accident could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences may result in business interruption, legal liability and damages to our reputation and corporate image. We cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes.

Our operations may also be subject to difficulties related to the manufacturing such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or

reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in the PRC in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of the PRC, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations.

Under current foreign exchange regulations of the PRC, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares ("**Non-PRC Resident Individual Holders**") are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (國税函[2011]348號) dated June 28, 2011 and issued by the SAT of the PRC, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Based on our knowledge, as of the Latest Practicable Date, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) ("**EIT Law**") and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC

company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of PRC and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be **[REDACTED]** on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

Our A Shares are listed and traded on the Shenzhen Stock Exchange, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the **[REDACTED]** our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be **[REDACTED]** on the Stock Exchange. Under current laws and regulations of PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no **[REDACTED]** or settlement between the H Share and A Share markets. With different **[REDACTED]** characteristics, the H Share and A Share markets have divergent **[REDACTED]** volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the **[REDACTED]** performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

There has been no prior public market for the H Shares, and an active [REDACTED] market for the H Shares may not develop or be sustained.

Prior to the completion of the **[REDACTED]** there has been no public market for the H Shares. There can be no guarantee that an active **[REDACTED]** market for the H Shares will develop or be sustained after the completion of the **[REDACTED]**. The **[REDACTED]** of the H Shares is the result of negotiations between our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]** which may not be indicative of the price at which the H Shares will be **[REDACTED]** following the completion of the **[REDACTED]**. If an active public market for the H Shares does not develop following the completion of the **[REDACTED]**, the market price and liquidity of the H Shares may be materially and adversely affected.

The price and [REDACTED] volume of the H Shares may be volatile, which could lead to substantial losses to investors.

The price and **[REDACTED]** volume of the H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and **[REDACTED]** volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and **[REDACTED]** volume of our H Shares. In addition to market and industry factors, the price and **[REDACTED]** volume of the H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that the H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of substantial amounts of the H Shares in the public market could negatively affect the price of the H Shares and our ability to raise additional capital in the future.

The market price of the H Shares could decline as a result of future sales of a substantial number of the H Shares or other securities relating to the H Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net **[REDACTED]** from the **[REDACTED]** we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of investments in and/or acquisitions of new businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

Our Controlling Shareholders may have substantial influence over the Company and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the **[REDACTED]** our Controlling Shareholders will be entitled to exercise more than 30% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce

the price of the H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholder may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of PRC, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of PRC. See "Financial Information — Dividend Policy." No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future, and there can be no assurance whether and when we will pay dividends in the future.

We are exposed to risks associated with the potential spin-off.

We periodically evaluate strategic opportunities to enhance shareholder value, including, among others, spinning off subsidiaries, in light of our operations across multiple jurisdictions and markets, as well as our development of new business initiatives. These evaluations are contingent upon factors such as market conditions, financing requirements, subsidiary development and regulatory approvals. While no concrete plans have been formulated, we cannot preclude the possibility of spin-offs within three years of the Listing should such action align with our strategic objectives, which may require further waiver to be applied to and granted by the Stock Exchange.

A spin-off may enable our subsidiaries to directly access capital markets, thereby potentially securing incremental funding to accelerate their growth. While such transactions are designed to unlock intrinsic value, enhance competitive positioning and optimize operational efficiency, there is no assurance that these objectives will be achieved in full. Material risks associated with spin-offs may still include unanticipated costs (such as separation-related expenditures or restructuring costs, if any), operational complexities arising from organizational decoupling, potential disruption to the Group's integrated business model and synergies and uncertain performance trajectories of spun-off entities, including their ability to sustain competitive positions. Should spun-off entities encounter operational challenges or financial difficulties, it may have adverse impact on the Group's strategic objectives and corporate reputation. In the event of any proposed spin-off, we will ensure to provide full disclosure to the Shareholders and obtain all necessary regulatory and Shareholder approvals under applicable rules and regulation. We will also implement appropriate strategies and measures to mitigate risks so as to maintain operational cohesion and preserve strategic continuity across the organization.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in PRC. As a result, from time to time, we publicly

release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the **[REDACTED]**. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this Document. As a result, prospective investors in the H Shares should be reminded that, in making their investment decisions as to whether to purchase the H Shares, they should rely only on the financial, operating and other information included in this Document. By applying to purchase the H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

Certain facts, forecast and other statistics in this Document obtained from publicly available sources have not been independently verified and may not be reliable.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from various official governments. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, the **[REDACTED]**, any of our or their respective Directors, executive officers or representatives or any other person involved in the **[REDACTED]** and no representation is given as to their accuracy. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this Document are subject to risks and uncertainties.

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain **[REDACTED]** information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance.

You should read the entire Document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

There may have been, prior to the publication of this Document, and there may be, subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us, our business, our industry and the **[REDACTED]**. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating

and financial information and projections, valuations and other information. None of us, the Joint Sponsors, **[REDACTED]** or any other person involved in the **[REDACTED]** has authorized the disclosure of any such information in the press or media coverage, or accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication.

Accordingly, prospective investors should not rely on any such information or publication in making their decision whether to invest in the H Shares. Prospective investors are reminded that, in making their investment decisions as to whether to purchase the H Shares, they should rely only on the financial, operational, and other information included in this Document. By applying to purchase the H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this Document.

In preparation of the **[REDACTED]**, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 and Rule 19A.15 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of the Company or the Shareholders as a whole. Therefore, the Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. Deng Jing, our executive Director, and Mr. Tang Huateng, our joint company secretary;

(ii) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(iii) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(iv) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as the Compliance Adviser, who will act as an additional channel of communication with the Stock Exchange. We will ensure that the Compliance Adviser will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among the Company, our authorized representatives, our Directors, and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he played;

(ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

The Company has appointed Mr. Tang Huateng as one of the joint company secretaries of the Company. Mr. Tang Huateng joined the Group in May 2021. He currently also holds the position of the Board secretary to the Company. See "Directors and Senior Management" for further biographical details of Mr. Tang Huateng. Although Mr. Tang Huateng does not possess the qualifications set out in Rule 3.28 of the Listing Rules, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Mr. Tang Huateng as its joint company secretary who is familiar with the Group's internal operation and management and possesses professional knowledge and experience in handling corporate governance, information disclosure, and legal and compliance affairs. The Company has also appointed Ms. Wong Wai Yee, Ella to act as the other joint company secretary to assist Mr. Tang Huateng in discharging the duties of a company secretary of the Company. Ms. Wong Wai Yee, Ella is a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and is therefore qualified under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules to act as a joint company secretary of the Company. See "Directors and Senior Management" for further biographical details of Ms. Wong Wai Yee, Ella.

Since Mr. Tang Huateng does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a period of three years since the **[REDACTED]** on the following conditions: (i) Mr. Tang Huateng must be assisted by Ms. Wong Wai Yee, Ella who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

In support of the waiver application, the Company has adopted, or will adopt the following arrangements:

(i) In preparation of the application of the **[REDACTED]**, Mr. Tang Huateng has attended training on the respective obligations of the Directors, senior management of the Company and the Company under the relevant Hong Kong laws and the Listing Rules organized by the Hong Kong legal adviser to the Company.

(ii) Ms. Wong Wai Yee, Ella will work closely with Mr. Tang Huateng to jointly discharge the duties and responsibilities as the joint company secretaries of the Company and to assist Mr. Tang Huateng to acquire the relevant experience as required under the Listing Rules for an initial period of three years from the **[REDACTED]**, a period which should be sufficient for Mr. Tang Huateng to acquire the relevant experience as required under the Listing Rules.

(iii) The Company will ensure that Mr. Tang Huateng continues to have access to the relevant training and support in relation to the Listing Rules and the duties required for a company secretary of an issuer listed on the Stock Exchange. Furthermore, both Mr. Tang Huateng and Ms. Wong Wai Yee, Ella will seek advice from the Company's Hong Kong legal and other professional advisers as and when required. Mr. Tang Huateng also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company.

(iv) Before the end of the three-year period, the qualifications and experience of Mr. Tang Huateng and the need for on-going assistance of Ms. Wong Wai Yee, Ella will be further evaluated by the Company. The Company will then endeavor to demonstrate to the Stock Exchange's satisfaction that Mr. Tang Huateng, having had the benefit of the assistance of Ms. Wong Wai Yee, Ella for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules will not be necessary. The Company understands that the Stock Exchange may revoke the waiver immediately if Ms. Wong Wai Yee, Ella ceases to provide assistance to Mr. Tang Huateng during the three-year period or in the event of any material breaches of the Listing Rules by our Group.

Prior to the expiry of the three-year period, the Company will liaise with the Stock Exchange to enable it to assess whether Mr. Tang Huateng has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules.

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Listing Rules requires this Document to include the particulars of any alterations in the share capital of any member of our Group within the two years immediately preceding the issue of this Document.

As of the Latest Practicable Date, we had more than 100 subsidiaries. It would be unduly burdensome for us to disclose the required information in respect of all of its subsidiaries as the Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to investors. The non-disclosure of such information will not prejudice the interests of our Shareholders or potential investors.

We have identified 11 subsidiaries (collectively, the "**Major Subsidiaries**" and each a "**Major Subsidiary**") that we consider are material to our operations and/or our financial performance during the Track Record Period. By way of illustration, with intercompany eliminations, the aggregate assets of the Company and its Major Subsidiaries represent 89.0%, 87.5%, 85.1% and 82.9% of our Group's total assets as of December 31, 2022, 2023 and 2024 and June 30, 2025, the aggregate revenue of the Company and its Major Subsidiaries represents 99.6%, 98.5%, 94.9% and 94.3% of our Group's total revenue for each of the

financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate profits before tax of the Company and its Major Subsidiaries represent 99.9%, 105.6%, 96.1% and 113.6% of our Group's profits before tax for each of the financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, and the aggregate net profits of the Company and its Major Subsidiaries represent 100.1%, 105.6%, 98.6% and 116.7% of our Group's total net profits for each of the financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025. The Major Subsidiaries hold our Group's material assets, intellectual property rights, proprietary technologies, licenses and permits, human capital expertise and capacities, and cover all of our business segments. None of our subsidiaries other than the Major Subsidiaries hold any major licenses and permits for our Group's operations. None of the other subsidiaries of the Company that are not Major Subsidiaries individually contributes to 5% or more of our Group's total assets as of December 31, 2022, 2023 and 2024, or 5% or more of our Group's revenue or net profits for each of the financial years ended December 31, 2022, 2023 and 2024. Accordingly, the remaining subsidiaries of our Group which are not Major Subsidiaries are relatively insignificant to the overall results of our Group.

We have disclosed the particulars of the changes in the share capital of the Company and the Major Subsidiaries in the section headed "Statutory and General Information — Further Information About Our Group" in Appendix VI to this Document.

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this Document.

WAIVER IN RESPECT OF ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the Accountant's Report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to Rule 4.02A of the Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Listing Rules, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

Acquisitions after the Track Record Period

After the Track Record Period and up to the Latest Practicable Date, the Group has proposed to make the following acquisitions (the "**Acquisitions**"), details of which are set out as below:

No.	Name of the targets	Acquisition consideration	Percentage of equity interest to be acquired	Principal business activities
1.	Solaroz S.A.[(1)]	US$29.2 million (RMB210.6 million)	50.1%	Mining company of lithium mineral rights in Argentina
2.	N/A[(2)]	US$24.5 million (RMB176.7 million)	100%	Two holding companies of a nickel mineral rights project company in Indonesia
3.	PT Satya Amerta Havenport[(3)]	US$2.9 million (RMB20.9 million)	6.72%	Operation of a port in Indonesia

Notes:

(1) In April 2024, the Group entered into an agreement with Lithium Energy Limited ("**LEL**"), which is primarily engaged in battery minerals business, to acquire 90% equity interest in Solaroz S.A. at a consideration of US$63 million (RMB454.3 million). In April 2025, the transfer of 39.9% equity interest in Solaroz S.A. and the payment of US$33.8 million (RMB243. million) were completed. The transfer of 50.1% equity interest in Solaroz S.A. and the payment of the remaining consideration are expected to take place in January 2026. In April 2025, the Company also entered into an agreement with Hanaq Argentina S.A., a minority shareholder of Solaroz S.A., to acquire the remaining 10% equity interest in Solaroz S.A. at a consideration of US$7 millon (RMB50.5 million), and completed the transfer of such 10% equity interest on the same date. Therefore, upon the completion of the Acquisitions, Solaroz S.A. will become a wholly-owned subsidiary of the Company. Based on the unaudited management accounts of Solaroz S.A., the total assets of Solaroz S.A. was approximately ARS21,625,898,420 (RMB103,804,312) as at December 31, 2024, the profit before tax and net profits of Solaroz S.A. were approximately ARS8,462,733,694 (RMB40,621,122) and ARS8,568,868,424 (RMB41,130,568), respectively, for the year ended December 31, 2024, the total assets of Solaroz S.A. was approximately ARS17,199,709,584 (RMB82,558,606) as at December 31, 2023, and the profit before tax and net profits of Solaroz S.A. were approximately ARS(3,307,429,485) (RMB(15,875,662)) and ARS(2,151,740,037) (RMB(10,328,352)), respectively, for the year ended December 31, 2023.

(2) The acquisition targets will be two holding companies to be designated. The total acquisition consideration for 100% equity interests in these two holding companies will be US$24.5 million (RMB176.7 million), which is determined based on arm's length negotiations with reference to the valuation of the nickel mineral rights project company in Indonesia, its operating and financial conditions as well as its future earnings and development prospect. In March 2025, the Group entered into a framework agreement with vendors of the nickel mineral rights project company in Indonesia, who principally engage in equity investments. The framework agreement provided the preliminary transaction structure. As of the Latest Practicable Date, this transaction was still in the negotiation phase, and no definitive agreements had been entered. Based on the unaudited management accounts of the nickel mineral rights project company, the total assets of this company was approximately IDR5,777,487,649 (RMB2,484,320) as at December 31, 2024, the profit before tax and net profits of this company were approximately IDR(3,213,630,245) (RMB(1,381,861)) and IDR(3,213,630,245) (RMB(1,381,861)), respectively, for the year ended December 31, 2024, the total assets of this company was approximately IDR7,036,344,315 (RMB3,025,628) as at December 31, 2023, and the profit before tax and net profits of this company were approximately IDR(530,334,276) (RMB(228,044)) and IDR(530,334,276) (RMB(228,044)), respectively, for the year ended December 31, 2023.

(3) In July 2025, the Group entered into an agreement with Changjiang Investment Pte. Ltd., which is primarily engaged in wholesale trade business, to acquire 6.72% equity interest in PT Satya Amerta Havenport at a consideration of approximately US$2.9 million (RMB20.9 million). The transfer of 6.72% equity interest in PT Satya Amerta Havenport and the payment of the consideration have been completed in July 2025. Based on the unaudited management accounts of PT Satya Amerta Havenport, the total assets of PT Satya Amerta Havenport was approximately IDR1,704,476.7 million (RMB732.9 million) as at December 31, 2024, the profit before tax and net profits of PT Satya Amerta Havenport were approximately IDR117,220.3 million (RMB50.4 million) and IDR147,546.3 million (RMB63.4 million), respectively, for the year ended December 31, 2024, the total assets of PT Satya Amerta Havenport was approximately IDR1,263,053.5 million (RMB543.1 million) as at December 31, 2023, and the profit before tax and net profits of PT Satya Amerta Havenport were approximately IDR(9,456.6) million (RMB(4.1) million) and IDR(9,456.6) million (RMB(4.1) million), respectively, for the year ended December 31, 2023. The port operated by PT Satya Amerta Havenport in Indonesia serves as a critical gateway for the transportation of raw materials and finished goods to NNI, one of the Company's strategic production bases. Therefore, the Directors believe that the acquisition of PT Satya Amerta Havenport could strengthen the Group's control over NNI's supply chain and enhance support for NNI's business operations, and in turn, supplement the Group's business.

The considerations for the Acquisitions have been determined through arm's length commercial negotiations, based on factors including market dynamics and mutually agreed valuation. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, the counterparties and their respective ultimate beneficial owners are Independent Third Parties.

The Directors believe that, as the principal business activities of the acquisition targets are closely related to the Group's principal business, the Acquisitions will complement the Group's business. Accordingly, the Directors believe that the Acquisitions, if consummated, will be fair and reasonable and in the interests of the Shareholders as a whole. The consideration for the Acquisitions, if consummated, will be satisfied by the Group's own source of funds.

Conditions for granting the waiver and its scope in respect of the Acquisitions

We have applied for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Acquisitions on the following grounds:

The percentage ratios of the Acquisitions are less than 5% by reference to the most recent fiscal year of the Company's Track Record Period

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for each of the Acquisitions are all less than 5% by reference to the most recent fiscal year of the Track Record Period. Accordingly, we do not expect the Acquisitions to result in any significant changes to our financial position since December 31, 2024, and all information that is reasonably necessary for potential investors to make an informed assessment of our activities or financial position has been included in this Document. As such, we consider that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

The historical financial information of the acquisition targets is not available and would be unduly burdensome to obtain or prepare

The Company confirms that the acquisition targets in respect of the Acquisitions do not have available historical financial information which is readily available for disclosure in this Document in accordance with the Listing Rules. In addition, it would require considerable time and resources for the Company and its reporting accountants to fully familiarize themselves with the management accounting policies of the acquisition targets and compile the necessary financial information and supporting documents for disclosure in this Document. As such, the Company believes that it would be impractical and unduly burdensome for the Company within the tight timeframe to disclose the audited financial information of the acquisition targets as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Acquisitions to be immaterial and that the Company does not expect the Acquisitions to have any material effect on its business, financial condition or operations, the Company believes that (i) it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of the acquisition targets during the Track Record Period in this Document, and (ii) the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

Alternative disclosure of the Acquisitions in this Document

We have disclosed alternative information about the Acquisitions in this Document. Such information includes those which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that the Directors consider to be material, including, for example, descriptions of acquisition targets' principal business activities, the consideration amounts, and a statement as to whether counterparties are Independent Third Parties. Since the relevant percentage ratios of the Acquisitions are less than 5% by reference to the most recent fiscal year of the Company's Track Record Period, we believe the current disclosure is adequate for potential investors to form an informed assessment of the Company.

[REDACTED]

[REDACTED]

[REDACTED]

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of the Company under the Listing Rules following the completion of the **[REDACTED]**. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirements under the Listing Rules. For further details, see "Connected Transactions."

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Deng Weiming (鄧偉明先生)	Room 103, Building 41, Shuiyunjian Furong District Changsha, Hunan Province the PRC	Chinese
Mr. Deng Jing (鄧競先生)	Room 1301, Building T7 Gangxiatianyuan Garden Futian Road Futian District Shenzhen, Guangdong Province the PRC	Chinese
Mr. Tao Wu (陶吳先生)	No. 846, Road Dongfengdong Yuexiu District Guangzhou, Guangdong Province the PRC	Chinese
Mr. Liao Hengxing (廖恆星先生)	Room 3008, Building 9, Wanbo Center No. 489, Shaoshan Middle Road Yuhua District Changsha, Hunan Province the PRC	Chinese
Mr. Li Weihua (李衛華先生)	Room 3109, Building 4, Wanbo Center No 489, Shaoshan Middle Road Yuhua District Changsha, Hunan Province the PRC	Chinese
Mr. Liu Xingguo (劉興國先生)	F1-503, Xingcheng Shijia, No. 398 Renmin East Road Changsha, Hunan Province the PRC	Chinese
Independent Non-executive Directors		
Mr. Cao Feng (曹豐先生)	No. 11, Lushan South Road Yuelu District Changsha, Hunan Province the PRC	Chinese
Mr. Hong Yuan (洪源先生)	Building 6, Heneng Puli Community, Meixihu Road Xiangjiang New District Changsha, Hunan Province the PRC	Chinese
Mr. Jiang Liangxing (蔣良興先生)	Room 106, Building 9 Xiangyuanmeixitangyuan	Chinese

Name	Address	Nationality
	Meixihu Avenue, Yuelu Disrict Changsha, Hunan Province the PRC	
Ms. Wong Sze Wing (黃斯穎女士)	38/F, Tower 6 88 O King Road New Territories Hong Kong	Chinese (Hong Kong)

For further details, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors, [REDACTED]

Morgan Stanley Asia Limited
Level 46
International Commerce Center
1 Austin Road West, Kowloon
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

[REDACTED]

Legal Advisers to the Company

As to Hong Kong and U.S. laws:
Freshfields
55th Floor, One Island East
Taikoo Place, Quarry Bay
Hong Kong

As to PRC law:
CM Law Firm
Room 2805, Plaza 66 Tower 2
1366 West Nanjing Road
Shanghai
the PRC

Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *As to PRC law:* **King & Wood Mallesons** 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District Beijing, the PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504 Wheelock Square No. 1717 West Nanjing Road Shanghai the PRC

[REDACTED]

Registered Office and Head Office	Cross of No. 2 Avenue and No. 1 Avenue Dalong Economic Development Zone Tongren, Guizhou Province the PRC
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	Room 1915, 19/F Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong
Joint Company Secretaries	**Mr. Tang Huateng (唐華騰先生)** Room 1303, 13/F, Unit 1, Building 220 16 Jingshengbeiyi Avenue Tongzhou District Beijing the PRC **Ms. Wong Wai Yee, Ella (黃慧兒女士)** (*a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom*) Room 1915, 19/F Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Deng Jing (鄧競先生)** Room 1301, Building T7 Gangxiatianyuan Garden Futian Road Futian District Shenzhen, Guangdong Province the PRC **Mr. Tang Huateng (唐華騰先生)** Room 1303, 13/F, Unit 1, Building 220 16 Jingshengbeiyi Avenue Tongzhou District Beijing the PRC
Audit Committee	Mr. Cao Feng (曹豐先生) (*Chairman*) Ms. Wong Sze Wing (黃斯穎女士) Mr. Hong Yuan (洪源先生)
Strategy and ESG Committee	Mr. Deng Weiming (鄧偉明先生) (*Chairman*) Mr. Tao Wu (陶吳先生) Mr. Jiang Liangxing (蔣良興先生)
Nomination, Remuneration and Appraisal Committee	Mr. Hong Yuan (洪源先生) (*Chairman*) Mr. Cao Feng (曹豐先生) Ms. Wong Sze Wing (黃斯穎女士)

CORPORATE INFORMATION

Compliance Adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
	[REDACTED]
Principal Banks	**Bank of China, Ningxiang Branch** 1/F, Shuijinglicheng Comprehensive Building Renminbei Road, Yutan Avenue Ningxiang, Hunan Province the PRC
	China Construction Bank, Guangxi Pilot Free Trade Zone Qinzhou Port Area Science and Technology Branch Building 10, No. 5 Technology Park China-Malaysia Qinzhou Industrial Park Guangxi Pilot Free Trade Zone the PRC
Company's Website	www.cngrgf.com.cn *(A copy of this Document is available on the Company's website. Except for the information contained in this Document, none of the other information contained on the Company's website forms part of this Document)*

The information and statistics presented in this section and other sections of this Document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the independent industry report prepared by Frost and Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Joint Sponsors,* **[REDACTED]** *Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy. Accordingly the information from official government sources contained herein may not be accurate and should not be unduly relied upon.*

INTRODUCTION OF NEW ENERGY MATERIALS INDUSTRY

Definition and classification of new energy materials

We define new energy materials as (i) new energy battery materials, including CAM and their corresponding precursor materials (pCAM), anode, electrolyte fluid and separators; and (ii) new energy metals, mainly lithium, nickel, cobalt and copper and their intermediates, serving as essential raw materials to produce new energy battery materials and other materials in the new energy industry.

Overview of new energy materials value chain

The value chain for new energy materials can be categorized into four key segments: (i) mineral mining, smelting, and refining, such as nickel, phosphorus and lithium, into raw materials for new energy materials, (ii) production of new energy materials, (iii) end-market applications, and (iv) recycling of lithium-ion batteries. Achieving strong vertical integration across these segments is critical for success in the industry, from upstream key mineral resources (such as nickel, phosphate and lithium) to downstream close partnerships with battery manufacturers and end-customers, and to recycling. By doing so, companies can optimize operations, enhance profitability and bolster their competitiveness in a dynamic and rapidly evolving market.

NEW ENERGY BATTERY MARKET DEMAND

New energy batteries primarily comprise cathode, anode, separators and electrolytes, with cathode playing a pivotal role and accounting for over 50% of the total cost of new energy battery cells, making them the most value adding component of the value chain. Cathode includes both CAM (which participates in the electrochemical reactions) and inactive materials such as binders, conductive additives, and other components that help form the complete cathode structure. CAM is typically the metal oxide or phosphate compound that stores and releases ions such as, lithium or sodium ions in a battery, depending on the specific battery technology.

Based on the primary chemical elements in CAM, the new energy batteries can be divided into (i) ternary batteries, (ii) LCO batteries, (iii) LFP batteries, and (iv) emerging technologies, such as sodium-ion batteries.

New energy batteries have a broad range of (i) existing applications, including mobility batteries for electric vehicles, consumer electronics batteries, as well as ESS batteries, and (ii) emerging, high-potential applications, such as batteries for robotics and mobility batteries for electric vessels and low-altitude aerial vehicles.

Considering cost and battery performance, ternary batteries and LFP batteries have become the dominant battery types in the mobility battery market. Ternary batteries offer higher energy density, compared to LFP batteries. Ternary batteries also have better charging efficiency, while LFP batteries

provide longer cycle life and lower material costs. As a result, ternary batteries are widely used in EV especially for mid-to-high end models with longer driving ranges, as well as electric vessels and low-altitude aerial vehicles. Based on these varying characteristics, end customers choose the battery materials that best meet their specific application needs.

The LFP batteries are widely used in the global ESS battery market, primarily due to its balanced energy density and costs, long circle life and safety. The LCO batteries lead the global consumer electronics battery market, primarily due to their features of high energy density, stable voltage, lightweight and compact. High-nickel ternary batteries and LCO batteries are the primary technologies for the robotics and low-altitude aerial vehicles battery markets due to their high energy density and rapid charging capabilities. The table below sets forth the key features and major end applications of the four categories of CAM materials used in new energy batteries.

Introduction and Comparison of CAM

Classification	**Nickel-based Materials**		**Cobalt-based Materials**	**Phosphorus-based Materials**	**Sodium-based Materials[1]**
pCAM	**Ternary Precursor**		**Tricobalt Tetroxide**	**Iron Phosphate**	**NFM, NCFM and NFPP**
CAM	**NCM**	**NCA**	**LCO**	**LFP**	**Layered Oxide and Polyanion Compounds**
Chemical Component	$Li(Ni_XCo_YMn_Z)O_2$	$Li(Ni_XCo_YAl_Z)O_2$	$LiCoO_2$	$LiFePO_4$	Na_xMO_2[1]
Energy Density Wh/kg[2]	High		High	Medium	Low
Cycle Life times[2]	Medium		Medium	High	High
Cost	Medium	Medium	High	Low	Low
Major Application Scenarios	EV battery, ESS battery, eVTOL battery		Consumer electronics batteries, robotics battery	EV battery and ESS battery	EV battery and ESS battery

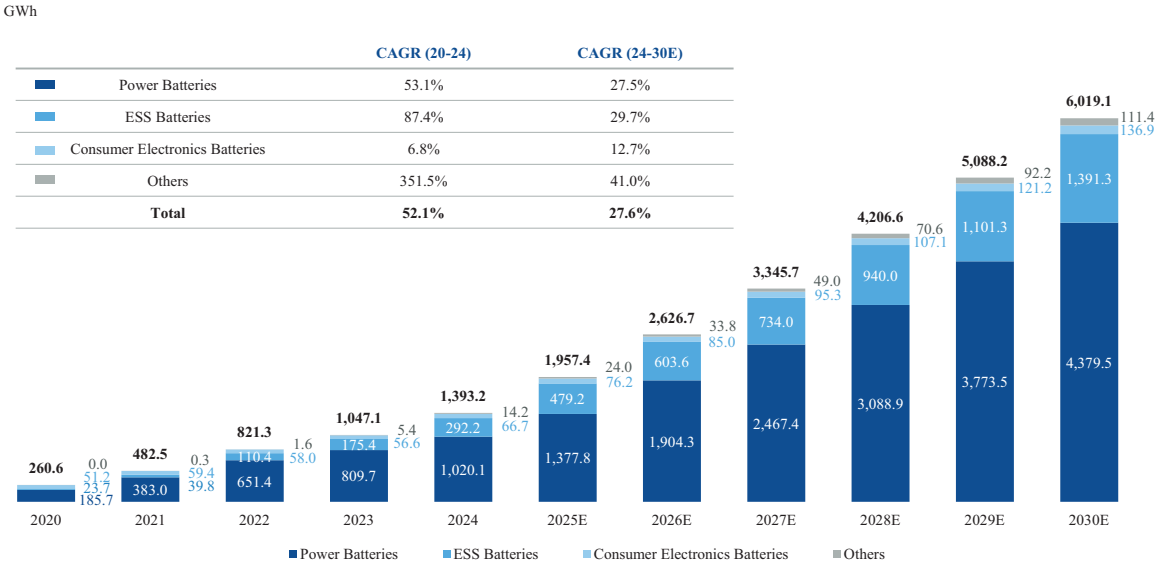
Note:

(1) Sodium-based batteries, as a representative emerging battery technology, are still in the research and development stage, and the technological pathway for CAM has yet to be determined. However, the Company is able to mass produce sodium-based pCAM. Layered oxides, and polyanionic compounds are the two promising technique routes. Layered oxide is used as an example for comparison.

(2) Based on the test results of mainstream products in the market.

The major end-use applications of new energy battery market include power batteries, ESS batteries, consumer electronics batteries. The shipment volume of new energy batteries increased from 260.6 GWh in 2020 to 1,393.2 GWh in 2024, and is expected to further rise to 6,019.1 GWh by 2030, representing a CAGR of 27.6% between 2024 and 2030.

Shipment Volume of New Energy Battery Market (by End-use Applications), Global



Note: Power batteries refer to high-energy-density batteries used to provide primary power source for electric vehicles, electric vessels, low-altitude aircrafts, robotics and etc.

Source: Frost & Sullivan Report

Global mobility battery market

The global mobility battery market has experienced strong growth in recent years, with EV being the main driving force. Going forward, electric vessels and low-altitude aerial vehicles are expected to grow strongly and drive the growth of global mobility battery market in addition to EV.

Global EV battery market

The global demand for EV has experienced continuous growth. Recently, the broad application of AI technologies in battery management and autonomous driving, has further accelerated EV adoption by lowering operational costs, optimizing energy use and demand for electric fleets like robotaxis and delivery services. Meanwhile, policy support, smart city integration and consumer demand for clean mobility solutions are expected to continue to drive the growth of the EV market. In 2024, the penetration rate of EV achieved 19.9%.

The global sales of EV increased from 3.0 million units in 2020 to 18.3 million units in 2024 and is expected to further increase to 57.1 million units in 2030, representing a CAGR of 20.9% from 2024 to 2030. In addition to the strong adoption of EV in the passenger vehicle sector, the commercial vehicle (CV) sector has also experienced significant growth in recent years. This expansion has been driven by advancements in battery technology, cost efficiency improvements, and supportive incentive policies. The global sales volume of electric CVs increased from 0.1 million units in 2020 to 0.9 million units in 2024 and is expected to reach 4.7 million units by 2030, at a CAGR of 31.9% from 2024 to 2030.

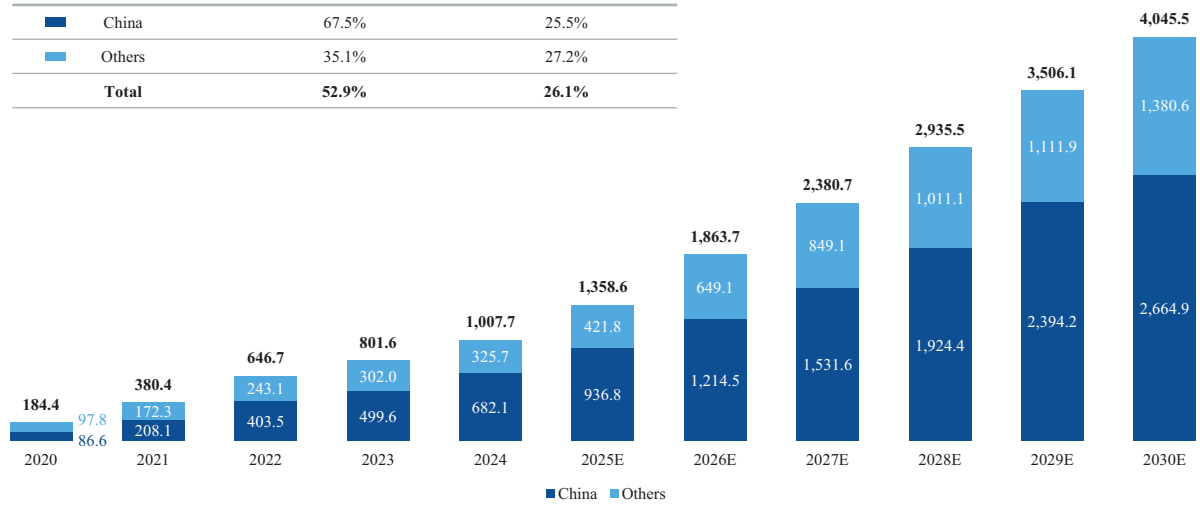
As a result, the global shipment of EV batteries increased from 184.4 GWh in 2020 to 1,007.7 GWh in 2024 at a CAGR of 52.9%, which is expected to further increase to 4,045.4 GWh in 2030 at a CAGR of 26.1%. Ternary batteries and LFP batteries have been widely used in the EV battery markets with a total market shares of 99.8% in 2024. In particular, the ternary batteries have experienced rapid growth from 127.0 GWh in 2020 to 522.0 GWh in 2024 at a CAGR of 42.4%, which is expected to grow steadily to 1,698.2 GWh

in 2030 at a CAGR of 21.7%. The global shipment of LFP batteries for EV increased from 55.9 GWh in 2020 to 483.6 GWh in 2024 at a CAGR of 71.5%, which is expected to increase to 2,292.9 GWh in 2030 at a CAGR of 29.6% from 2024 to 2030. The EV-related demand for pCAM is expected to grow at a higher CAGR of 26.8% from 1,904.6 thousand tons in 2024 to 7,903.1 thousand tons in 2030 as compared to that of the EV during the same period, primarily due to the higher average battery capacity per vehicle as a result of higher power demand from features such as long-range driving and AI-powered applications.

Shipment Volume of EV Batteries, Global and China

GWh

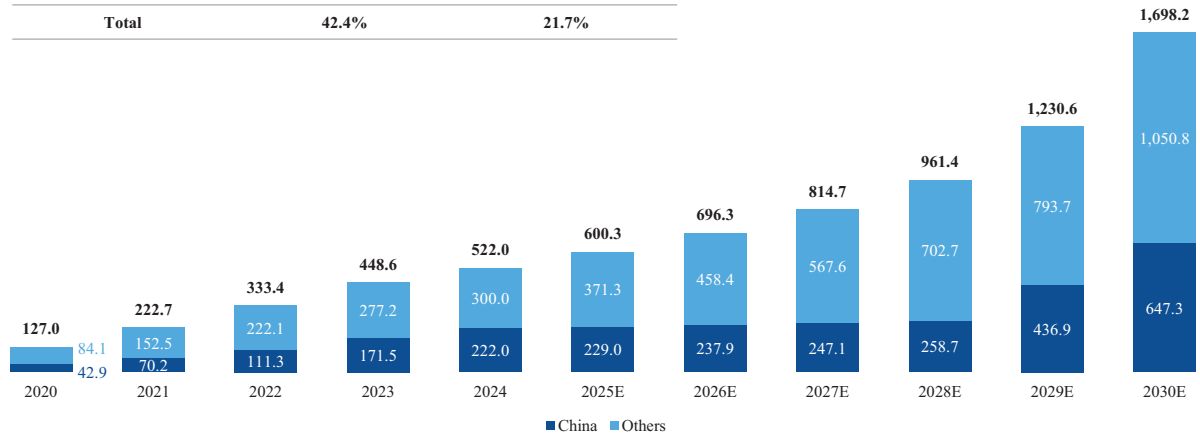
	CAGR (20-24)	CAGR (24-30E)
China	67.5%	25.5%
Others	35.1%	27.2%
Total	**52.9%**	**26.1%**



Shipment Volume of NCM/NCA Batteries in EV Batteries, Global and China

GWh

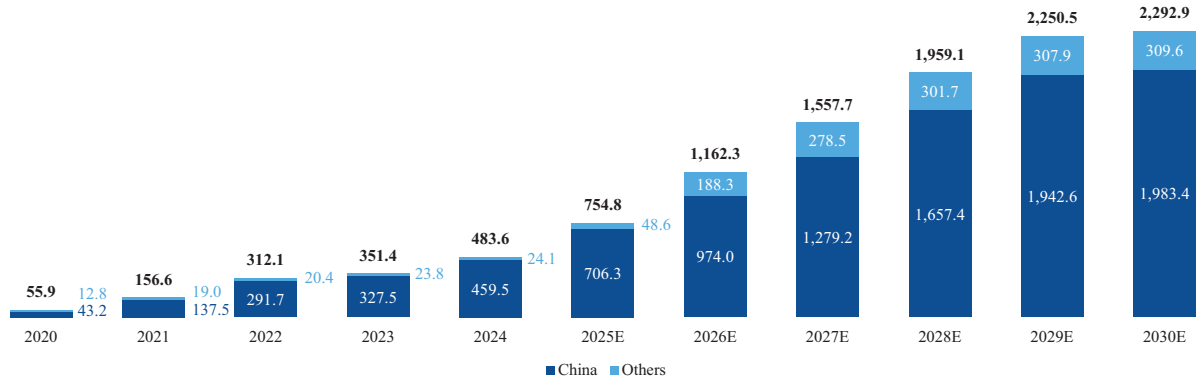
	CAGR (20-24)	CAGR (24-30E)
China	50.9%	19.5%
Others	37.4%	23.2%
Total	**42.4%**	**21.7%**



Shipment Volume of LFP Batteries in EV Batteries, Global and China

GWh

	CAGR (20-24)	CAGR (24-30E)
China	80.6%	27.6%
Others	17.2%	53.0%
Total	**71.5%**	**29.6%**



Source: China Automotive Battery Innovation Alliance; Frost & Sullivan Report

Global battery market for electric vessels and low-altitude aerial vehicles

The electric vessels and low-altitude aerial vehicles are two emerging markets, mainly driven (i) rising demand for cleaner and more efficient propulsion systems in ships, ferries, and other maritime vessels, and (ii) advances in technology, expanding commercial and urban air mobility applications, supportive regulations, and growing use in logistics, public safety, and consumer markets, respectively.

The sale volume of electric vessel is expected to increase from 2.1 thousand units in 2024 to 55.8 thousand units in 2030 at a CAGR of 72.3%, which is expected to increase to 176.1 thousand units in 2040 at a CAGR of 12.2% from 2030 to 2040, and 953.4 thousand units in 2050 at a CAGR of 18.4% from 2040 to 2050. The global drone sales volume is expected to increase from 33.8 million units in 2024 to 102.2 million units in 2030 at a CAGR of 20.3%, and the global eVTOL sales volume is expected to increase from 1.1 thousand units in 2024 to 53.3 thousand units in 2030, at a CAGR of 90.4%, which is expected to further increase to 218.8 thousand units in 2040, at a CAGR of 15.2% from 2030 to 2040, and 1,000 thousand units in 2050, at a CAGR of 16.4% from 2040 to 2050. More specifically, eVTOL has particularly high energy density requirement. As such, the proliferation of eVTOL is expected to further propel the growth in demand for ternary batteries, particularly those with high nickel content.

Driven by such growth, the global shipment volume of electric vessels batteries is expected to increase from 5.8 GWh in 2024 to 314.5 GWh in 2030 at a CAGR of 94.4%, and the global shipment volume of low-altitude aerial vehicles batteries is expected to increase from 3.6 GWh in 2024 to 97.8 GWh in 2030 at a CAGR of 73.4%, further increase to 534.6 GWh in 2040, at a CAGR of 18.5% from 2030 to 2040, and 3,779.1 GWh in 2050, at a CAGR of 21.6% from 2040 to 2050.

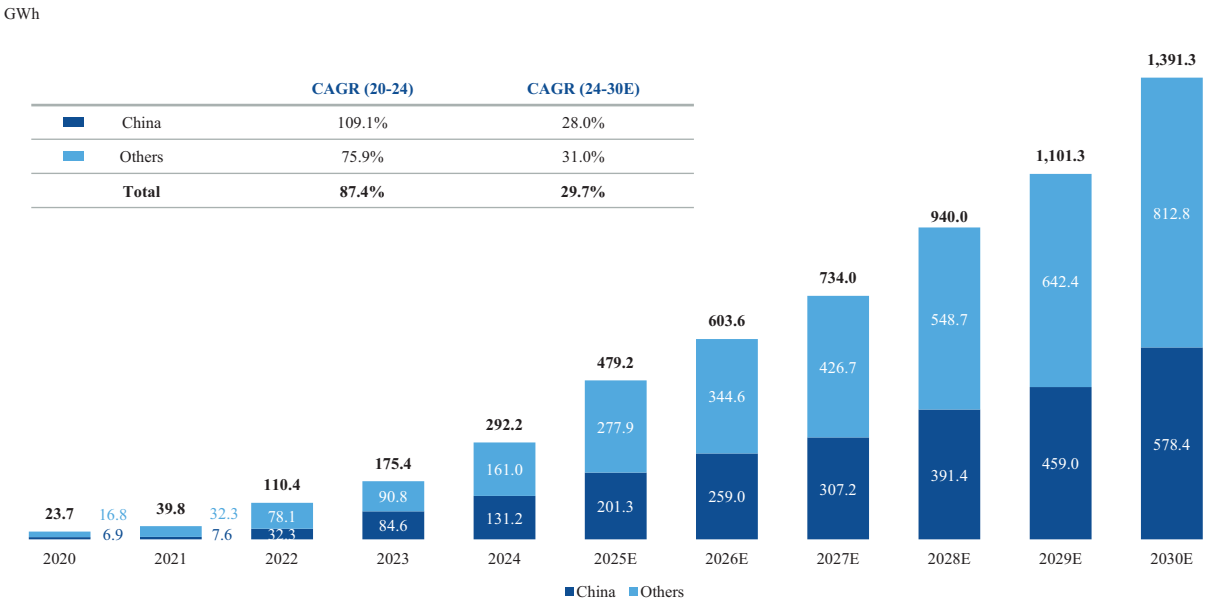
Global ESS battery market

The ESS market is largely driven by government policies worldwide and remains in the early stages of development. It benefits from national policy planning, improvements in electricity markets, and the creation of incentive mechanisms across various countries. Supportive policies, attractive subsidies, and more established business models are expected to accelerate ESS adoption globally. Additionally, the growing integration of renewable energy generation and electric grids, and the rising frequency of extreme events will make energy storage a crucial component of power systems worldwide.

ESS can be divided into centralized ESS and distributed ESS, both of which experienced rapid growth in the past and are expected to continue to grow steadily in the future. Centralized ESS plays a critical role in stabilizing grids and managing of the intermittency of renewable energy sources. The global energy transition, coupled with advancements in AI-driven energy management systems, is set to drive continuous growth in centralized ESS shipments. Distributed ESS is gaining traction as a solution to enhance energy efficiency, stability, and sustainability in commercial, residential, and urban settings. Especially, the explosive growth of AI and data centers has substantially accelerated the demand for distributed energy storage. AI-driven computing requires massive, continuous power consumption, while data centers operate 24/7 with stringent reliability needs. This surge in electricity demand increases grid pressure, making energy storage essential for stabilizing power supply, optimizing load management, and integrating renewable energy sources, which in turn drives the continuous growth in distributed ESS shipments.

The global shipment volume of ESS batteries has experienced rapid growth historically from 23.7 GWh in 2020 to 292.2 GWh in 2024 at a CAGR of 87.4%, among which China was the largest market with shipment volume of ESS batteries increasing from 6.9 GWh in 2020 to 131.2 GWh in 2024, at a CAGR of 109.1%. It is expected that the global shipment volume of ESS batteries will raise to 1,391.3 GWh in 2030 at a CAGR of 29.7%, among which China is still expected to be the largest market with shipment volume of ESS batteries increasing to 578.4 GWh in 2030 at a CAGR of 28.0%. The LFP batteries have been widely used in the global ESS battery market with 97.2% market share in 2024, primarily due to its balanced energy density and costs, long circle life and safety. The global shipment volume of LFP batteries among the ESS batteries increased from 21.3GWh in 2020 to 284.1GWh in 2024 at a CAGR of 91.1%, and expected to increase to 1,096.3GWh in 2030 at a CAGR of 25.2%. With continuous breakthrough in technology and improvement in production process, the sodium-based batteries, as an emerging technology, are expected to be a supplement to LFP batteries in the ESS battery market. ESS-related demand for pCAM is expected to grow by a CAGR of 30.5% from 641.0 thousand tons in 2024 to reach 3,162.1 thousand tons in 2030.

Shipment Volume of ESS Batteries, Global and China



Source: Frost & Sullivan Report

Global consumer electronics battery market

The consumer electronics market is a dynamic and fast-evolving market that encompasses a wide range of electronic devices designed for personal and home use, including smartphones, computing devices,

wearables and others such as televisions and audio systems. This market is driven by rapid technological advancements, shifting consumer preferences, and increasing global digitalization. More specifically, the rise of AI, IoT, 5G technology, and smart home devices has further transformed the landscape, making electronic products more intelligent, efficient, and interconnected. With emerging trends like augmented reality (AR), virtual reality (VR), and wearable technology, the consumer electronics industry is expected to continue its rapid growth and innovation in the coming years.

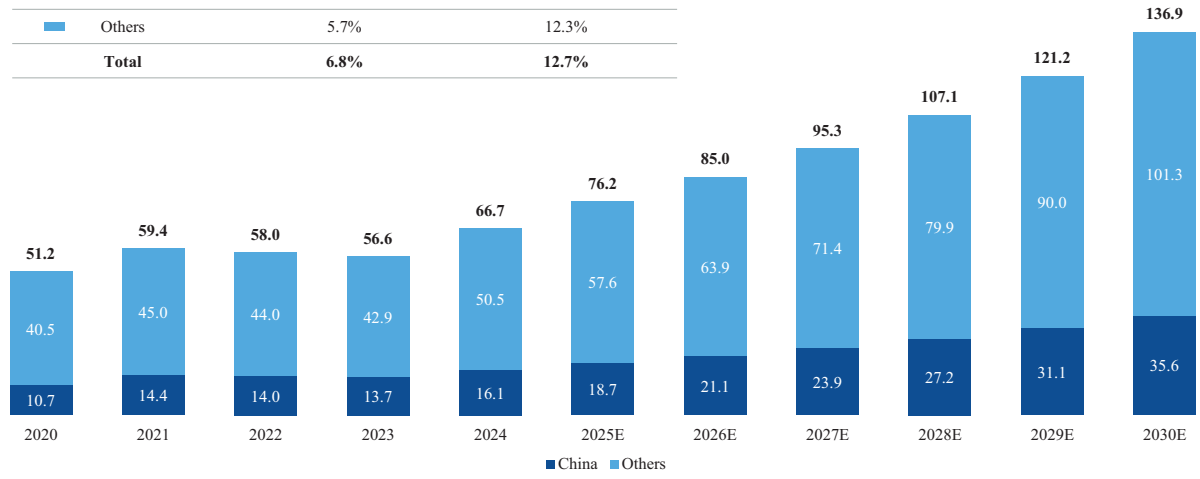
The LCO batteries dominate the global consumer electronics battery market, primarily due to their features of high energy density, stable voltage and compact. Currently, there is no major competing battery technology for consumer electronics application.

Affected by the market demand for consumer electronics, particularly the increasing demand for power capacity per unit device brought about by technological trends such as AI, the global shipment volume of consumer electronics batteries fluctuated from 2020 to 2024, and is expected to grow steadily from 66.7 GWh in 2024 to 136.9 GWh in 2030 at a CAGR of 12.7%, among which the LCO batteries is expected to continue to dominate the global consumer electronics battery market with global shipment volume increasing from 62.7 GWh in 2024 to 124.6 GWh in 2030 at a CAGR of 12.1%. Consumer electronics-related demand for pCAM is expected to grow by a CAGR of 12.8% from 133.4 thousand tons 2024 to reach 275.2 thousand tons in 2030.

Shipment Volume of Consumer Electronics Batteries, Global and China

GWh

	CAGR (20-24)	CAGR (24-30E)
China	10.9%	14.1%
Others	5.7%	12.3%
Total	**6.8%**	**12.7%**



Source: Frost & Sullivan Report

Global robotics battery market

The robotics market is a rapidly evolving market that encompasses a broad spectrum of autonomous and semi-autonomous machines designed for industrial, commercial, and consumer applications. This market includes humanoid robotics, designed to mimic human movements and interactions, finding applications in customer service and elderly care, and also others such as industrial robotics, widely used in manufacturing, logistics, and automotive sectors to enhance precision and efficiency. Technological advancements in AI, machine learning, edge computing, and 5G technology are accelerating innovation in robotics, enabling machines to perform increasingly complex tasks with greater autonomy and adaptability. Certain leading companies in the market have focused on humanoid robotics, where AI-powered humanoid robotics are being designed for more sophisticated social and labor-intensive tasks.

In particular, the development of ternary batteries and LCO batteries each brings distinct advantages that collectively support the growth of humanoid robotics. Ternary batteries are known for their high energy density, lightweight design, and fast-charging capabilities, making them ideal for humanoid robotics that require extended operation time, agility, and quick recharging in dynamic environments. On the other hand, LCO batteries offer excellent thermal stability, voltage consistency, and power output, which are essential for maintaining safe and reliable performance of critical components such as actuators, sensors, and AI processors. Together, these battery technologies provide the reliable, compact, and efficient energy systems necessary for humanoid robotics to function intelligently, safely, and autonomously. As such, ternary batteries and LCO batteries have dominated the robotics battery markets.

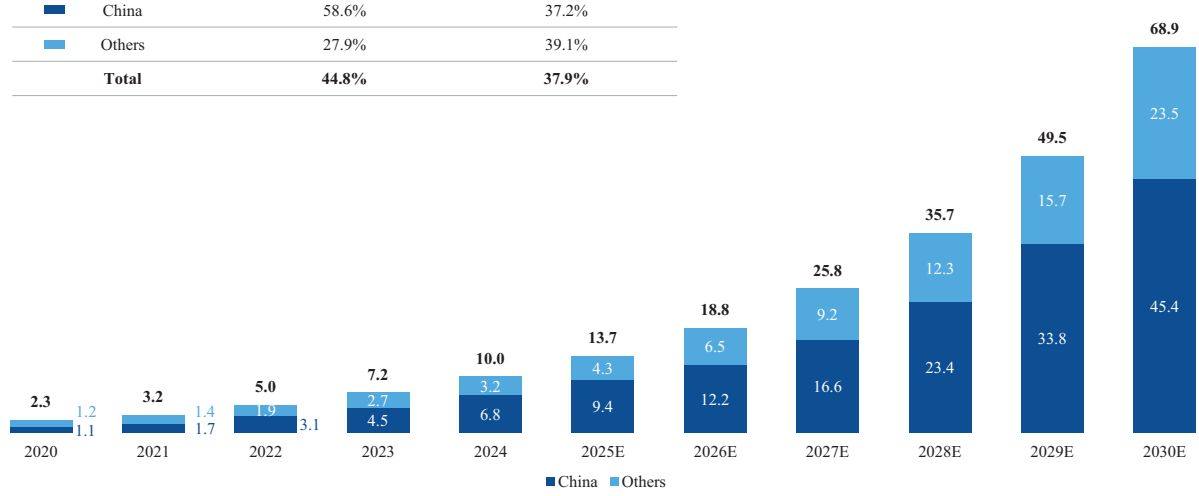
The global robotics market has experienced significant growth, driven by advancements in AI and automation technologies. The global shipment volume of robotics increased from 2,284.3 thousand units in 2020 to 5,019.6 thousand units in 2024 at a CAGR of 21.8%. It is expected to increase to 13,784.8 thousand units in 2030 at a CAGR of 18.3%, among which the global shipment volume of humanoid robotics is expected to increase from 8.6 thousand units in 2024 to 666.2 thousand units in 2030 at a CAGR of 106.6%, and further increase to 3,261.8 thousand units in 2040, at a CAGR of 17.2% from 2030 to 2040, and 18,578.4 thousand units in 2050, at a CAGR of 19.0% from 2040 to 2050, showing a great growth potential in humanoid robotics.

As a result, the global shipment volume of robotics batteries increased from 2.3 GWh in 2020 to 10.0 GWh in 2024 at a CAGR of 44.8%, and is expected to increase to 68.9 GWh in 2030 at a CAGR of 37.9%. In particular, the global shipment volume of humanoid robotics batteries is expected to increase from 20 MWh in 2024 to 4.0 GWh in 2030 at a CAGR of 140.7%, and further increase to 26.3 GWh in 2040, at a CAGR of 20.7% from 2030 to 2040, and 200.6 GWh in 2050, at a CAGR of 22.6% from 2040 to 2050. Among them, the global shipment volume of ternary batteries increased from 0.8 GWh in 2020 to 4.1 GWh in 2024 at a CAGR of 50.6%, and is expected to increase to 48.9 GWh in 2030 at a CAGR of 51.1%, and further increase to 314.3 GWh in 2040, at a CAGR of 20.4% from 2030 to 2040, and 2,353.2 GWh in 2050, at a CAGR of 22.3% from 2040 to 2050. The higher historical and estimated growth rates of installed volume of robotics batteries than the growth rates of shipment volume of robotics are primarily due to higher power demand as robotics technologies advance.

Shipment Volume of Robotics Batteries, Global and China

GWh

	CAGR (20-24)	CAGR (24-30E)
China	58.6%	37.2%
Others	27.9%	39.1%
Total	**44.8%**	**37.9%**



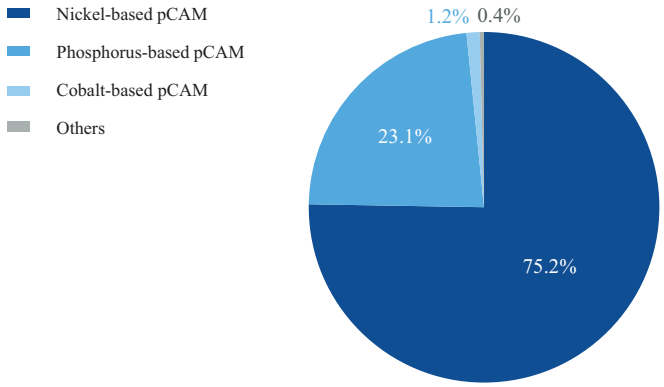
Source: Frost & Sullivan Report

OVERVIEW OF NEW ENERGY BATTERY CAM AND pCAM MATERIALS MARKET

Key products demand forecast

In terms of the sales value, the total pCAM market was RMB87,681.6 million in 2024, with lithium battery pCAM accounting for 99.6% of the total market share. Among the lithium battery pCAM, the nickel-based pCAM, phosphorus-based pCAM and cobalt-based pCAM accounted for 75.2%, 23.1% and 1.2% of the total pCAM market share in 2024. The Company ranked first globally in 2024 in terms of revenue for all new energy battery pCAM products, with a market share of 21.8%.

Sales Value of New Energy Battery pCAM Breakdown by Material Types, Global, 2024



Source: Frost & Sullivan Report

Global nickel-based materials market

Nickel-based materials mainly include NCA/NCM as CAM and NCA/NCM hydroxides or oxides as pCAM. The nickel content in CAM has evolved from NCM/NCA523, NCM/NCA622 to NCM/NCA811 and more recently to NCM/NCA90 series, enabling higher battery energy density, which meets the driving range requirements of high-end EV while reducing cobalt usage. The NCM/NCA523 series contains at least 50 mol% nickel, and the NCM/NCA622 series contains at least 60 mol% nickel. Nickel-based pCAM for them are classified as mid-nickel pCAM. Nickel-based pCAM with more than 80 mol% nickel, such as the pCAM for NCM/NCA811, are considered high-nickel pCAM. Nickel-based pCAM for NCM/NCA9 series, containing at least 90 mol% nickel, is categorized as ultra-high-nickel pCAM.

In recent years, the trend toward higher nickel content in ternary precursor materials has grown significantly, driven by the increasing need to improve battery energy density. This demand is largely due to trends such as long-range EV and the rapid adoption of AI-powered technologies, which require better battery performance. Additionally, advancements in single-crystal technology and nano-coating are progressively overcoming challenges related to thermal stability and process complexity. As a result, high-nickel pCAM is expected to become the dominant technological pathway in the near future. As power requirements continue to rise, so does the need for higher-capacity batteries, further boosting demand for pCAM.

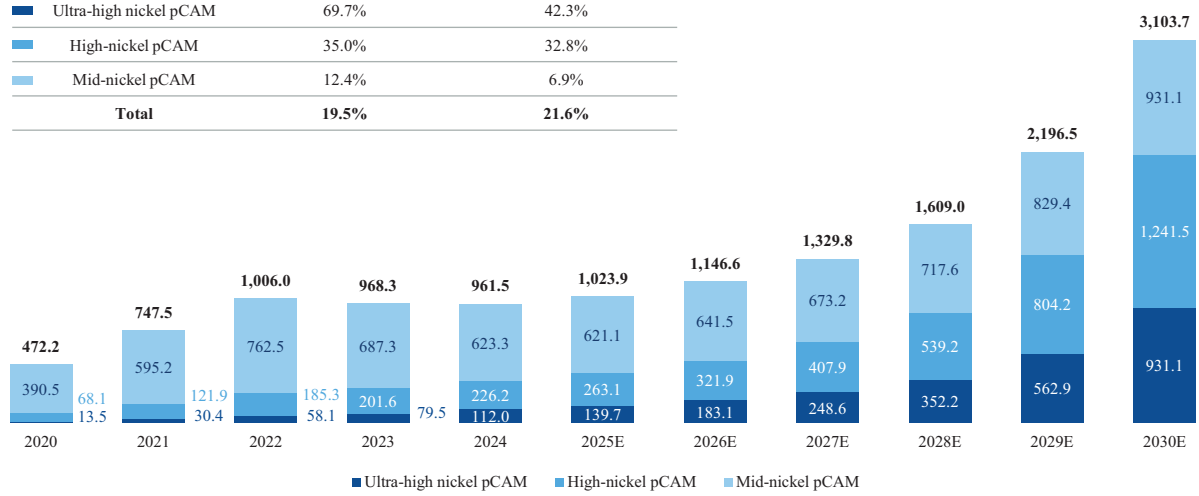
The continuous growth of global electric vehicles market has been the key driver for the development of nickel-based pCAM. The global shipment volume of nickel-based pCAM increased from 472.2 thousand tons in 2020 to 961.5 thousand tons in 2024 at a CAGR of 19.5%. With the rapid growth of the new energy vehicles market, the future mass production and commercialization of solid-state batteries, as well as the expansion and application of emerging fields, the demand for nickel-based pCAM is expected to continue to increase. Moreover, as the industry's destocking cycle in recent years is nearing its end, the inventory cycle

of nickel-based pCAM was around 3 weeks in 2023 and declined to and stabilized at about one week in 2024 and the first half of 2025. The market is gradually emerging from the trough, the market size is projected to expand continuously in the future. The global shipment volume of nickel-based pCAM is expected to increase to 3,103.7 thousand tons in 2030 at a CAGR of 21.6% from 2024 to 2030. Among them, as the downstream demand for high energy density continues to increase, the trend towards high - nickel content becomes more pronounced. The high and ultra-high nickel pCAM increased from 81.7 thousand tons in 2020 to 338.2 thousand tons in 2024 at a CAGR of 42.7%, and is expected to increase to 2,172.6 thousand tons in 2030 at a CAGR of 36.3%. In 2024, the global shipment volume of high and ultra-high nickel pCAM accounted for 35.2% of the global shipment volume of nickel-based pCAM, which is expected to increase to 70.0% in 2030.

Shipment Volume of Nickel-based pCAM by Product Type, Global

Thousand tons

	CAGR (20-24)	CAGR (24-30E)
Ultra-high nickel pCAM	69.7%	42.3%
High-nickel pCAM	35.0%	32.8%
Mid-nickel pCAM	12.4%	6.9%
Total	**19.5%**	**21.6%**



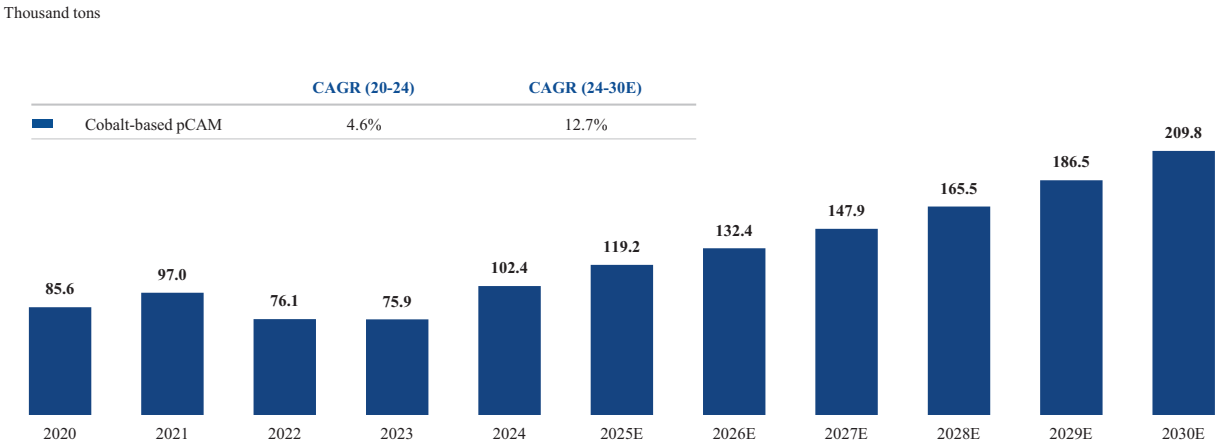
Source: Frost & Sullivan Report

Global cobalt-based materials market

Cobalt-based materials mainly include LCO as CAM and tricobalt tetroxide as pCAM. LCO batteries, which are manufactured using tricobalt tetroxide pCAM, are primarily applied in the consumer electronics sector, including smartphones, computing devices, wearable devices and others.

With the increase in overall downstream 3C electronics demand, the global shipment volume of cobalt-based pCAM has shown consistent growth over the years. The global shipment volume increased from 85.6 thousand tons in 2020 to 102.4 thousand tons in 2024 at a CAGR of 4.6%. With the continuous expansion of AI into the field of intelligent devices, the demand for high-performance batteries is constantly increasing. Therefore, the market demand for cobalt-based pCAM is expected to grow at an accelerating pace in the future and the global shipment volume of cobalt-based pCAM is expected to increase to 209.8 thousand tons in 2030 at a CAGR of 12.7% from 2024 to 2030. Rising shipment volumes is driven by its critical applications across industries such as electronics and batteries.

Shipment Volume of Cobalt-based pCAM, Global



Source: Frost & Sullivan Report

Global phosphorus-based materials market

Phosphorus-based materials mainly include LFP as CAM, and iron phosphate (FP) compound as pCAM.

The demand for LFP batteries varies across different markets based on cost, performance needs, and industry focus. In China, LFP batteries are widely used in electric vehicles and energy storage due to its industrial maturity, affordability, safety, and long cycle life. Strong government policies, a well-developed supply chain, and the rapid growth of renewable energy projects further drive adoption of LFP batteries, making China the largest market for LFP batteries.

In contrast, overseas markets are gradually increasing their use of LFP batteries, but with different priorities. While some automakers incorporate LFP batteries in entry-level EV, higher-performance vehicles often still rely on ternary batteries for greater energy density. In energy storage, LFP is gaining traction due to its safety and longevity, especially as renewable energy integration grows. Historically, supply chain limitations and the need for localized production impact adoption rates of LFP batteries in overseas markets, which also shows a great growth potential of LFP batteries in those overseas markets.

Global phosphorus-based CAM market

Due to increased demand for LFP batteries, the global shipment volume of phosphorus-based CAM increased from 245.0 thousand tons in 2020 to 2,450.0 thousand tons in 2024 at a CAGR of 77.8%, which is expected to increase to 8,792.9 thousand tons in 2030 at a CAGR of 23.7% from 2024 to 2030.

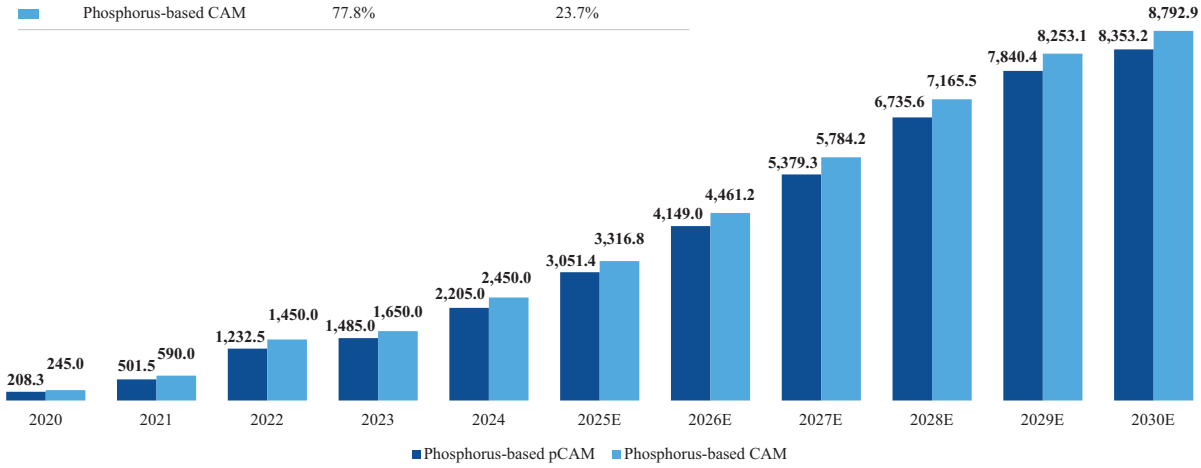
Global phosphorus-based pCAM market

Demand for phosphorus-based pCAM is typically proportional to that of phosphorus-based CAM, reflecting their near one-to-one volumetric conversion in the production process. The global shipment volume of phosphorus-based pCAM increased from 208.3 thousand tons in 2020 to 2,205.0 thousand tons in 2024 at a CAGR of 80.4%. The cost advantages of LFP batteries are further amplified. Technological breakthroughs and cost - efficiency benefits are driving the continuous increase in the shipment volume of phosphorus-based pCAM, which is expected to increase to 8,353.2 thousand tons in 2030 at a CAGR of 24.9% from 2024 to 2030.

Shipment Volume of Phosphorus-based pCAM and CAM, Global

Thousand tons

	CAGR (20-24)	CAGR (24-30E)
Phosphorus-based pCAM	80.4%	24.9%
Phosphorus-based CAM	77.8%	23.7%



Source: Frost & Sullivan Report

Key drivers and market trend of new energy battery pCAM materials industry

Key drivers of global new energy battery pCAM materials market

Sustained growth in major downstream applications: The continued expansion of core sectors such as EV, ESS and consumer electronics is driving sustained battery demand. The increasing penetration of AI technologies in applications like autonomous driving and edge computing further increase power consumption and battery demand. Additionally, the rapid growth of data centers driven by AI development has led to a surge in energy storage demand. In the consumer electronics sector, advancements in 5G/6G networks and AR/VR devices have heightened reliance on high-energy-density batteries, accelerating material innovation and boosting both the demand and performance requirements for batteries and new energy materials.

Global energy transition: The global energy transition, driven by the shift from fossil fuels to renewable sources like solar and wind, is accelerating the demand for new energy batteries, and thus the demand for new energy battery materials. As countries aim for carbon neutrality and greater energy security, new energy batteries play a crucial role in stabilizing power grids, enabling energy storage, and supporting the widespread adoption of electric vehicles. This growing demand is reshaping industries, driving investments in battery production and raw material supply chains, and positioning energy storage as a cornerstone of the future energy system.

Emerging applications driving high-performance material demand: Innovative sectors such as eVTOL, humanoid robotics, and AI-powered wearable devices present significant growth potential. These applications demand extremely high energy density and discharge rates from batteries. High-performance battery technologies, such as high-nickel batteries and solid-state batteries, are expected to experience substantial demand growth, further accelerating the development of advanced new energy materials.

AI for science accelerating industry efficiency: AI is enhancing efficiency across the entire value chain of the new energy materials industry, from R&D and production to deployment. AI enables predictive analysis of material properties, significantly accelerating the research and development process. In manufacturing, digital twin technology optimizes production processes, while AI-driven intelligent control

improves production yield rates. Additionally, AI-powered predictive modeling enhances battery lifespan and safety assessments, extending operational cycles and indirectly driving advancements in material technologies.

Policy synergy driving industry upgrades: The transformation of the new energy battery materials industry, alongside the broader transition to renewable energy and smart industries, continues to receive strong policy support from major global economies. For instance, China has extended NEV purchase tax exemptions to boost demand, while the EU's "Green Deal" mandates a ban on internal combustion engine vehicle sales by 2035. Global policy trends favor high-performance materials such as high-nickel ternary cathodes and silicon-carbon anodes while reinforcing circular economy initiatives. Additionally, regulatory frameworks are evolving to support emerging industries, fostering an integrated ecosystem encompassing R&D, production, and application, thereby forming a comprehensive industrial value chain.

Development trends of global new energy battery pCAM materials market

Growing demand for vertical integration: Securing upstream resources such as nickel, phosphorus and lithium, has become a key competitive advantage. Increasing geopolitical concerns and supply chain disruptions have intensified resource localization efforts. Leading firms are investing in mining assets or securing long-term supply agreements to ensure cost stability and raw material security, improving overall efficiency from resource extraction to material production.

Accelerated technological iteration: AI is transforming materials research by enhancing screening processes and simulating electrochemical properties, significantly shortening development cycles. Advanced materials like high-nickel cathode, solid-state batteries, and silicon-based anodes are evolving to meet higher energy density and safety demands. Additionally, AI-driven intelligent manufacturing optimizes production parameters and improves yield rates, driving the industry toward more efficient and precise material innovation.

Increasing market consolidation: The new energy materials and battery industries are both experiencing strong consolidation, with large-scale players expanding their market share due to superior cost control, production efficiency, and R&D capabilities. Small and mid-sized companies face increasing barriers in technology and scale. Government policies further strengthen the market position of industry leaders, driving the sector toward higher concentration.

Closer collaboration with customers: Partnerships between new materials material producers, battery manufacturers, and automakers are becoming more integrated, with a focus on co-developing customized material solutions. Long-term supply contracts, closed-loop recycling systems, and joint R&D initiatives enhance supply chain resilience and product consistency, supporting global expansion and regulatory compliance.

Competitive landscape of new energy battery pCAM materials industry

Competitive landscape of nickel-based materials (pCAM) market

In the nickel-based materials (pCAM) market, the Company has ranked the first in the world by shipment volume for five consecutive years from 2020 to 2024, with market shares of 20.3% in 2024. The global nickel-based materials (pCAM) market is concentrated with top five global manufacturers accounting for 76.3% of the total market share in terms of shipment volume in 2024.

Global Ranking of Nickel-based Materials (pCAM) Market by Shipment Volume, 2024

Rank	Company Name	Shipment Volume (Thousand Tons)	Market Share
1	**The Company**	**195.5**	**20.3%**
2	Company A[(1)]	189.0	19.7%
3	Company B[(2)]	174.9	18.2%
4	Company C[(3)]	106.4	11.1%
5	Company D[(4)]	67.5	7.0%

Note:

(1) Company A was established in 2001, with its headquarters in Shenzhen, China. The company's main business is the recycling and utilization of retired batteries to produce high-tech products. It is a company listed on the Shenzhen Stock Exchange.

(2) Company B was established in 2005, with its headquarters located in Guangdong Province, China. It is one of the largest domestic producers of highend battery materials.

(3) Company C was founded in 2002, with its headquarters in Zhejiang Province, China. It is a high-tech enterprise engaged in R&D and manufacturing of new energy materials. It is a company listed on the Shanghai Stock Exchange.

(4) Company D was founded in 1959, with its headquarters in Gansu Province, China. It is a world-leading producer of nickel and cobalt. The nickel based pCAM business of Company D is mainly conducted by its subsidiaries.

Source: Company Reports; Frost & Sullivan Report

Competitive landscape of cobalt-based materials (pCAM) market

In the cobalt-based materials (pCAM) market, the Company has ranked the first in the world by shipment volume for five consecutive years from 2020 to 2024, with market share of 28.0% in 2024. The global cobalt-based materials (pCAM) market is concentrated with top five global manufacturers accounting for 86.2% of the total market share in terms of shipment volume in 2024.

Global Ranking of Cobalt-based Materials (pCAM) Market by Shipment Volume, 2024

Rank	Company Name	Shipment Volume (Thousand Tons)	Market Share
1	**The Company**	**28.6**	**28.0%**
2	Company A	20.7	20.2%
3	Company E[(1)]	15.0	14.6%
4	Company C	14.0	13.7%
5	Company D	10.0	9.8%

Note:

(1) Company E was established in 1997, with its headquarters located in Fujian Province, China. It is a company listed on the Shanghai Stock Exchange.

Source: Company Reports; Frost & Sullivan Report

Competitive landscape of pCAM market

Global Ranking of pCAM Market by Sales Value, 2024

Rank	Company Name	Sales Value[(1)] (RMB Billion)	Market share
1	**The Company**	**19.1**	**21.8%**
2	Company A	~18	20.7%
3	Company B	~10	11.4%
4	Company C	~10	11.4%
5	Company K[(2)]	~8	9.1%

Note:

(1) The sales value is estimated based on the shipment volume with reference to the average market price of each kind of pCAM.

(2) Company K was established in 2016, with its headquarters located in Hunan Province. It specializes in manufacturing high-nickel cathode precursors for lithium-ion batteries. It is a company listed on the Shenzhen Stock Exchange.

Source: Company Reports; Frost & Sullivan Report

Barriers for new energy battery pCAM material market

The market is relatively concentrated, with significant barriers to entry and compete effectively.

***R&D and Technology*:** Given the industry's relative novelty and highly customized nature, extensive R&D experience is essential for securing a competitive market position. Established companies, with their seasoned R&D and production teams, have accumulated significant technical know-how and proprietary knowledge. This concentration of technical expertise in leading manufacturers forms a formidable technical barrier, making it challenging for newcomers to match the performance, quality, and reliability of existing products without substantial investment in R&D and technology acquisition.

***Customer recognition*:** The quality of new energy materials is critical for the performance and safety of lithium-ion batteries, making downstream customers highly selective. New energy battery manufacturers impose stringent entry requirements and thorough screening processes. The validation timeline for new suppliers of new energy battery materials typically takes one to two years for EV and ESS applications with domestic customers, and three to four years for overseas customers, and one to two years for consumer electronics. Once a supplier is accredited, customers tend to maintain long-term partnerships, making it difficult for new entrants to break into established supply chains. Additionally, leading manufacturers are expanding overseas production capabilities to meet international market demands while reducing costs and risks. This expansion further consolidates their market positions and creates a significant client recognition barrier in both domestic and overseas markets.

***Capital*:** The production of new energy materials requires substantial capital investment for factory construction, R&D, and production. Leading manufacturers leverage economies of scale to reduce costs, expand capacity, and sustain R&D investments in advanced materials. Insufficient capital makes it difficult for new entrants to afford expensive production facilities, limiting their ability to compete. This results in a capital barrier, allowing established leaders to maintain advantages in power density, cost, performance, and quality.

***Resources*:** The production of new energy battery materials requires many raw materials including lithium, nickel and phosphorus, each of which come from different sources. These raw materials account for approximately 80% to 85% of the total cost of new energy material production. Therefore, a stable supply of raw materials at reasonable cost is a key to entering the market. Since only large producers can secure stable and quality supply, other competitors may face unstable supply due to their relatively small purchasing volumes, thus forming the resource barrier for new entrants.

New energy battery pCAM materials prices and costs

Prices analysis of new energy battery pCAM materials

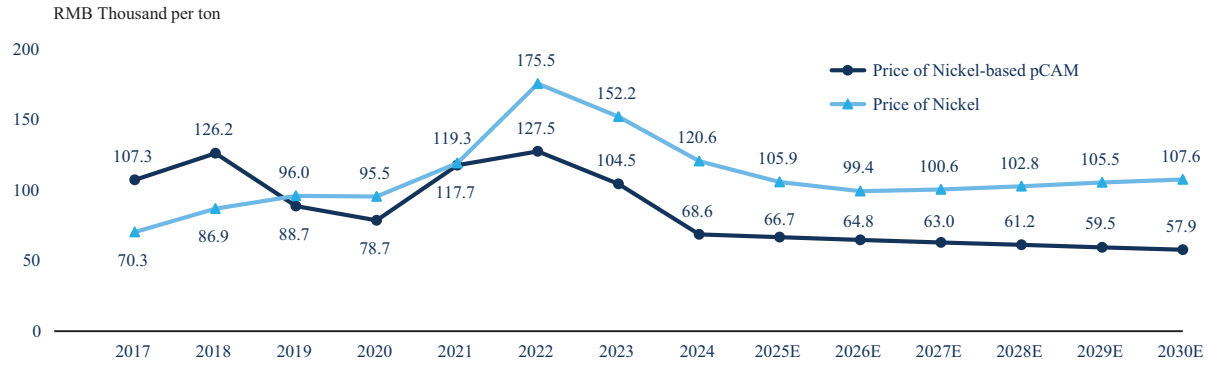
Price of nickel and nickel-based pCAM

Nickel is a key metal for nickel-based materials. The direct nickel raw materials for nickel-based materials typically are nickel sulfate, which can be produced from high-purity nickel or nickel intermediates like nickel matte and MHP. Nickel intermediates are produced from nickel ores. The pricing for nickel ores, intermediates and high-purity nickel is typically benchmarked against the LME nickel price with varying discount rates. Generally, the discount rate increases with decreasing nickel content, lowest for high-purity nickel, followed by intermediates, and highest for nickel ores. As such, the fluctuation in price of key raw materials, nickel sulfate, MHP and nickel matte, is highly linked to the price of nickel. Due to the varying amounts of nickel required for different types of pCAM, the cost proportion of nickel in mid-nickel pCAM to high-nickel pCAM is approximately 50% to 80%.

The price of nickel demonstrated a gradual increase from RMB70,300 per ton in 2017 to RMB175,700 per ton in 2022, which then declined steadily to RMB120,600 per ton in 2024. Nickel prices are primarily influenced by supply dynamics, demand growth, and macroeconomic factors. The price of nickel is expected to remain stable and reach RMB107,600 per ton in 2030.

The pricing of nickel-based pCAM is largely based on (i) the costs of nickel, and to a lesser extent, cobalt; and (ii) the costs of development and manufacturing. The price of nickel-based pCAM experienced fluctuations from 2017 to 2024. The price of nickel-based pCAM declined from RMB127,500 per ton in 2022 to RMB68,600 per ton in 2024, primarily due to the decrease in nickel and cobalt prices. During the forecast period, the price of nickel-based pCAM is expected to follow a slight downward trend, reaching RMB57,900 per ton in 2030.

Price of Nickel-based pCAM, Global



Source: Frost & Sullivan Report

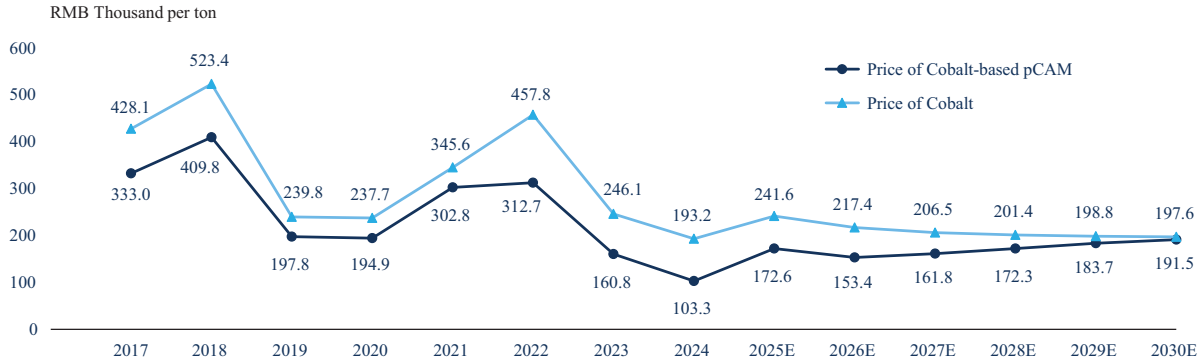
Price of cobalt and cobalt-based pCAM

Cobalt is a key metal for nickel-based materials and cobalt-based materials. The direct cobalt raw materials for nickel-based materials and cobalt-based materials is cobalt sulfate, which can be produced from cobalt intermediates. Similar to nickel, the pricing of cobalt intermediates is typically benchmarked against the MB cobalt price with discount rates. The cost proportion of cobalt in cobalt-based pCAM is approximately 90%.

The price of cobalt fluctuated significantly from 2017 to 2022, which then declined steadily from RMB457,800 per ton in 2022 to RMB193,200 per ton in 2024. Over the past years, cobalt price has been shaped by rising demand from electric vehicle batteries, supply fluctuations in the Democratic Republic of Congo, advancements in recycling, geopolitical risks, and speculative investment activities.

As affected by the price of cobalt, price of cobalt-based pCAM fluctuated significantly from 2017 to 2024. The price of cobalt-based pCAM declined from RMB312,700 per ton in 2022 to RMB103,300 per ton in 2024 primarily due to decline in prices of cobalt. In 2030, the prices of cobalt and the price of cobalt-based pCAM are expected to reach RMB197,600 and RMB191,500 per ton, respectively.

Price of Cobalt-based pCAM, Global

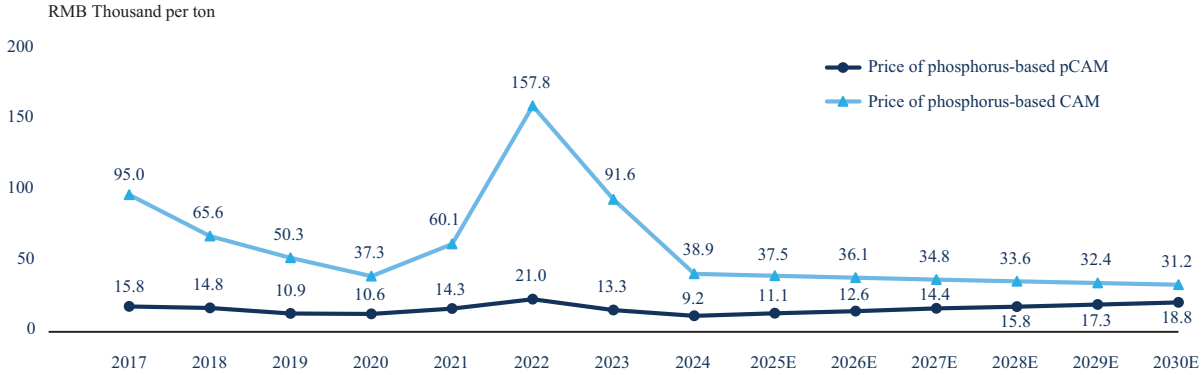


Source: Frost & Sullivan Report

Price of phosphorus-based CAM and pCAM

The price of phosphorus-based pCAM also fluctuated from 2017 to 2024. The price of phosphorus-based pCAM declined from RMB21,000 per ton in 2022 to RMB9,200 per ton in 2024, primarily due to supply and demand dynamics. The cost proportion of phosphorus-based pCAM in CAM is approximately 60% to 75%, due to different production processes. By 2030, the prices of phosphorus-based CAM and pCAM are expected to reach RMB31,200 and RMB18,800 per ton, respectively.

Price of Phosphorus-based CAM and pCAM, Global



Source: Frost & Sullivan Report

OVERVIEW OF NICKEL INDUSTRY

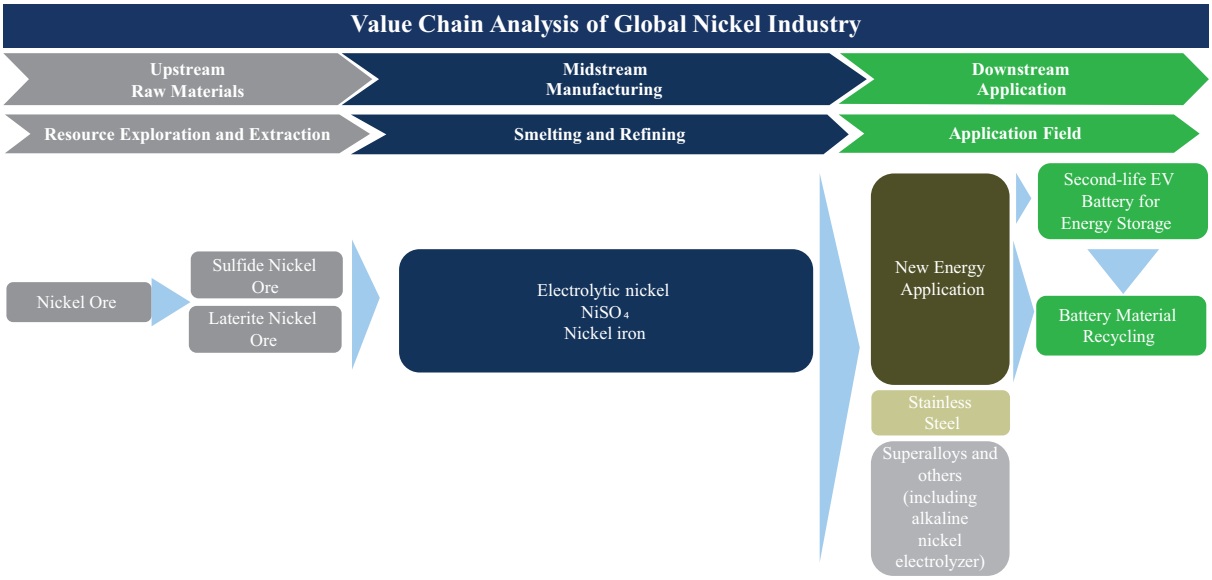
Introduction of nickel industry

Overview of the nickel industry value chain

The upstream segment involves the extraction and mining of raw materials. Nickel is extracted from sulfide ores and laterite ores through smelting or acid leaching. This stage is highly resource-intensive and geographically concentrated, making it vulnerable to supply disruptions. The midstream segment focuses on

processing and refining raw materials into usable forms, when nickel is refined into nickel sulfate for batteries or electrolytic nickel for stainless steel and alkaline nickel electrolyzer. This stage requires advanced technologies to ensure high purity and efficiency, with ongoing innovations reducing costs and environmental impact. The downstream segment involves the manufacturing and application of energy metals in end products. Nickel is a key component of ternary CAM (NCM/NCA) in high-energy-density batteries and is also used in stainless steel production.

Value Chain of Global Nickel Industry



Source: Frost & Sullivan Report

Overview of nickel products end market demand

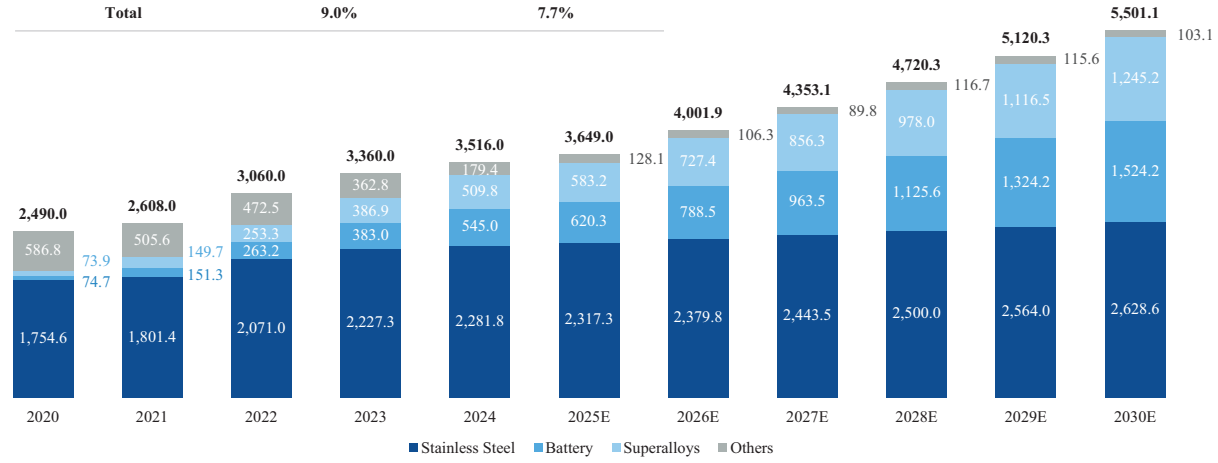
Nickel's end-market demand is primarily driven by stainless steel production, which accounted for around 65% of the total nickel product market in 2024, where it enhances strength and corrosion resistance in construction, appliances, and industrial applications. The new energy application, which accounted for around 15% of the total nickel product market in 2024, is the fastest-growing segment, fueled by the rise of EV and ESS, as high-nickel ternary batteries improve energy density. Superalloys, which accounted for around 15% in 2024 for power generation, aerospace and medical industries. In addition, a smaller amount is used in plating and coating, where it provides durability in automotive, marine, and industrial applications, and foundry and casting, along with electronics, catalysts, and currency. In 2040 and 2050, the production of nickel products is expected to further increase to 8,119.8 thousand tons and 10,273.0 thousand tons respectively.

Overview of nickel products market

Production Volume of Nickel Product by End Market, Global and China

Thousand Tons

	CAGR (20-24)	CAGR (24-30E)
Stainless Steel	6.8%	2.4%
Battery	64.3%	18.7%
Superalloys	62.1%	16.0%
Others	(25.6%)	(8.8%)
Total	**9.0%**	**7.7%**



Source: Frost & Sullivan Report

Competitive landscape of nickel products market

Global Ranking of Nickel Product Markets by Production Volume, 2024

Rank	Company Name	Production Volume (Thousand Metal Tons)	Market share
1	Company F(1)	862.0	24.5%
2	Company G(2)	560.0	15.9%
3	Company H(3)	195.0	5.5%
4	Company I(4)	189.0	5.4%
5	Company J(5)	160.0	4.6%
6	**The Company**	**129.8**	**3.7%**

Notes:

(1) Company F was established in 2003, with its headquarters located in Zhejiang Province. It is one of the world's largest integrated producers of nickel and stainless-steel, with a vertically integrated supply chain spanning mining, smelting and finished products.

(2) Company G was established in 2019, with its headquarters located in Indonesia. It is one of leading ore-based mineral processing companies in Indonesia, operating an integrated nickel smelter plant that produces high-quality nickel products.

(3) Company H was established in 2009, with its headquarters located in Zhejiang Province. It is a company with business across the entire nickel industry value chain, achieving a leading position in both the trading and the production of nickel products. It is a company listed on the Hong Kong Stock Exchange.

(4) Company I was established in 1993, with its headquarters located in Russia. It is Russia's largest mining and metallurgical company. It is a company listed on the Moscow Stock Exchange and the London Stock Exchange.

(5) Company J was established in 1942, with its headquarters located in Brazil. It is a Brazilian multinational corporation primarily engaged in metals and mining. It is a company listed on the New York Stock Exchange.

Source: Company Reports; Frost & Sullivan Report

OVERVIEW OF LITHIUM-ION BATTERY RECYCLING INDUSTRY

Introduction of lithium-ion battery recycling industry

Lithium-ion battery recycling refers to the recovery, dismantling and extraction of valuable metals and materials, such as nickel, cobalt and lithium, along with other materials, from spent lithium-ion batteries at the end of their life cycle. As the discharge cycle of lithium-ion batteries shortens as it ages and the need for battery replacement emerges, the volume of retired lithium-ion batteries globally increased rapidly from 349.5 thousand tons from 2020 to 1,014.3 thousand tons in 2024 at a CAGR of 30.5%, which is projected to grow at a CAGR of 38.6% from 2024 to 6,430.8 thousand tons in 2030. The demand for battery recycling has increased significantly, primarily driven by (i) surge in the amount of retired lithium-ion batteries, (ii) increasing downstream demand for nickel and other new energy metals, and (iii) increasing awareness on sustainability. The battery recycling process maximizes the utilization of valuable materials in batteries, reduces the negative impacts on the environment, and achieves the purpose of resource reuse and environmental protection.

Governments globally are actively promoting comprehensive policies and regulations to support the development of the lithium-ion battery recycling and reutilization solution market. In mainland China, the regulatory framework encompasses both environmental protection and industry standardization. MIIT issued the "Specification Conditions for Lithium-ion Battery Industry (2024 Edition)" (鋰離子電池行業規範條件(2024年本)), promoting recycling design and lifecycle management, while the State Council issued the "Opinions on Accelerating the Construction of a Waste Recycling System" (關於加快構建廢棄物循環利用體系的意見) in 2024, proposing to strengthen the recycling of retired power batteries. In addition, the MIIT issued the "Industry Specification Conditions for Comprehensive Utilization of Retired Power Batteries for New Energy Vehicles (2024 Edition)" (新能源汽車廢舊動力電池綜合利用行業規範條件(2024年本)), proposing to actively develop the R&D and application of recycling technologies and improve traceability management systems. Internationally, the European Union has also released the Battery Regulation in 2022, which proposes to promote high-level recycling of retired battery materials.

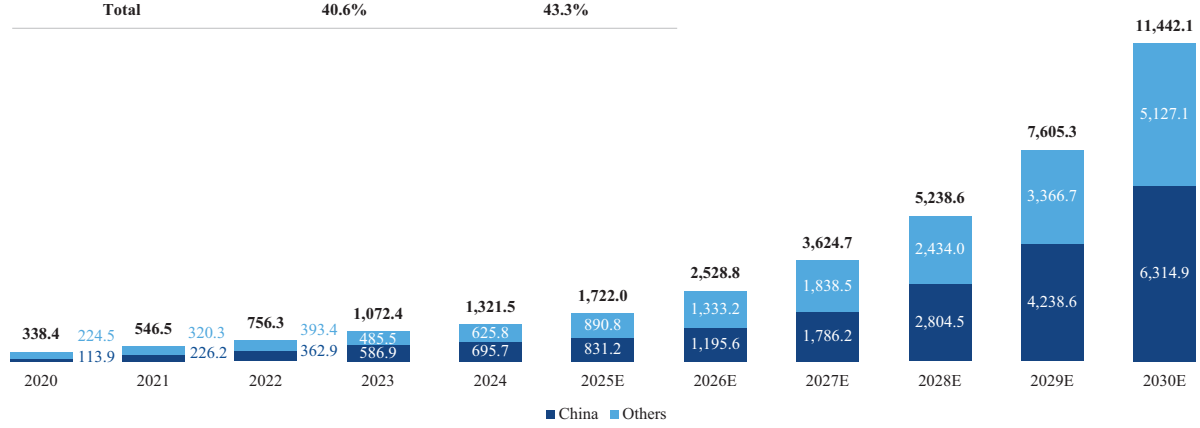
The value chain of lithium-ion battery recycling and reutilization solution market consists of upstream retired lithium-ion battery suppliers, midstream lithium-ion battery recycling and reutilization solution providers, and downstream industries including lithium-ion battery applications and lithium-ion battery material applications. The process for battery recycling involves collecting and sorting batteries, followed by dismantling to remove non-metallic components. The batteries are then crushed and shredded, separating the black mass that contains valuable materials like lithium, nickel and cobalt. Through chemical leaching, the metals are dissolved and then selectively extracted or precipitated. The extracted metals are purified and refined for reuse in new batteries.

Global battery recycling market

Treatment Volume of Lithium-ion Battery Recycling Market, Global and China

Thousand Tons

	CAGR (20-24)	CAGR (24-30E)
China	57.2%	44.4%
Others	29.2%	42.0%
Total	**40.6%**	**43.3%**



Source: Frost & Sullivan Report

From 2020 to 2024, the global treatment volume of lithium-ion battery recycling increased from 338.4 thousand tons to 1,321.5 thousand tons, representing a CAGR of 40.6%. Due to the surge in supply of retired lithium-ion batteries, by 2030, the global treatment volume of lithium-ion battery recycling is expected to reach 11,442.1 thousand tons, representing a CAGR of 43.3% from 2024 to 2030. By 2040 and 2050, the treatment volume of the global and China's lithium-ion battery recycling will further increase, ultimately reaching 88,432.2 thousand tons and 50,406.4 thousand tons respectively.

SOURCE OF INFORMATION

In connection with the **[REDACTED]**, we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare the Frost & Sullivan Report about, the new energy materials and new energy metal market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. In connection with the market research services provided, we have paid a fee of RMB450,000 to Frost & Sullivan, which we believe to be consistent with market rates.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan conducted (i) primary research includes interviewing industry participants, competitors, downstream customers and recognized third-party industry associations; and (ii) secondary research includes reviewing corporate annual reports, databases of relevant official authorities, as well as the exclusive database established by Frost & Sullivan over the past decades. The market projections in the Frost & Sullivan Report are based on the following key assumptions during the forecast period: (i) the social, economic and political conditions in global markets discussed will remain stable during the forecast period, (ii) government policies on global and China new energy materials and energy metals market will remain consistent during the forecast period, and (iii) new energy materials and energy metals market will be driven by the factors which are stated in the Frost & Sullivan Report.

Except as otherwise noted, all the data and forecasts contained in this section are derived from the Frost & Sullivan Report. The commissioned report has been prepared by Frost & Sullivan independently

without the influence from the Company or other interested parties. Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there is no material and adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Laws and regulations on production safety, environmental protection and energy conservation review

Production safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) or the Production Safety Law, which was last amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and criminal liability will be pursued if the violation constitutes a crime.

In addition, according to the Mine Safety Law of the PRC (《中華人民共和國礦山安全法》), which was amended by the SCNPC on August 27, 2009 and came into effect on the same day, mining enterprises must have facilities to ensure production safety, establish and improve safety management systems, and take effective measures to improve working conditions of employees, strengthen mine safety management, and ensure safe production. Among them, the safety facilities of mine construction projects must be designed, constructed, put into production and use simultaneously with the main project; the conditions for safe production must be met in mining operations, and mine safety regulations and industry specifications for mining different types of minerals must be in place; mining enterprises must establish and improve the responsibility system for safety production.

In addition to the general requirements for production safety, for newly built, reconstructed or expanded construction projects, according to the Measures for the Supervision and Administration of "Three Simultaneities" for the Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》, the **"Construction Projects Safety Facilities Measures**"), promulgated by the Former SAWS on December 14, 2010 and amended on April 2, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put into use simultaneously with the main body of the project. For the construction projects specially set forth in the Construction Projects Safety Facilities Measures, comprehensive research and pre-assessment on the safety conditions of the construction projects shall be conducted by qualified safety assessment body. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and imposed a fine.

Environmental protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) or the Environmental Protection Law, which was last amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on December 29, 2018 and came into effect on the same day,

the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the competent administrative department of environmental protection under the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection.

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), which was last amended on April 29, 2020 by the SCNPC and came into effect on September 1, 2020, the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), which was last amended on June 27, 2017 by the SCNPC and came into effect on January 1, 2018, and the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC on October 26, 2018 and took effect on the same day, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management. Enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the catalog published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution, as well as other units that implement administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit.

Pursuant to the provisions of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on January 24 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated on April 1 2024, the State implements the classified pollutant discharge permit management (i.e., key management and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises, institutions and other production and operation units that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

Fire prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), which was last amended by the SCNPC on April 29, 2021 and took effect on the same day, the emergency management department under the State Council and the emergency management departments under the local people's governments at or above the county level shall supervise and manage fire protection work. Fire prevention

design and construction must comply with national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) which was last amended by the Ministry of Housing and Urban-Rural Development of PRC on August 21, 2023 and officially came into effect on October 30, 2023, fire prevention design review and acceptance should be carried out for special construction projects. With respect to the construction projects other than special construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

Energy conservation review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council, jointly with other relevant State Council departments.

Laws and regulations relating to hazardous chemicals and precursor chemicals

Production

Pursuant to the provisions of the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) promulgated on January 26, 2002 and amended on March 2, 2011 and December 7, 2013, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An enterprise that stores hazardous chemicals shall set up prominent signs on its hazardous chemical transportation pipeline, conduct regular inspections and tests on the pipeline, and set up prominent safety warning signs on its workplaces, safety facilities and equipment. In addition, the enterprise shall also establish and regularly repair and maintain its safety facilities and equipment based on the types and hazard characteristics of hazardous chemicals and in accordance with relevant national and industry standards. An entity that stores highly toxic chemicals or hazardous chemicals constituting a serious hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security agency of the county-level local people's government. Meantime, any enterprise that engages in the production of hazardous chemical falling into the catalog of Hazardous Chemicals (《危險化學品目錄》) shall obtain a work safety permit for hazardous chemicals in accordance with the Regulation on Work Safety Permits (《安全生產許可證條例》) before starting production.

Pursuant to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》) promulgated by the Former SAWS on July 1, 2012 and became effective on August 1, 2012, enterprises engaged in the production and import of any chemicals listed in the catalog of Hazardous Chemicals must register with the competent work safety supervision department prior to the inspection and acceptance of completed projects or the first importation activity. The hazardous chemicals registration certificate shall be valid for three years and the enterprise may file a certificate renewal application three months before the expiry of the validity term of the registration certificate.

Operation

Pursuant to the Administrative Measures for the Licensing of Hazardous Chemicals Operations (《危險化學品經營許可證管理辦法》) issued on July 17, 2012 and last amended on May 27, 2015, the State has

established a licensing system for the operation, including storage operation, of hazardous chemicals listed in the catalog of Hazardous Chemicals within the territory of the PRC. Enterprises engaged in the operation of these hazardous chemicals are required to obtain a hazardous chemical operation license in accordance with this measure. However, enterprises producing hazardous chemicals that have obtained a Hazardous Chemicals Safety Production license in accordance with the law are exempted from the requirement to obtain a Hazardous Chemicals Operation license (危險化學品經營許可證) for the sale of their own produced hazardous chemicals within their factory premises. The operation of hazardous chemicals without the required operation license is punishable under the relevant provisions of the Work Safety Law of the PRC for the unauthorized production, operation and storage of hazardous substances. If such actions constitute a criminal offense, legal proceedings will be initiated to hold the responsible parties accountable.

Pursuant to the Regulation on the Administration of Precursor Chemicals (《易製毒化學品管理條例》) promulgated by the State Council on August 26, 2005, amended and became effective on July 29, 2014, February 6, 2016 and September 18, 2018, the Measures for the Licensing for Production and Operation of Non-pharmaceutical Precursor Chemicals (《非藥品類易製毒化學品生產、經營許可辦法》) promulgated by the Former SAWS on April 5, 2006 and became effective on April 15, 2006, the precursor chemicals are classified into three categories. Category I refers to the major materials that may be used to produce drugs. Categories II and III refer to the chemical auxiliary substances that may be used to produce drugs. The State applies a licensing system to the production and operation of non-pharmaceutical precursor chemicals. The production and operation of non-pharmaceutical precursor chemicals of Category I shall be subject to license-based administration, while the production and operation of precursor chemicals of Category II and Category III shall be subject to record certificate-based administration.

Pursuant to the Measures for the Administration of Permit for Operation of Hazardous Wastes (《危險廢物經營許可證管理辦法》)issued by the State Council on May 30, 2004 and taking effect on July 1, 2004, and lastly amended and taking effect on February 6, 2016, any entity undertaking the business activities of collection, storage and disposal of hazardous wastes within the territory of the PRC shall obtain the permit for operation of hazardous wastes in accordance with the provisions of the Measures.

Laws and regulations relating to mineral resources

According to the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》) which was promulgated by the SCNPC on March 19, 1986 and revised on August 27, 2009, and the Detailed Rules for the Implementation of the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法實施細則》) promulgated and implemented by the State Council on March 26, 1994, all Mineral Resources of the PRC are owned by the State. Anyone who wishes to explore or mine Mineral Resources shall separately make an application according to law and shall register after obtaining the right of exploration or mining upon approval, with the exception of the mining enterprises that have, in accordance with the law, applied for and obtained the right of mining and are conducting exploration within the designated mining area for the purpose of their own production. In parallel with the exploitation of the main minerals, the minerals with industrial value that occur in association or as by-products of the ordinary mineral production should be subject to unified planning, comprehensive mining, and integrated utilization to prevent waste.

According to the Administrative Measures for the Registration of Mineral Resources (《礦產資源開採登記管理辦法》) promulgated by the State Council on February 2, 1998 and amended on July 29, 2014, The State implements a unified registration management system for Mineral Resources exploration. Exploration of Mineral Resources listed in the Measures can only be launched with the approval and registration by the competent department of geology and Mineral Resources with the exploration licenses issued. The valid period of the exploitation licenses shall be determined according to the construction scale of the mines. The maximum validity period of a mining permit for a big-scale mine, medium-scale mine and small-scale mine shall be 30 years, 20 years and 10 years, respectively.

INDUSTRIAL POLICIES AND REGULATORY PROVISIONS

The MIIT issued the Electric vehicles traction battery safety requirements (《電動汽車用動力蓄電池安全要求》, GB 38031-2025) on March 28, 2025, which will come into effect on July 1, 2026. GB 38031-2025 is a mandatory national standard for the safety requirements of power storage batteries for electric vehicles and is clearly applicable to power storage batteries used in electric vehicles in a broader scope, including new types of power storage batteries such as sodium-ion batteries. This revision further clarifies the temperature requirements of the battery to be tested, the power-on and power-on status, the observation time, the vehicle test conditions, and other technical requirements, and the implementation of the new national standard in 2025 has comprehensively improved the safety standards of power batteries and accelerated the popularization of high-safety and high-performance batteries.

According to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) promulgated by the NPC on March 12, 2021 and came into effect on the same day, China will focus on new energy, new energy vehicles, environmental protection and other emerging industries of strategic importance, and accelerate the innovation and application of core technologies in key fields to enhance the country's capacity of ensuring the supply of productive factors and foster new drivers for industrial development thereafter.

According to Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which was promulgated by the Central Committee of the Communist Party of China and the State Council on September 22, 2021 and came into effect on the same day, China will accelerate the development of strategic emerging industries in areas such as new energy, new materials, new energy vehicles, and environmental protection. It will carry out initiatives to substitute renewable energy for fossil fuels, vigorously develop wind, solar, biomass, marine and geothermal energy among others, and continuously increase the proportion of non-fossil in total energy consumption. Faster moves must be made to scale up the use of pumped storage hydro power and other new forms of energy storage, accelerate the development of new energy and clean energy vehicles and ships, promote intelligent transportation and accelerate the construction of a convenient, efficient network of battery charging and swapping facilities.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) promulgated by the State Council on October 24, 2021 and came into effect on the same day, it is proposed to actively develop the "new energy + energy storage" model, promote coordination of power source-grid-load-storage, use multiple energy sources to supplement each other, and support the deployment of appropriate ESS for distributed new energy sources. It also proposed to speed up the demonstration and application of new types of energy storage.

According to the Implementation Plan on Accelerating the Comprehensive Utilization of Industrial Resources (《關於加快推動工業資源綜合利用的實施方案》) promulgated by eight departments including the Ministry of Finance, the NDRC, the MIIT on January 27, 2022, which took effect on the same day, the management system will be improved so as to strengthen the traceability management of full life cycle of EV batteries for new energy vehicles, while promoting cooperation between upstream and downstream enterprises in the industrial chain to jointly build recycling channels, creating a cross-regional recycling and utilization system, and advancing the safe cascade utilization of waste EV batteries in fields such as backup power and charging and swapping.

According to the 14th Five-Year Plan for Modern Energy System (《"十四五"現代能源體系規劃》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and came into effect on the same day, China will establish and improve the construction standards for electrochemical energy storage and hydrogen energy and accelerate the large-scale application of new energy storage technologies. It will vigorously promote the development of energy storage on the power supply side, ensure reasonable

configuration of storage capacity, improve the output characteristics of new energy stations, support the distributed ESS for rational allocation of new energy sources, and optimize the layout of grid-side energy storage, in an effort to leverage its multiple roles in integrating new energy, peak shaving and valley filling, enhancing grid stability and emergency power supply. It will also support the diversified development of user side energy storage, improve power supply reliability for users and encourage the participation of user side energy storage such as electric vehicles and uninterruptible power supplies in peak shaving and frequency regulation. It will conduct focused research and development on key technologies for new energy storage to accelerate the core technology autonomy and promote continuous cost reductions and large-scale applications of energy storage technologies, thereby perfecting technical standards and management systems for energy storage and enhancing the level of safe operation.

According to the 14th Five-Year New Energy Storage Development Plan (《"十四五"新型儲能發展實施方案》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and came into effect on the same day, by 2030, new energy storage will be developed on a fully market-oriented basis and will be deeply integrated with various segments of the power system, basically meeting the requirements for building a new type of power system and fully supporting the achievement of carbon peak goals in the energy sector as planned.

According to the 14th Five-Year Renewable Energy Development Plan (《"十四五"可再生能源發展規劃》) jointly promulgated by nine departments including the NDRC, the NEA on June 1, 2022 and became effective on the same day, China will redouble efforts to make breakthroughs in frontier and core technologies for renewable energy and equipment, develop high-energy-density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid Lithium-Ion batteries, metal-air batteries and lithium-sulfur batteries, establish the independent market status of new energy storage and improve the trading mechanisms and technical standards for energy storage to participate in various power markets, thereby leveraging the multiple functions of energy storage in peak shaving and frequency regulation, emergency backup and capacity support, among others, as well as promoting the multi-scene application of energy storage on the power supply side, power grid side and user side.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》), which was promulgated by six departments including the MIIT and the NEA on January 3, 2023 and came into effect on the same day, China will strengthen technical research on the industrialization of new ESS batteries, promote advanced energy storage technologies and products large-scale application, research and make breakthroughs in key technologies such as battery systems with ultra-long life cycle and high safety, efficient energy storage with large scale and capacity, and vehicle mobile energy storage, accelerate the research and development of solid-state batteries, sodium-ion batteries, hydrogen energy storage/fuel cells and other new types of batteries. It will also improve the ability to guarantee key resources such as lithium, nickel, cobalt and platinum, strengthen the development and application of alternative materials, promote hybrid ESS based on complementary power and energy-based electrochemical energy storage technologies, support the establishment of a full-life cycle traceability management platform for lithium batteries, conduct research on the accounting standards and methods for carbon footprint of batteries, and explore the establishment of a carbon emission management system for battery products.

According to the Implementation Opinions on Strengthening the Integration and Interaction between New Energy Vehicles and the Power Grid (《關於加強新能源汽車與電網融合互動的實施意見》), which was promulgated by 4 departments including the NDRC, the NEA and the MITT on December 13, 2023 and came into effect on the same day, it will step up efforts in tackling key technical problems of power batteries. On the basis of no significant increase in cost, it will increase the life cycle of power batteries to 3,000 times or more, and develop battery safety control technologies under the condition of high-frequency charging and discharging.

According to the Guiding Catalog for Industrial Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which was last amended by the NDRC on December 27, 2023 and came into effect on

February 1, 2024, new lithium primary batteries (lithium iron disulfide and lithium thionyl chloride, among others); Lithium-Ion batteries, semi and solid-state lithium-ion batteries, fuel cells, sodium-ion batteries, flow batteries, new-structure (bipolar, lead mesh horizontal, coiled, tubular, and other) sealed lead-acid batteries, lead-carbon batteries, next-generation hydrogen fuel cells, electrochemical energy storage and other new batteries and new-type power system technologies fall into the state-encouraged industries.

According to the Implementation Plan for the Building of the Carbon Footprint Management System (《關於建立碳足跡管理體系的實施方案》), which was promulgated by 15 departments including the Ministry of Ecology and Environment of PRC, the NDRC and the MITT on May 22, 2024 and came into effect on the same day, it will focus on key products such as power generation, lithium-ion batteries, new energy vehicles, photovoltaics, and electronics and electrical appliances to formulate and publish accounting rules and standards. It will strive to promote the formulation of international carbon footprint standards for product in the fields of lithium-ion batteries, photovoltaics, new energy vehicles, and electronic and electrical appliances.

According to the Opinions on Accelerating Comprehensive Transition Towards Green Economic and Social Development (《中共中央國務院關於加快經濟社會發展全面綠色轉型的意見》) jointly promulgated by the Central Committee of the Communist Party of China and the State Council on July 31, 2024 and came into effect on the same day, China will boost the development of non-fossil energy and the proportion of non-fossil energy in energy consumption will rise to about 25% by 2030. The use of low-carbon transportation vehicles is encouraged. Great efforts will be made to promote new energy vehicles, driving the electrification of urban public service vehicles. It will promote the use of clean power in ships, aircraft, and non-road mobile machinery, accelerate the phase-out of outdated transportation vehicles, advance zero-emission freight transport, strengthen the research, development and application of sustainable aviation fuels and encourage the research, production and application of net-zero emission marine fuels. By 2030, carbon emission intensity of commercial vehicles measured on the basis of converted turnover will be cut by about 9.5% compared with 2020. By 2035, new energy vehicles will become the mainstream in the sales of new vehicles.

Laws and regulations on product quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was last amended by the SCNPC on December 29, 2018 and came into effect on the same day, the market supervision and administration department under the State Council is in charge of the national supervision of product quality, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines; earnings from sales in contravention of such standards or requirements, if any, may also be confiscated, and in severe cases, an offender's business license may be revoked.

Laws and regulations on import and export of good

According to the Customs Law of the PRC (《中華人民共和國海關法》) last amended by the SCNPC on April 29, 2021 and came into effect on the same day, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and combats smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises recorded with

the Customs. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) last amended by the SCNPC on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of PRC ("**the General Administration of Customs**") is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalog and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. Consignees or consignors of the import and export commodities may complete the inspection procedures themselves, or engage an agent to do this.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification and in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators.

According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) issued by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

According to the Customs Duties Law of the PRC (《中人民共和國關稅法》), issued by SCNPC on April 26, 2024 and effective as of December 1, 2024, goods permitted to be imported or exported and articles entering the territory of the PRC shall be subject to customs duties levied by the Customs authorities in accordance with applicable laws and regulations. The consignees of imported goods , the consignors of exported goods and carriers or recipients of inbound articles shall be the duty payer. The tariff classification, applicable tariff rates and rules governing the application thereof, among others, shall be implemented in accordance with the Customs Import and Export Tariffs of the PRC.

On October 17, 2020, the SCNPC promulgated the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) (the "**Export Control Law**") , which came into effect on December 1, 2020. The Export Control Law established a comprehensive legal framework for the State's control over the export of dual-use items, military products, nuclear and other goods, technologies, as well as related services and other items that are relevant to safeguarding national security and interests or the fulfillment of international obligations, such as non-proliferation. Among other provisions, the law stipulates that the State's export control authorities shall, together with other related departments, formulate and adjust the list of items subject to export control, pursuant to the provisions of the Export Control Law and other relevant laws and administrative regulations, export control policies and specified procedures, and promptly release the same,

and the State's export control authorities may, in light of the needs of protecting national security and interests and fulfilling non-proliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, impose temporary export control over goods, technologies and services which are not on the export control list, and make announcements thereof.

On December 1, 2024, the Regulations of the PRC on the Export Control of Dual-use Items (《中華人民共和國兩用物項出口管制條例》) (the "**Regulation on the Export Control of Dual-use Items**") issued by the State Council came into effect. The Export Control List of Dual-use Items of the PRC (《中華人民共和國兩用物項出口管制清單》) (the "**Dual-use Item List**") jointly announced by the MOFCOM, the MIIT, the General Administration of Customs and the State Cryptography Administration (by MOFCOM Announcement 2024 No. 51) came into effect on the same date. According to the Regulation on the Export Control of Dual-use Items, the commerce department of the State Council shall, pursuant to the provisions of the Export Control Law and the Regulation on the Export Control of Dual-use Items, as well as the policies for the export control of dual-use items, formulate and adjust the export control list of dual-use items, together with other related departments under the prescribed procedures, and promptly release the same. If needed for maintaining national security and interest and fulfilling international obligations such as nonproliferation, with the approval of the State Council or both the State Council and the Central Military Commission, the commerce department of the State Council may impose temporary control over the export of goods, technologies, and services not included in such export control list of dual-use items, and make announcements thereof. For the export of dual-use items specified in such export control list of dual-use items or subject to the abovementioned temporary control, exporters shall apply to the commerce department of the State Council for licenses. The formulating of the abovementioned Dual-use Item List announced by MOFCOM Announcement 2024 No. 51, was to systematically integrate the dual-use items that were already under control and establish a complete system and rules for the list, without adjustment to the specific control scope.

On October 9, 2025, the Ministry of Commerce and the General Administration of Customs jointly issued the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (Ministry of Commerce & General Administration of Customs Announcement [2025] No.58)《公佈對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》) (商務部、海關總署公告2025 年第 58 號)(the "**Announcement No. 58**"). The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced that the implementation of the Announcement No. 58 will be suspended for one year. The Announcement No. 58 lists certain Lithium Batteries and Artificial Graphite Anode Materials items which are subject to export control. Pursuant to the Announcement No.58, an export business operator shall, for the export of such controlled items, apply for an export licence of dual-use items and technologies from the competent commerce department of the State Council and complete the customs formalities in accordance with the Customs Law. Export business operators shall be responsible for the authenticity of the declared goods and shall enhance the identification of export items. If the items fall under controlled items, the declaration must be marked with "Subject to Dual-Use Items Control" in the remarks column of the customs declaration form, along with the corresponding dual-use item export control code(s).

Laws and regulations relating to overseas investment by domestic enterprises

Regulations of the development and reform commission on overseas investment by domestic enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated on December 26, 2017, the State implements classified management of the approval and filing registration system for investment projects (including those in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region) by a domestic enterprise ("**Investment Entity**") directly or by way of obtaining overseas ownership, control, operation and management rights, and other related rights and interests by means of investing in assets, interests or providing financing or guarantees by the controlled overseas enterprise. The aforementioned approval procedure shall apply to any sensitive projects carried out by Investment Entity directly or through its controlled overseas enterprises, and the approval authority is the NDRC. The scope of filing registration

management is non-sensitive projects directly carried out by Investment Entity, that is, non-sensitive projects involving Investment Entity directly investing in assets, interests or providing financing and guarantees. Among them, if the Investment Entity is a centrally managed enterprise (including centrally managed financial enterprise, the State Council and enterprise directly managed by institutions in the State Council) or the Investment Entity is a local enterprise but the investment amount out of the PRC reaches US$300 million or more, the filing authority will be the NDRC, and if the investor is a local enterprise and the investment amount out of the PRC is below US$300 million, the filing authority will be the development and reform department of the provincial government governing the locality where the Investment Entity is registered.

For projects that fall within the scope of management of approval and filing, the Investment Entity shall obtain the project approval document or filing notice before investing the assets and interests (except the early stage expenses of the project for approval and filing) or providing financing or guarantees for the project itself or by the overseas enterprises under its control. If the Investment Entity fails to obtain the effective approval document or filing notice, the foreign exchange administration, customs and other relevant departments shall not handle the relevant formalities according to the law, and the financial enterprise shall not handle the relevant fund settlement and financing business according to the law.

The investment entity shall submit a project completion report form through the online system within 20 working days from the date of completion of the construction project, the investment subject equity or assets, and the Chinese party's investment expenditure.

In case an investment entity violates the Measures for the Administration of Overseas Investment of Enterprises, the approving and filing authorities shall have the right to adopt measures such as refusing approval or filing the project, revoking the approval document or notification of filing, ordering the investment entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the investment entity and the principal person in charge of the project, etc. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the commerce department on overseas investment by domestic enterprises

Pursuant to the provisions of the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated on September 6, 2014, if an enterprise legally established within the territory of the PRC owns a non-financial enterprise abroad or obtains the ownership, control, operation and management rights and other rights and interests of an existing non-financial enterprise through new establishment, M&A or other means, the MOFCOM and the provincial competent departments of commerce shall be responsible for the approval and filing registration, depending on different circumstances of overseas investment by the enterprise. In particular, if an overseas investment involves countries that have not established diplomatic relations with the PRC, countries subject to United Nations sanctions, industries involving the export of products and technologies restricted by the PRC, or industries that may affect the interests of more than one country (region), the overseas investment shall be subject to administration by approval. Overseas investment by the enterprise that falls under any other circumstances shall be subject to administration by filing registration.

For an overseas investment subject to approval, the enterprise shall apply to the competent commerce department which shall seeks for the opinions of the embassy (consulate) (economic and commercial office) of the PRC in foreign countries. If the overseas investment is approved, the Ministry of Commerce shall issue a written approval decision and the Enterprise Overseas Investment Certificate.

For an overseas investment subject to filing registration, the enterprise shall complete the Overseas Investment Registration Form, submit it to the competent commerce authority together with a copy of its business license, and obtain the Enterprise Overseas Investment Certificate from the competent commerce authority.

For any violation of the Measures for the Administration of Overseas Investment, the competent commerce authority has the right to revoke the overseas investment registration of the enterprise, give a warning, and issue a penalty decision in accordance with the law, and the enterprise shall not apply for the approval again within one or three years and is not applicable to the incentives or supporting measures under relevant national policies within three years. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Laws and regulations on foreign exchange

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the ''**Foreign Exchange Administration Regulations**''), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which a domestic company shall, within 15 business days from the closing date of its overseas listing issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to a dedicated domestic account or deposited in a dedicated overseas account, but the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, subject to the adjustment of the SAFE in due time based on international revenue and expenditure situations.

Laws and regulations relating to intellectual property rights

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) last amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) last amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and

science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. The registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. Each renewal of registration of a trademark shall be valid for ten years from the date after the expiry of the previous trademark registration.

Domain names

According to the Administrative Measures on the Internet Domain Names (《互聯網域名稱管理辦法》) issued by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain names registrations are handled through domain name service agencies established according to the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations on taxation

Enterprise income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), which was promulgated by the State Council and was latest amended in December 6, 2024 (collectively referred to as the ''**EIT Law**''), a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC government will enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended

on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-added Tax Rates (《财政部、國家税務總局關於調整增值税税率的通知》) effective in May 1, 2018, the value-added tax rates of 17% and 11% on sales and imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《财政部、税務總局、海關總署關於深化增值税改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

According to the Announcement on the Weighted Value-added Tax Deduction Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration) (《關於先進製造業企業增值税加計抵減政策的公告》) promulgated on September 3, 2023 and effective from January 1, 2023, with effect from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct weighted 5% of the current deductible input tax amount from the Value-added Tax payable.

Laws and regulations on employment and social welfare

Employment

The Labor Law of the People's Republic of China (中華人民共和國勞動法) was promulgated by the SCNPC on July 5, 1994 and was latest revised on December 29, 2018. An employer shall establish a sound system of employment rules so as to ensure that its workers enjoy the labor rights and perform the employment obligations. Employers must establish comprehensive labor safety and health policies. They must strictly implement national labor safety and health regulations and standards, provide labor safety and health education to workers, prevent accidents at work, and reduce occupational hazards.

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (promulgated by the SCNPC on June 29, 2007 and latest revised on July 1, 2013) and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法實施條例) (promulgated by the State Council on September 18, 2008 and came into effect on the same day) stipulate the rights and obligations of the parties to the labor contract, including the conclusion, performance, modification, rescission and termination of the labor contract, etc. Employers must enter into written labor contracts with workers and pay labor remuneration to workers timely and in full amount in accordance with the provisions of the labor contract and national regulations. Employers may terminate labor contracts with workers under certain circumstances and pay economic compensation to workers according to law.

Social insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》), or the Social Insurance Law, issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most

recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the **"New Judicial Interpretation"**), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Housing provident

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Prevention and control of occupational diseases

Pursuant to the provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) promulgated on 27 October 2001 and amended on December 31, 2011, July 2, 2016, November 4, 2017 and December 29, 2018 respectively, the employer shall provide environments and conditions that meet the occupational health standards and health requirements of the State, take measures to ensure occupational health protection for the workers, establish and improve the responsibility system for the prevention and control of occupational diseases, reinforce the management of occupational disease prevention and control, enhance the level of occupational disease prevention and control, and assume responsibility for harms caused by occupational diseases. Besides, where there are occupational disease hazard factors listed in the catalog of occupational diseases in the work site, production entities shall truthfully declare the hazardous project to the local health administrative department in a timely manner and be subject to their supervision.

Based on the advice from our legal advisors as to PRC laws, our Directors confirmed that we had no instances of material non-compliance with the applicable laws and regulations rules of the PRC in any material respects.

OVERVIEW OF THE LAWS AND REGULATIONS IN INDONESIA IN RESPECT OF CERTAIN ASPECTS OF THE GROUP

Regulations pertaining to limited liability companies in Indonesia

Indonesian companies (especially in the form of limited liability companies) are governed by Law No. 40 from 2007 on Limited Liability Company (the "**Company Law**"). The Company Law has been subsequently amended by Law number 6 of 2023 on the Stipulation of Government Regulation No. 2 of 2022 in Lieu of Law No. 11 of 2020 on Job Creation into Law (the "**Job Creation Law**").

Under the Company Law (as amended), each company operating in Indonesia must consist of at least two shareholders. The Company Law governs the structural organ of a company in Indonesia, being the general meeting of shareholders ("**GMS**"), the board of directors ("**BOD**") and the board of commissioners ("**BOC**"). The BOD (which must consist of at least 1 individual director) manages the executive functions of the company, holding the responsibility of acting as the company's legal representative, while the BOC (which must consist of at least 1 individual commissioner) is responsible as the supervising authority and for providing counsel to the BOD. The BOC does not have an executive function or authority, except in the absence of all members of the BOD or if all members of the BOD have a conflict of interest with the company. With the BOD and BOC holding the management of a company, the GMS shall have the authority that are not given to the BOD or BOC.

Furthermore, the Company Law stipulates further obligations related to the company's day-to-day management. These include, among others, creating a shareholders' register, issuing share certificates, and maintaining net profits. The Company Law also outlines governance protocols, including quorum requirements for shareholders meetings and votes on specific corporate actions. These corporate actions include, among others, the appointment or dismissal of directors and commissioners, amendments to the company's constitutional document, mergers and acquisitions, and the company's liquidation. Although the Company Law does not specify sanctions for non-compliance, these provisions serve as guidelines for corporate best practices in Indonesia. Nonetheless, a violation of these guidelines could provide stakeholders with legal grounds to file a claim against the company, particularly if the stakeholder can prove a loss directly attributable to the breach.

Regulations pertaining to the business and foreign investment in Indonesia

Investment Law

Business and foreign investment in Indonesia is regulated by Law No. 25 of 2007 on Investments which then was amended by the Job Creation Law, the President Regulation No. 77 of 2007 which was last amended by the President Regulation No. 10 of 2021 regarding Investment Business Fields, which was partially amended by the Presidential Regulation No. 49 of 2021 (collectively, the "**Indonesian Investment Law**").

The Indonesian Investment Law states that all business sectors shall be opened to investment activities, except for (i) business activities that are declared closed for investment, or (ii) business activities that can only be carried out by the Indonesian central government. Moreover, the law states that the aforementioned open business sectors refer to the business sectors that are commercial in nature.

Currently, investment activities in Indonesia are coordinated and supervised by the Ministry of Investment and Downstream/Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal)* ("**BKPM**") as the authorized agency in the investment field.

Capital requirements

Indonesian laws also regulate the capital requirement for companies in accordance with their sizes, i.e., micro, small, medium, or large-scale businesses. Article 26 of Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities through Electronic Integrated Business Licensing System (OSS) ("**BKPM Regulation 5/2025**") stipulates that (every) business that is classified as a Foreign Direct Investment (*Penanaman Modal Asing)* Company shall be categorized as a large-scale business, which therefore must comply with the minimum investment value of more than Indonesian Rupiah ("**IDR**") 10 billion for each line of business according to the KBLI codes (5 digits) per project location, and also a minimum capital requirements of IDR 2.5 billion, unless specified otherwise by the laws and regulations.

Indonesia Standard Industrial Classification (Klasifikasi Baku Lapangan Usaha di Indonesia - "KBLI")

In performing and monitoring the business sectors in Indonesia, the Indonesian Government has issued the Indonesia Standard Industrial Classification or "**KBLI**", which serves as a classification for the existing and regulated business lines. KBLI is used to determine such company's minimum investment value, required licensing, and also foreign shareholder restrictions. Currently, the applicable KBLI is as stipulated and regulated under Statistics Indonesia (*Badan Pusat Statistik* - BPS) Regulation No. 2 of 2020, which revoked the prior applicable KBLI that was regulated under Head of BPS Regulation No. 19 of 2017. KBLI is also used to determine such company's minimum investment value, required licensing, and also foreign shareholder restrictions.

Mandatory Investment Report (Laporan Kegiatan Penanaman Modal - "LKPM")

In relation to investment activities that are being conducted in Indonesia, BKPM has issued a set of regulations, which stipulate the need for companies to submit LKPM to the BKPM periodically. The obligation of submitting LKPM varies, depending on the size and capitalization of the company.

Regulations pertaining to license in Indonesia

General license

The Government Regulation No. 28 of 2025 on the Implementation of Risk-Based Business Licensing ("**GR 28/2025**") stipulates that businesses are required to fulfill certain general requirements for business licensing and/or risk-based business licensing in order to conduct its business in the territory of Indonesia. Under Article 206 of the GR 28/2025, businesses shall obtain a business identification number ("**NIB**") as a business identity and legality of the business, which remains valid as long as the company still conducts its business activities. Furthermore, Articles 130 - 133 of GR No. 5/2025. regulate the business licensing obligations i.e. NIB, standard certificate, and business license depending on the level of risk of the relevant business activity.

Industrial business license

For nickel smelting activities that are not integrated with mining activities, governance falls under the industrial regulatory framework. These activities are subject to Law No. 3 of 2014 concerning Industry ("**Industrial Law**"), as amended by the Job Creation Law. To conduct industrial activities legally, it is mandatory to obtain an Industrial Business License (*Izin Usaha Industri*, or IUI), effective from the date of issuance and remaining valid so long as the company conducts its industry business activities.

To maintain the operational licenses, companies must fulfill certain reporting obligations via the National Industry Information System (*Sistem Informasi Industri Nasional*, or SIINAS) as required by Ministry of Industry Regulation Number 13 of 2025 (previously was regulated under Ministry of Industry Regulation Number 2 of 2019). This entails submitting quarterly reports on industrial activity and further complemented by the LKPM through the Online Single Submission (OSS) system. Reports must consistently be lodged both before and after the company initiates commercial production.

Building license

In compliance with Indonesian regulatory statutes, building proprietors are obligated to procure Building Approval, known locally as Persetujuan Bangunan Gedung or PBG, prior to the initiation of any construction-related activities. These activities encompass new construction, modifications, expansions, reductions, and maintenance of a structure in adherence to determined technical standards.

Environmental license

Article 40 (1) of Law No. 32 of 2009 on Environmental Protection and Management as partially amended by the Job Creation Law (as amended, the "**Indonesian Environmental Law**"), stipulates that an environmental license is preliminary required for a company to obtain a business license. In general, the environmental license under the law of Indonesia is divided into three categories: (i) Environmental Impact Assessment (*analisis mengenai dampak lingkungan* or "**AMDAL**"); (ii) Environmental Management Efforts and Environmental Monitoring Efforts (Upaya *Pengelolaan Lingkungan–Upaya Pemantauan Lingkungan* or "**UKL-UPL**"); or (iii) the Statement of Capability for Environmental Management and Monitoring (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* or "**SPPL**"), depending on the environmental risk of each activity and/or business.

Based on Article 22 of Indonesian Environmental Law, should an activity and/or business be deemed as having significant impact on the environment, the relevant activity and/or business is mandated to obtain AMDAL. In addition, pursuant to Article 34 of Indonesian Environmental Law, every activity and/or business that does not have a significant impact on the environment and is not included in the mandatory AMDAL criteria must have UKL-UPL. Moreover, the activity and/or business that does not have a significant impact on the environment and is not included in the mandatory UKL-UPL criteria must have an SPPL.

The Indonesian law also provides an exception for companies that are located within an industrial area as regulated under Ministry of Industry Regulation No. 1 of 2020 ("**MOI Regulation 1/2020**"). Under MOI Regulation 1/2020, industrial companies that are (i) required to obtain AMDAL based on their business activity, and (ii) located in an industrial area, are only required to submit a detailed environmental management plan-environmental monitoring plan (*RKL-RPL Rinci)* to the industrial area owner for approval. Such approval will be equivalent to the environmental license under the Indonesian Environmental Law.

Regulations pertaining to land ownership

In Indonesia, the framework of land ownership is delineated by Law No. 5 of 1960 on Basic Agrarian Provisions ("**Indonesian Agrarian Law**"), which has been expanded by the Job Creation Law and further defined by Government Regulation No. 18 of 2021 ("**GR 18/2021**"). GR 18/2021 elaborates on rights to manage the land, structures in the airspace and subsurface, and recognizes electronic documentation associated with land transactions.

The principal land rights accessible to companies in Indonesia are identified as follows:

(a) Right to Build (Hak Guna Bangunan or "**HGB**"), which permits the construction and ownership of buildings on the land. Eligible recipients include Indonesian citizens and legal entities incorporated and based in Indonesia. HGB can be obtained over state land, Right of Management land, and Right to Own land. The initial duration of HGB is up to 30 years, extendable by another 20 years, and renewable thereafter for up to 30 years. The process of extension or renewal is subject to specific procedural timelines.

(b) Right to Cultivate (Hak Guna Usaha or "**HGU**"), which is granted to Indonesian citizens and legal entities, this right allows for the cultivation of state land and Right of Management land, including other agricultural-related activities. The term is set for a specified period.

(c) Right to Use (Hak Pakai), which is segmented into two types based on the duration of the grant:

(a) *Fixed-term Right to Use*: Available to various entities, including foreign residents and legal entities in Indonesia, for utilisation on state land, Right to Own land, and Right of Management land. Duration extends to 30 years with an option for a 20-year extension and a 30-year renewal.

(b) *Indefinite-term Right to Use*: Exclusive to government bodies, religious and social institutions, and foreign representatives, specified for state land and Right of Management (*hak pengelolaan)* land.

Holders of these titles will receive land certificates as evidence of ownership. In case of transfer of land titles, it is done through a deed of transfer made before the land deed officer ("**PPAT**"). Following the signing of the land transfer deed (and after completion of certain actions as may be required), the PPAT, will submit an application to the relevant National Land Agency ("**BPN**") office where the property is located, to register the name of the new owner in the land book at the BPN for BPN being able to issue the land certificates.

Regulations pertaining to employment, work safety and health requirements

Employment

Law No. 13 of 2003 as partially amended by the Job Creation Law (as amended, the "**Employment Law**") governs employment related issues. Based on Article 42 of the Employment Law in conjunction with Article 6 of Government Regulation No. 34 of 2021 regarding the Recruitment of Foreign Workers ("**GR No. 34/2021**"), the employment of foreign workers necessitates a Foreign Workers Recruitment Plan (*Rencana Penggunaan Tenaga Kerja Asing* or "**RPTKA**") validated by the Ministry of Manpower. After obtaining the RPTKA, pursuant to Article 27 of GR No. 34/2021, the employer is required to obtain stay permits for their foreign workers residing in Indonesia, namely Limited Stay Permit (*Izin Tinggal Terbatas* or "**ITAS**"), which is further regulated by the Minister of Law and Human Rights Regulations No. 22 of 2023 on Visa and Stay Permit. GR No. 34/2021 further stipulates additional requirements whereby failure to comply shall result in the company being subject to administrative sanctions.

In addition, Law No. 7 of 1981 on the Mandatory Manpower Report in a Company (the "***Manpower Report Law***") states that every company in Indonesia must submit an annual report regarding its manpower (known as *Wajib Lapor Ketenagakerjaan di Perusahaan* or "**WLKP**") to the relevant authority. The consequences for not complying with the obligation to report WLKP pursuant to Article 10 of the Manpower Report Law include: (a) fine up to the maximum amount of IDR 1,000,000 or (b) detention for up to 3 (three) months if the employer has failed to comply with its obligations for the second time or more.

Pursuant to Article 108 of Employment Law, a company that employs at least 10 (ten) employees must have company regulations regulating: (a) the rights and obligations of the employees and employers; (b) working terms and conditions; (c) company procedure; and (d) the validity period of the company regulations. Furthermore, pursuant to Article 111 of Employment Law, company regulations will remain to be effective for the period of 2 (two) years. The company regulations will be effective after it has been ratified by the Ministry of Manpower.

Work Safety and Health Requirements

Article 87 of the Employment Law mandates that all employers must protect every employee's right to safe working conditions, which is governed by the Law No. 1 of 1970 on Occupational Health and Safety ("**Occupational Health and Safety Law**"). The provisions set out in the Occupational Health and Safety Law cover all working places conducted in the territory of the Republic of Indonesia and stipulate the employers which would be required to implement Occupational Health and Safety Management Systems. Any violation of Article 87 of the Employment Law would result in administrative sanctions to be imposed in stages governed under Article 190 of Employment Law.

Employee Manpower and Health Insurance

Pursuant to Article 14 and 15 of Law No. 24 of 2011 on Agency of Employee Social Security (*Badan Penyelenggaraan Jaminan Sosial* or "**BPJS**") as partially amended by the Job Creation Law (as amended, "**BPJS Law**"), Indonesian employers are obliged to register themselves and their workers for BPJS. Pursuant to Article 14 of the BPJS Law, domestic and foreign employees who work for a minimum of 6 (six) months in Indonesian territory are obliged to obtain BPJS, which is registered by employers. Pursuant to Article 6 of BPJS Regulation No. 6 of 2018 on Health Insurance Program Participation Administration as recently amended by BPJS Regulation No. 5 of 2020 on Health Insurance Program Participation Administration ("**BPJS Regulation No. 6/2018**"), everyone is obliged to participate and contribute to the health insurance program.

According to Article 19 of BPJS Law, the employer is also obliged to contribute to the BPJS of its employees on a monthly basis. The contribution shall be collected from both the employer and the employee.

Regulations pertaining to transactions in Indonesia

Mandatory use of Rupiah Currency

Bank of Indonesia ("**BI**"), as the authorized authority which supervises the monetary and the banking system of Indonesia, issued Bank Indonesia Regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah in the Territory of the Republic of Indonesia ("**BI Regulation No. 17/2015**") and Circular Letter of Bank Indonesia No. 17/11/DKSP of 2015 on Mandatory Use of Rupiah in the Territory of the Republic of Indonesia ("**BI Circular Letter No. 17/2015**"), in order to achieve and maintain the stability of Rupiah as the official currency of Indonesia.

Under Article 2 and 3 of BI Regulation No. 17/2015, BI provides the obligation for all parties (regardless of the nationality) to use Rupiah as the lawful currency of Indonesia in any transactions (both cash and non-cash) conducted within the territory of the Republic of Indonesia. The mandatory use of Rupiah is applicable to any transaction that is: (1) intended for payment purposes; (2) intended to fulfill obligations that must be performed by money; and (3) intended for other financial services transactions, such as the deposit of money into a bank account–whether it is conducted by Indonesian or non-Indonesian parties. Article 4 and 5 of BI Regulation No. 17/2015 further set out certain exemptions to the mandatory use of Rupiah. Transactions which are exempted from the mandatory use of Rupiah are:

(a) Transactions related to the implementation of the state budget;

(b) Receipt or grant of offshore grants;

(c) International commercial transactions (such as export-import of goods and services);

(d) Bank deposits in foreign currency;

(e) International financing transactions; or

(f) Transactions in foreign currency conducted based on prevailing laws and regulations (such as any business in foreign currency conducted by banks; transactions in the primary and secondary market of securities issued by the government in foreign currency).

Indonesian language requirements

The requirement to use Indonesian language is regulated under Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem ("**Language Law**") and Presidential Regulation No. 63 of 2019 on the Use of Indonesian Language ("**PR 63**") as the implementing regulation of the Language Law. Article 31 paragraph (1) of Language Law requires the use of Indonesian language in memoranda of understanding (MOU) and agreements involving state institutions, Indonesian government authorities, Indonesian private institutions or Indonesian individuals. The elucidation of Article 31 of the Language Law states that agreement in this context includes international agreements made within the framework of public international law.

Article 31(2) of Language Law further states that if memoranda of understanding or agreements involve foreign parties, the national language of those foreign parties and/or the English language can also be used. Please note that the elucidation of Article 31(2) states that if an agreement is executed in multiple languages, (i.e. Indonesian language, the national language of the foreign party and/or English language), each version will be equally authentic.

Based on the advice from our legal advisors as to Indonesian laws, our Directors confirmed that we had no instances of material non-compliance with the applicable laws and regulations of Indonesia in any material respects during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW OF THE LAWS AND REGULATIONS IN SOUTH KOREA IN RESPECT OF CERTAIN ASPECTS OF THE GROUP

Companies in South Korea are governed by Korean Commercial Code. The Korean Commercial Code ("**KCC**") provides the legal foundation for joint-stock companies (chusik hoesa), the most common corporate form in South Korea. The KCC governs corporate structure, shareholder rights and disclosure obligations, aiming to balance efficient management with investor and creditor protection.

Under the KCC, the shareholders' meeting is the highest decision-making body, with authority over amendments to articles of incorporation, election or removal of directors and auditors, approval of mergers and dissolution. The Code sets out procedures, quorum requirements and voting thresholds to ensure fairness and minority shareholder protection. The board of directors is responsible for the company's overall management, and directors owe fiduciary duties of loyalty and care. Companies incorporated in the form of a joint-stock company in Korea are required to operate in accordance with the internal procedures prescribed under the KCC.

Regulations pertaining to foreign investment in Korea

With regard to foreign exchange transactions

Foreign investors in South Korea are primarily governed by the Foreign Exchange Transactions Act ("**FETA**") and the Foreign Investment Promotion Act ("**FIPA**").

In the event of a natural disaster, war or armed conflict, a significant and sudden change in domestic or international economic conditions, or any other comparable circumstance deemed unavoidable, specific measures, including the temporary suspension of foreign exchange payments, may be taken (Article 6 of FETA). Under FETA, foreign investors must comply with reporting or filing requirements when investing

in Korean companies, including reporting or filing with the Bank of Korea or relevant authorities of inbound or outbound foreign exchange transactions.

Under FIPA, where a foreigner (as defined in Article 2, Paragraph 1, Item 1 of the FIPA), including a corporation established under foreign laws, intends to establish a continuous economic relationship with a Korean corporation by participating in its business activities — such as acquiring 10 percent or more of the total voting shares of the Korean corporation (Article 2, Paragraph 1, Item 4 of the PIPA; Article 2, Paragraph 2 of the Enforcement Decree of the PIPA) — such foreigner must file a foreign investment report in advance (Article 5, Paragraph 1 of the PIPA), and the Korean corporation receiving the investment must be registered as a foreign-invested company (Article 21, Paragraph 1 of the same Act). Filing ensures eligibility for incentives, including tax benefits, simplified administrative procedures, and protection under the Act. Under FIPA, a person who has made a registration must file an updated registration if there are any changes to the information previously submitted.

Certain restrictions still apply despite Korea's open investment regime. Foreign investors may face sector-specific ownership limits, mandatory prior approvals, and disclosure obligations to regulatory authorities. Compliance with both FETA and FIPA is critical to avoid penalties, delays, or transaction invalidation.

With regard to dividends

Pursuant to Korean tax regulations, a corporation incorporated under the laws of the Republic of Korea is obligated to withhold tax at a rate of 22% (inclusive of local income surtax) on dividends paid to foreign recipients. However, for Korean-source dividend income received by residents of countries that have entered into a tax treaty with Korea, the withholding tax rate may be reduced or exempted in accordance with the applicable treaty provisions.

In cases where the foreign recipient is a corporation established in China or Hong Kong and is the beneficial owner of the dividend income, assuming the corporation does not have a permanent establishment in Korea (Article 10 of the Korea-China Tax Treaty and Article 10 of the Korea-Hong Kong Tax Treaty):

- Reduced Tax Rate for Significant Shareholdings: A withholding tax rate of 5% (China-Korea Tax Treaty) or 10% (Hong Kong-Korea Tax Treaty) applies if the recipient directly holds 25% or more of the shares of the dividend-paying corporation.

- General Tax Rate: A withholding tax rate of 10% (China-Korea Tax Treaty) or 15% (Hong Kong-Korea Tax Treaty) applies in all other cases.

In cases where dividends are paid to shareholders who acquired shares by filing a foreign investment report, no prior report or approval is required for the payment of such dividends. Dividends may be disbursed upon submission of the requisite documentation to the designated foreign exchange bank (e.g., foreign invested company registration certificate, minutes of shareholders' meeting concerning dividend payment, financial statements, evidence of withholding tax). However, if the distribution of stock dividends results in changes to the details specified in the original foreign investment report, the amendment registration in accordance with the Foreign Investment Promotion Act must be filed within 60 days of the occurrence of the event necessitating such changes.

Regulations pertaining to construction

The Korean Building Act ("**Building Act**") provides the legal framework for the planning, construction, use, and maintenance of buildings in South Korea. Its primary objectives are to ensure public safety, promote efficient land use, preserve the environment, and enhance the quality of urban living. The

Building Act regulates matters such as building permits, design standards, construction procedures, inspections, and safety requirements.

Specifically, any person intending to construct or substantially renovate a structure must obtain a permit from the competent authority, such as the mayor (Article 11, Paragraph 1 of the Building Act, Article 9, Paragraph 2 of the Enforcement Decree, and Article 8, Paragraph 1, Form 2 of the Enforcement Rules). Also, any person intending to construct a temporary structure on urban or military planning facilities must obtain a permit from the competent authority, such as the mayor (Article 20 of the Building Act).

Regulations pertaining to employment

Companies operating in South Korea with five or more employees are subject to the Labor Standards Act ("**LSA**"), which sets minimum employment standards to ensure fair treatment and worker protection. Key obligations under the LSA include limits on working hours, provision of rest periods and paid annual leave, proper wage payment, maintenance of written employment rules. The LSA also regulates termination procedures, severance pay, and protections against unfair dismissal.

In addition to LSA compliance, employers are required to enroll eligible employees in Korea's four major social insurance programs, which provide comprehensive social protection such as National Pension, National Health Insurance, Employment Insurance and Industrial Accident Compensation Insurance. Enrollment in these programs is mandatory, with contributions generally shared between the employer and employee. Compliance ensures both legal conformity and access to social benefits for employees, while non-compliance may result in fines, labor inspections, and liability for unpaid contributions.

Regulations pertaining to safety and environment

With regard to work safety

Companies operating in Korea with five or more employees that deals with materials or products harmful to human bodies shall comply with the Serious Accidents Punishment Act ("**SAPA**").

Under SAPA, the term "serious accident" means (i) serious industrial accident, which means an industrial accident with at least one person has died, at least two persons have been injured due to the same accident requiring medical treatment for at least six months, or developed certain occupational diseases or at lease three persons have developed certain occupational diseases such as acute poisoning attributable to the same hazardous factor, within one year, and (ii) serious civic accident, meaning an accident resulting from a defect in design, manufacturing, installation and management of a specific raw material or product, which causes death of at least one person, injury requiring medical treatment for at least two months, or developing of diseases to at least ten people for the same cause, requiring medical treatment for at least three months (Article 2 of SAPA).

According to SAPA, a business owner or a responsible managing officer shall take appropriate measures to prevent hazards or risks to the safety and health of workers in the business or place of business that the business owner or corporation actually controls, operates or manages such business, such as establishment and implementation of a safety and health management system, such as human resources and budget necessary to prevent accident or formulation and implementation of schemes to prevent recurrence of accidents, when any accident occurs (Article 4 of SAPA). Further, where a business owner or a corporation has awarded a contract or outsourced, entrusted, etc. any work to a third party, the business owner or responsible managing officer, etc., shall, as far as he or she is responsible for controlling , operating or managing the relevant facility or equipment, take such measures as contemplated in Article 4 of SAPA to prevent the third party's worker from suffering a serious accident (Article 5 of SAPA).

With regard to air environment

Companies that establish and use air pollutants emitting facilities are subject to the Clean Air Conservation Act ("**CACA**"). Under CACA, "air pollutant" means gas or particulate which is acknowledged as a cause of air pollution as a result of the examination and assessment, such as aluminum, zinc, carbon monoxide, ammonia or any other substance as prescribed in the Presidential Decree of CACA. Any person who intends to install emission facilities shall obtain permission from the relevant mayor, governor or the Minister of Environment, and any modification on what has been permitted requires amendment reports to relevant authority (Article 23 of CACA). Also, when a person who has obtained permission or permission for modification under Article 23 shall install air pollution prevention facilities to ensure that pollutants from such emission facilities meet certain permissible emission levels.

With regard to chemical use

Any person who handles chemical substances shall take necessary measures, such as maintaining appropriate facilities and equipment, education of employees, technological development, and exchange of information, to prevent risks posed by chemical substances to people's health and the environment, and participate and cooperate in national policies for the proper management of chemical substances (Article 5 of the Chemical Substances Control Act ("**CSCA**")). Under CSCA, certain substances are regulated as prohibited or subject to permission and for handling, manufacturing, importing or using such substances, permission from the Minister of Environment (Article 18 of CSCA).

With regard to soil environment

In relation to soil environment, Soil Environment Conservation Act ("SECA") applies. According to SECA, where any damage occurs due to soil contamination, a person (corporation) who has caused the contamination shall compensate for such damage and take measures, such as remediating contaminated soil, unless such soil contamination is caused by a natural disaster, war, or any other force majeure (Article 10-3 of SECA). Also, person who causes soil contamination by discharging, leaking, dumping, or neglecting soil contaminants, or committing other acts or the owner, occupant, or operator of a facility subject to the control of soil contamination constituting a cause for soil contamination as at the time soil contamination occurs shall conduct a detailed soil survey or appropriate remediation of contaminated soil as contemplated in the SECA (Article 10-4 of SECA).

With regard to water environment

Under the Water Environment Conservation Act ("**WECA**"), any activities such as Leaking, discharging, or dumping a specific substance harmful to water quality, designated wastes, substances such as a petroleum product, a fake petroleum product, petroleum substitute fuel, crude oil, or a toxic substance is not allowed unless there is a good cause to do such leakage or discharge (Article 15 of WECA). In case such leakage or discharge is likely to cause water pollution, the offender, a corporation to whom such offender belongs, and an employer of such offender shall take measures to prevent and eliminate pollution, such as removing the relevant substances as prescribed in the WECA its Presidential Decree. Also, permissible limits for water pollutants discharged from wastewater discharge facilities are regulated under the WECA (Article 32 of WECA). Any person who intends to install discharging facilities shall obtain permission from the Minister of Environment or report thereon to the Minister of Environment, and any material modification to the report or the permitted items requires modification report (Article 33 of WECA).

Regulations pertaining to intellectual property

Under the Patent Act, an invention having industrial applicability is patentable, provided that (i) an invention publicly known or practiced in Korea or in a foreign country prior to the filing of a patent application or (ii) an invention published in a publication distributed in Korea or in a foreign country or an

invention disclosed to the public via telecommunications lines prior to the filing of a patent application is excluded from such patentable invention (Article 29 of Patent Act).

Where at least two patent applications for an identical invention are filed on different dates, only the applicant of the application having the earlier filing date is entitled to a patent on the invention, and where at least two patent applications for an identical invention are filed on the same date, only the person agreed upon by all patent applicants may obtain a patent on the invention, provided that if patent applicants fail to, or are unable to, reach agreement, none of the patent applicants is entitled to a patent on the invention. (Article 36, Paragraphs 1 and 2 of Patent Act).

For patent application, a patent application shall be filed with the Commissioner of the Korean Intellectual Property Office, along with a specification containing the description of the invention and the claims, necessary drawings, and an abstract (Article 42 of Patent Act). Such application is reviewed by an examiner in the Korean Intellectual Property Office, and the examiner determines to grant a patent unless he or she finds ground to reject the patent application (Article 66 of Patent Act).

The term of a patent begins on the registration date of the grant of the patent right and lasts for 20 years from the filing date of the patent application in principle (Article 88 of Patent Act). A patentee may file a complaint to seek injunction against, or prevention of, infringement against a person who infringes, or is likely to infringe, his/her rights (Article 126 of Patent Act), and also may claim compensation for a loss inflicted by a person who has intentionally or negligently infringed the patent (Article 128 of Patent Act).

Regulations pertaining to product liability

Companies that manufacture products may be liable for any damages resulted from such products in accordance with Product Liability Act ("**PLA**"). Under PLA, "product" means movables which are industrially manufactured or processed (including movables incorporated into another movables or immovables, and "manufacturer" means (i) a person who is engaged in the business of manufacturing, processing or importing products or (ii) a person who made a misleading indication that he/she is the person under (i) (Article 2, Subparagraph 1 and 3 of PLA).

Under PLA, a manufacturer shall compensate for damages to the life, body or property of a person caused by a defect of a product (excluding damages inflicted only to the relevant product) (Article 3 of PLA), and where the injured person proves that (i) the damage was caused to the injured person while the product was being used normally, (ii) the damage referred to in (i) was attributable to a cause practically controllable by the manufacturer and (iii) That the damage referred to in subparagraph 1 would not ordinarily be caused if it were not for the relevant defect of the product, it shall be presumed that the product had a defect at the time the product was supplied and damage was caused because of the defect, unless the manufacturer proves that such damage was caused by the causes other than the defect of the product.

In relation to such presumption of defect, where a person who is liable for damages in accordance with the provisions of Article 3 proves (i) the manufacturer did not supply the product, (ii) the existence of the defect could not be identified by the state of scientific or technical knowledge of the time when the manufacturer supplied the product, (iii) the defect is attributable to the manufacturer who complied with the standard prescribed by any Act or subordinate statute of the time when he/ she supplied the product or (iv) in the case of raw materials or components, that the defect is attributable to the design or the instruction on manufacturing by the manufacturer of the product made of the relevant raw materials or components, the manufacturer presumed to be liable for the defect under Article 3 of PLA is exempted from such liability.

Based on the advice from our legal advisors as to South Korean laws, our Directors confirmed that we had no instances of material non-compliance with the applicable laws and regulations of South Korea in any material respects during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW OF THE LAWS AND REGULATIONS IN MOROCCO IN RESPECT OF CERTAIN ASPECTS OF THE GROUP

Regulation on commercial companies in Morocco

Morocco's company law provides the fundamental legal framework governing the formation, management, and operation of commercial entities within the Kingdom. Primarily set out in Law n°17-95 on public limited companies (sociétés anonymes) and Law n°5-96 on other forms of companies, as subsequently amended, it defines the different types of corporate structures available—such as the Limited Liability Company (in French, "*société à responsabilité limitée*" or *SARL*), the Public Limited Company (in French, "*société anonyme*" or *SA*), or the Simplified Public Limited Company (in French, "*société par actions simplifiée*" or *SAS*) — and establishes the rules governing their incorporation, governance, shareholders' rights, and dissolution.

A Public Limited Company ("*société anonyme*" or *SA*) in Morocco is a corporate form designed for medium to large-scale enterprises seeking a legally structured and credible governance framework. It must have at least five shareholders and a minimum share capital of MAD 300,000, with at least one-quarter of cash contributions paid up upon incorporation and full payment of any remaining amount within three years. Contributions in kind must be fully paid upon incorporation. The company is managed either by a board of directors with a chairman and general manager, or by a board of directors and a Chief Executive Officer (acting in the dual capacity as general manager and chairman of the board). Moroccan law strictly regulates the appointment, powers, and duties of management bodies. Meetings must be convened with at least 15 days' prior notice. The company may issue various types of securities, including ordinary shares, preferred shares, and bonds, with financial and voting rights generally linked unless specific exceptions apply. Shares are, in principle, freely transferable, though restrictions such as pre-emption or approval clauses may be included in the articles of association. Overall, the SA offers a high level of credibility and legal security due to its robust capital requirements, transparency obligations, and strict governance standards.

Regulation on foreign investment in Morocco

With regard to foreign investment

Foreign investment in Morocco is governed by Law No. 03-22 on Investment Charter (the "**Investment Charter**"), Decree No. 2-23-1 implementing investment support mechanisms (the "**Investment Decree**").

These laws establish the legal framework for attracting and supporting foreign investment through tax incentives, administrative facilitation, and special economic zones with preferential regimes.

The Investment Charter, published December 15, 2022 and implemented through Decree No. 2-23-1, establishes Morocco's current foundational framework for foreign investment. Article 8 creates two distinct support mechanisms: a main mechanism applicable to general investments and a specific mechanism targeting strategic investment projects. While the Investment Charter and Decree provide the statutory foundation, the Law No. 19-94 on Industrial Acceleration Zones delivers the most concrete and immediately valuable incentives for manufacturing operations.

With regard to Industrial Acceleration Zones

Industrial Acceleration Zones are governed by Law No. 19-94 relating to Industrial Acceleration Zones.

Industrial Acceleration Zones constitute specific areas within Morocco's customs territory where industrial activities and related services benefit from advantageous customs, tax, and foreign exchange

treatment. Establishment in these zones requires authorization but unlocks substantial benefits that significantly improve project economics.

The tax advantages begin with complete corporate tax exemption during the first five consecutive years from operations commencement, followed by a reduced 20% rate thereafter—far below Morocco's standard corporate tax rate. Value added tax exemption applies to products delivered and services rendered to Industrial Acceleration Zones originating from the taxable territory. Professional tax faces fifteen-year exemption. Registration and stamp duties disappear for incorporation acts, capital increases, and land acquisitions necessary for project realization. On the customs side, goods entering or leaving Industrial Acceleration Zones, along with those obtained or remaining there, enjoy exemption from all duties, taxes, and surcharges affecting importation, circulation, consumption, production, or export.

With regard to Foreign exchange regulation

Foreign exchange control is governed by the General Instruction Governing Currency Exchange Operations published January 2, 2024 by the Moroccan Foreign Exchange Office (the "**General Instruction**").

The General Instruction establishes a convertibility regime for foreign investments, ensuring that foreign investors can freely invest in Morocco with foreign currency and repatriate profits and proceeds.

Morocco's foreign exchange regime operates on a fundamental principle of convertibility favoring foreign investors, provided their investments meet the statutory definition. Section 155 of the General Instruction specifically defines Foreign Investments as those made in Morocco in foreign currency by foreign companies or individuals (whether residents or non-residents) and Moroccan individuals living abroad. This definition's emphasis on foreign currency financing proves critical, as only investments funded through foreign currency qualify for the convertibility regime's protections.

The scope of qualifying Foreign Investments encompasses diverse transaction types spanning both equity and debt instruments. Companies may be established through new entity creation, existing company shareholding purchases, or capital increase subscriptions. Alternative structures include establishing branches or representation offices in Morocco. Financial instruments extend beyond shares to include Moroccan securities like bonds, shareholder loans paid in cash or supplier credit, and interest-free short-term financing. Real estate transactions qualify when involving property purchases, possession rights acquisitions, or in-kind contributions, as does equity financing of construction works. Finally, individual undertakings may be established or acquired under this regime.

Foreign investors qualifying under this framework enjoy three fundamental freedoms without requiring prior Foreign Exchange Office approval. First, they possess total freedom to make Foreign Investments in Morocco across all qualifying transaction types. Second, they may finance these investments using foreign currencies, maintaining capital in their original currency rather than forcing immediate conversion. Third, and most significantly for repatriation planning, they may freely repatriate all income resulting from such Foreign Investments along with any profits realized upon sale or liquidation. This repatriation right extends comprehensively to dividends, profits generated by Moroccan branches of foreign companies, rental incomes from real property, interest on shareholders' loans, and proceeds from share sales, asset dispositions, or company liquidations.

The convertibility regime's benefits, while substantial, remain conditional on procedural compliance. Free repatriation requires the bank executing the transfer to receive documentary evidence establishing the connection between the transfer and a qualifying Foreign Investment. This documentation requirement, though not onerous, must be satisfied before funds leave Morocco. Additionally, certain specific transfers fall outside the automatic convertibility regime and require prior authorization from the Foreign Exchange Office. Performance of guarantees granted to foreign investors represents a notable example of transfers

requiring such pre-approval. Investors should identify early in transaction structuring which planned transfers might require authorization to avoid delays in fund movements.

Regulations on business qualifications and permits

With regard to unhealthy, inconvenient or dangerous establishments

The Law No. 11-03 of 12 May 2003 regarding the protection and enhancement of the environment promulgated by Dahir n°1-03-59 of 12 May 2003 lays out the basic rules and general principles of the national environmental policy.

The objectives of these rules and principles mainly consist of protecting the environment from any form of pollution and deterioration, regardless of the source, defining the basic directions taken in the legal, technical and financial framework concerning the protection and management of the environment and implementing a specific scheme of responsibility ensuring the reparation of damages caused to the environment and compensation for victims.

With regard to the performance of an environmental impact assessment

Following article 7 of the Law No. 12-03 on environmental impact assessments (the "**Law No.12-03**") authorization of all projects subject to an environmental impact assessment is subject to an environmental acceptability decision.

Moreover, pursuant to article 9 of the Law No.12-03, all projects subject to an environmental impact assessment requires the completion of a public enquiry which is used during the examination of the environmental impact assessment.

Annex to Law 12-03 provides a list of activities or projects for which an environmental impact assessment is necessary and consequently an environmental acceptability decision must be obtained by the project developer.

With regard to protection against air pollution

Law No. 13-03 relating to the fight against air pollution promulgated by Dahir No. 1-03-61 of May 12, 2003 (the "**Law No. 13-03**") aims to protect the air from the various forms of pollution that contribute to the degradation of its quality, global warming and the depletion of the ozone layer.

Article 2 provides that the Law No. 13-03 applies "to any natural or legal person subject to public or private law, owning, owning, using or operating buildings, mining, industrial, commercial or agricultural installations, or installations relating to the craft industry or vehicles, motor vehicles, combustion, waste incineration, heating or refrigeration appliances".

Article 4 of the Law No. 13-03 stipulates that it is prohibited to release, emit or discharge, to allow the release, emission or discharge into the air of pollutants such as toxic or corrosive gases, fumes, vapors, heat, dust, odors in excess of the quantity or concentration authorized by the standards set by regulation.

Article 4 of the Law No. 13-03 also requires that any person referred to in the before-mentioned article 2 of the said Law must prevent, reduce and limit emissions of pollutants into the air likely to harm human health, fauna, flora, monuments and sites or having harmful effects on the environment in general, in accordance with the standards referred to in the previous paragraph.

With regard to protection against water pollution

Law No. 36-15 on water was promulgated by Dahir No. 1-16-113 of 1 August 2016 (the "**Law No. 36-15**").

Article 98 of Law No. 36-15 establishes the principle that any spill likely to affect the public hydraulic domain is subject to authorization by the water basin agency and the payment of a fee.

Moreover, article 109 of the Law No. 36-15 also provides that no industrial waste may be discharged into a public sewerage system without prior authorization from the operator of the system.

With regard to waste Management

The Law No. 28-00 on waste management and disposal promulgated by Dahir No. 1-06-153 of 22 November 2006 (the "**Law n°28-00**") aims to protect the environment from the harmful effects of waste.

Pursuant to article 3 of Law No. 28-00 waste is considered as "all residues resulting from a process of extraction, exploitation, transformation, production, consumption, use, control or filtration, and generally speaking, all objects and materials abandoned or that the holder must dispose of in order not to harm health, public health and the environment".

The Law No. 28-00 provides for general and specific obligations for the different types of waste (household and equivalent, hazardous, medical, and pharmaceutical, agricultural, and non-hazardous industrial) on generators and/or holders of waste.

Article 6 of Law No. 28-00 provides that any person who holds or produces waste, under conditions likely to produce harmful effects on the soil, fauna and flora, to damage sites or landscapes, to pollute the air or water, to generate odors, or in general to harm human health and the environment, is required to ensure or have ensured their elimination under conditions likely to avoid such effects, in accordance with the provisions of this Law and its implementing regulation.

In particular, Article 30 of the Law No. 28-00 provides that the collection and transport of hazardous waste is subject to authorization by the administration.

With regard to construction

Construction activities are governed by Law No. 12-90 relating to urban planning (the "**Law No. 12-90**"), General Construction Regulations, and Law No. 19-94 for Industrial Acceleration Zones.

These regulations establish the permit system for construction projects, ensuring compliance with urban planning, safety standards, and zoning requirements.

For projects within Industrial Acceleration Zones, Law No. 19-94 establishes a streamlined single-authorization process replacing the multiple permits typically required. The investor submits an authorization request to the zone's development and management organization, which instructs the application and submits it to a local commission chaired by the Wali or Governor of the concerned prefecture or province.

The authorization decision, notified to the investor by the development and management body, sets deadlines for project completion and specific investment conditions, particularly regarding dangerous or environmentally harmful activities. Critically, this authorization exempts the applicabnt from all other formalities relating to constructions and installations necessary for project realization—a dramatic simplification eliminating multiple permit applications, agency consultations, and approval processes that

would otherwise apply. However, authorization comes with enforcement teeth: if investments are not carried out within prescribed timeframes, the Wali or Governor withdraws authorization based on commission advice. To obtain authorization, investors must submit comprehensive documentation and commitments as specified in the zone's internal regulations, which the development and management organization establishes to define activity modalities and rules within the zone.

For projects outside Industrial Acceleration Zones, or for understanding the baseline requirements from which zone projects are exempted, Law No. 12-90 and General Construction Regulations establish a traditional permit system. Article 40 of Law No. 12-90 prohibits proceeding with construction projects without obtaining a building permit—a fundamental requirement establishing criminal liability for violations. The Municipal Council President grants building permits when proposed construction complies with applicable laws and regulations, including zoning and development plan provisions. Petitioners must submit requests with comprehensive documentation, the specific contents of which are detailed in Annex 2 to this memorandum, typically including architectural plans, technical specifications, land titles, and various compliance certificates.

Once construction completes, Law No. 12-90's subsequent provisions prohibit construction use until obtaining a compliance certificate. The Municipal Council President issues this certificate at the petitioner's request declaring work completion. The application file must include the petitioner's completion declaration, compliance certificates from competent telecommunications services (in applicable cases), and where required, architect certificates confirming work execution in accordance with authorized plans. This two-stage permitting process—building permit before construction, compliance certificate before utilization—ensures both design compliance and execution fidelity to approved plans.

Regulation on employment in Morrocco

Moroccan Labor Law No. 65-99, enacted on September 11, 2003, forms the foundation of labor relations in Morocco. It governs employment contracts, working hours, wages, leave entitlements, workplace safety, and termination procedures. The law recognizes two main types of employment contracts: the Permanent Contract (CDI), which is the default and offers job stability, and the Fixed-Term Contract (CDD), which is allowed only in specific cases such as employee replacement, seasonal work, or the launch of a new business. A CDD must be in writing and is limited to one year, renewable once if initially under six months; otherwise, it converts into a CDI.

The law also regulates working conditions, setting the legal workweek at 44 hours, with mandatory rest periods and overtime compensation ranging from 25% to 100% depending on the time and day worked. Employees are entitled to 18 days of annual leave, increasing by 1.5 days every five years of service, up to a maximum of 30 days. Additional leave is granted for events like marriage, childbirth, bereavement, and sickness. A seniority bonus is also mandated, increasing salary by up to 25% after 25 years of service.

Termination procedures require adherence to notice periods based on tenure and role, with severance pay calculated accordingly. Employers must uphold anti-discrimination and health and safety standards, contribute to social security schemes, and respect the right to unionize. The law emphasizes fair treatment, transparency, and protection of employee rights, making it essential for businesses operating in Morocco to ensure full compliance.

Regulations on data protection and cybersecurity regulations in Morocco

Data protection and cybersecurity are governed by Law No. 09-08 on protection of individuals regarding personal data processing, Law No. 05-20 on cybersecurity, Decree No. 2-09-165 implementing Law 09-08, Decree No. 2-15-712 implementing Law 05-20, and CNDP (National Commission for Data Protection Control) decisions and deliberations.

These regulations protect individuals' personal data, establish cybersecurity requirements for information systems, and regulate data transfers to ensure privacy and security of sensitive information.

With regard to data protection

Morocco's personal data protection regime under Law No. 09-08 applies to processing operations carried out by entities established on Moroccan territory, and additionally reaches controllers not established in Morocco when they use automated or non-automated means located in Morocco for processing purposes, excluding purely transit processing or processing in states whose legislation is recognized as equivalent.

The authorization and declaration regime creates a bifurcated system distinguishing higher-risk from routine processing. Prior CNDP authorization becomes mandatory for processing concerning sensitive data (revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership), genetic data, data relating to offenses, convictions, or security measures, data containing national identity card numbers, use of personal data for purposes other than collection purposes, and interconnection of files belonging to entities managing different public services or other entities with different main purposes. All other processing requires prior declaration to CNDP, a less burdensome administrative step acknowledging processing while providing CNDP oversight. Importantly, any modification affecting declared or authorized processing—such as changes to controller identity, processing purposes, or data types—requires new CNDP applications under Article 27 of the Data Protection Decree.

The CNDP has simplified certain routine processing categories through deliberations establishing streamlined procedures. Deliberation No. 98-AU-2015 simplifies notification for supplier management processing involving databases containing supplier-related natural person data. Deliberation No. 32-2015 addresses customer management processing. These simplified procedures reduce administrative burden for common business operations, though entities must still file declarations and maintain compliance with substantive protection requirements.

Cross-border data transfers face the most stringent restrictions, reflecting Morocco's protective stance toward personal data leaving its jurisdiction. Article 43 requires that receiving countries provide adequate privacy protection and fundamental rights and freedoms protection regarding data processing. Deliberation No. 236-2015 issued December 8, 2015 establishes a list of countries offering adequate protection: Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

Article 44 provides four pathways for transferring data to non-adequate countries. First, data subjects' express consent permits transfer, though obtaining valid informed consent at scale proves administratively burdensome. Second, transfers necessary for concluding or performing contracts concluded or to be concluded in data subjects' interest proceed without additional authorization. Third, transfers pursuant to bilateral or multilateral agreements to which Morocco is party benefit from agreement protections. Fourth, express CNDP authorization may be obtained when processing guarantees adequate privacy and fundamental rights protection.

With regard to cybersecurity

Law No. 05-20's cybersecurity regime complements data protection by focusing on information system security rather than personal data privacy specifically. Article 3 obligates all entities to ensure information systems comply with directives, rules, regulations, guidelines, and recommendations issued by the national cybersecurity authority. The Critical Infrastructure Decree's Article 10 requires entities to classify information systems based on impact analysis of incidents potentially affecting confidentiality, availability, or integrity of information assets—any resources such as hardware, software, data, or procedures constituting information systems.

The classification system establishes four classes reflecting incident severity. Class A covers systems where at least one cybersecurity incident affecting confidentiality, availability, or integrity of information assets would have very serious impact. Class B encompasses systems where all cybersecurity incidents would have at most serious impact. Class C includes systems where all incidents would have at most moderate impact. Class D captures systems where all incidents would have limited impact. Classes A and B qualify as "sensitive information systems" under Article 11 of Law No. 05-20, triggering two critical requirements: sensitive data processed by these systems must be hosted exclusively on Moroccan national territory, and entities must declare sensitive information systems to the national cybersecurity authority.

Critical infrastructures represent a distinct category under the Decree, defined as installations, structures, and systems essential for maintaining vital community functions, health, safety, security, and economic or social well-being, whose damage, unavailability, or destruction would cause failure of these functions. Critical infrastructures are designated per vital activity sector by responsible government authorities after obtaining national authority opinions. These designations remain secret and update at least every two years. Critical infrastructure operators must establish sensitive information system lists based on risk analysis, transmitting these lists and updates to the national authority. The national authority may provide observations requiring list modifications within two months. Like other sensitive information systems, those associated with critical infrastructures must host sensitive data exclusively in Morocco.

Based on the advice from our legal advisors as to Moroccan laws, our Directors confirmed that we had no instances of material non-compliance with the applicable laws and regulations of Morocco in any material respects during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW

We are a new energy materials company. We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years since 2020. We focus on the R&D, production and sales of new energy battery materials and new energy metal products.

In September 2014, our Company was founded by Mr. Deng and Mr. Tao Wu as a limited liability company in Tongren, Guizhou Province. In November 2019, our Company was converted into a joint stock company with limited liability from a limited liability company.

Since December 2020, our A Shares have been listed on the Shenzhen Stock Exchange (stock code: 300919). As of the Latest Practicable Date, our total issued share capital was RMB938,028,458, comprising 938,028,458 A Shares, of which approximately 56.31% was controlled by Mr. Deng, Ms. Wu, Zhongwei Holding and Hongxin Chengda, our Controlling Shareholders.

KEY DEVELOPMENT MILESTONES

The following is a summary of our Group's key development milestones:

Year	Milestone
2014	Our Company was founded by Mr. Deng and Mr. Tao Wu
2015	Our Tongren production base commenced production
2018	Our Ningxiang production base commenced production
2019	Our first recycling production base in Tongren, Guizhou was put into operation
2020	Our Company was listed on the Shenzhen Stock Exchange (stock code: 300919)
2021	Our Qinzhou production base commenced construction and was put into operation in the same year
2022	Our first overseas production base, Morowali production base in Indonesia, commenced production
	Our phosphorous-based pCAM production base in Kaiyang, Guizhou was put into operation
2023	Our sodium-based pCAM project commenced production, successfully achieving the industrialization of sodium battery precursors
	We entered into an agreement with AL MADA to collaborate on building a new energy battery material base in Morocco
	We entered into a joint venture agreement with POSCO to collaborate on building a pCAM base in South Korea
2024	Our CNGR brand electrolytic nickel was successfully registered on London Metal Exchange and Shanghai Futures Exchange
	Our industry-first low-cost NFPP pCAM for sodium-ion batteries, a promising alternative to lithium-ion batteries, commenced mass production
	We developed experimental titanium-doped LFP pCAM, which effectively enhance the kinetic performance of LFP by improving ion diffusion, electronic conductivity and structural stability
2025	Our production lines for nickel-based pCAM in Morocco became operational

MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our Major Subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
Hunan Zhongwei New Energy	PRC	December 26, 2016	75.78%	Manufacturing of metal materials and pCAM
Hunan Zhongwei Zhengyuan	PRC	November 23, 2016	100.00%	Trading of metal materials and pCAM
Guangxi Zhongwei New Energy	PRC	February 8, 2021	76.88%	Manufacturing of metal materials and pCAM
Guizhou Zhongwei New Material	PRC	May 31, 2022	100.00%	Trading of metal materials and pCAM
Guizhou Zhongwei Resources Recycling	PRC	October 8, 2016	77.06%	Recycling and circular utilization of waste batteries, metals, and other resources
Guizhou Zhongwei Xingyang	PRC	November 3, 2021	52.00%	Production of phosphorus-based pCAM
DNI	Indonesia	October 1, 2021	50.10%	Production of metal materials
NNI	Indonesia	July 29, 2019	60.00%	Production of metal materials
PT Zhongtsing	Indonesia	May 4, 2021	70.00%	Production of metal materials
CNGR Hong Kong	Hong Kong	February 27, 2019	100.00%	Investment holding
Zoomwe Hong Kong	Hong Kong	March 26, 2021	100.00%	Investment holding

MAJOR JOINT VENTURE

As of the Latest Practicable Date, the details of our major joint venture are set forth as below:

Joint venture	Production base	Name of shareholders	Percentage of shareholding
COBCO S.A.	Morocco production base	CNGR Morocco New Energy Technology ("**CNGR Morocco**"), a wholly-owned subsidiary of the Company	50.03%
		Next Generation Industries, an Independent Third Party	49.97%

Contractual Arrangements of the Major Joint Venture

The salient terms of COBCO S.A.'s joint venture agreement are set forth as below:

Duration The joint venture agreement is effective for 40 years from September 19, 2023 and renews automatically for 10 years unless agreed otherwise.

Scope of Collaboration COBCO S.A. principally engages in the development, construction, financing and operation of (i) a large-scale factory of nickel-based pCAM, (ii) a large-scale factory of LFP, (iii) a large-scale factory of recycled black mass and (iv) a Morocco-China Green Energy industrial park dedicated to the battery sector, with the goal of attracting downstream customers of the industrial chain in Morocco.

Profit Sharing The distributable profits shall be allocated to shareholders in proportion to their respective shareholding in COBCO S.A.

Board Compositions The board of directors shall consist of seven directors, including one chairman. CNGR Morocco shall be entitled to nominate four directors, including the chairman, and Next Generation Industries shall be entitled to nominate three directors.

Voting rights Each director shall have one vote at the board meeting. Subject to applicable laws and regulations and save for certain reserved matters requiring positive votes from at least one director nominated by CNGR Morocco and at least one director nominated by Next Generation Industries, proposals submitted to the board meeting shall be adopted by a simple majority of the votes of the directors.

Each share is entitled to one vote at the shareholders' meeting. Subject to applicable laws and regulations and save for (i) extraordinary decisions requiring positive votes from a two-third majority of the votes of the shareholders and (ii) certain reserved matters additionally requiring positive votes from each of CNGR Morocco and Next Generation Industries, proposals submitted to the shareholders' meeting shall be adopted by a simple majority of the votes of the shareholders.

Defaults In the event of a default, the non-defaulting party is entitled to exercise (a) a default put option to sell all or part of its then held shares in the joint venture to the defaulting party or (b) a default call option to purchase all or part of the shares then held by the defaulting party.

MAJOR SHARE CAPITAL CHANGES OF OUR COMPANY

Incorporation of Our Company in September 2014

In September 2014, our Company was incorporated with a registered capital of RMB50,000,000 contributed by Zhongwei Holding as to 80% and Mr. Tao Wu as to 20%.

Upon the completion of several rounds of share transfers and capital injections, as of July 26, 2019, the registered capital of our Company was RMB472,280,000, held by Zhongwei Holding as to 72.84%, by Mr. Deng as to 4.43%, by Hongxin Chengda as to 2.58% and by other 16 then shareholders of our Company as to 20.15%.

Conversion into Joint Stock Company with Limited Liability and Further Increase of Registered Capital

In November 2019, our Company was converted from a limited liability company to a joint stock company with limited liability, with Zhongwei Holding, Mr. Deng, Hongxin Chengda and other 16 then shareholders being our promoters and the registered capital of our Company being RMB472,280,000.

In December 2019, the registered capital of our Company increased from RMB472,280,000 to RMB512,680,000. The additional registered capital of RMB40,400,000 was subscribed by one existing shareholder and nine additional investors.

Listing on the Shenzhen Stock Exchange

In December 2020, our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300919) (the "**A-Shares Listing**"). We offered a total of 56,970,000 A Shares under the A-Shares Listing, representing approximately 10.0% of our enlarged share capital immediately following the completion of the A-Shares Listing. Immediately upon the completion of the A-Shares Listing, our registered capital was increased to RMB569,650,000, and our Controlling Shareholders directly and indirectly controlled approximately 66.20% of our Company's then share capital.

Private Placement of A Shares in 2021

In December 2021, our Company conducted a placement of A Shares to designated investors (the "**2021 A Share Placement**") to raise funds for the construction of our Qinzhou production base and supplement our working capital. Pursuant to the 2021 A Share Placement, 36,023,053 new A Shares were issued and the offer price was RMB138.80 per A Share, which was determined based on various factors, including, among other things, the average trading price of our A Shares of the 20 trading days prior to the pricing date and the indicative investment interest of potential investors. The 36,023,053 new A Shares were placed to 22 investors which are Independent Third Parties, raising net proceeds of approximately RMB4,953.05 million, which have been fully utilized as of the Latest Practicable Date. Immediately following the completion of the 2021 A Share Placement, our registered capital was increased to RMB605,673,053 in December 2021.

Private Placement of A Shares in 2022

In November 2022, our Company conducted a placement of A Shares to designated investors (the "**2022 A Share Placement**") to raise funds for the construction of our high-grade nickel matte, nickel sulfate and iron phosphate projects and supplement our working capital. Pursuant to the 2022 A Share Placement, 60,966,688 new A Shares were issued and the offer price was RMB70.65 per A Share, which was determined based on various factors, including, among other things, the average trading price of our A Shares of the 20 trading days prior to the pricing date and the indicative investment interest of potential

investors. The 60,966,688 new A Shares were placed to 18 investors which are Independent Third Parties, raising net proceeds of approximately RMB4,272.87 million, which have been fully utilized as of the Latest Practicable Date. Immediately following the completion of the 2022 A Share Placement, our registered capital was increased to RMB670,633,576 in November 2022.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rules 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules, as the Company has Shares apart from the H Shares for which the **[REDACTED]** is sought, the H Shares for which the **[REDACTED]** is sought that are held by the public, at the time of the **[REDACTED]**, must (a) represent at least 10% of the Company's total number of issued Shares (excluding treasury shares); or (b) have an expected **[REDACTED]** of not less than HK$3 billion.

The total number of the H Shares to be issued pursuant to the **[REDACTED]** represents approximately **[REDACTED]**% of the enlarged issued share capital of the Company (assuming the **[REDACTED]** is not exercised). It is expected that upon the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), based on an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the low end of the indicative **[REDACTED]** range, the **[REDACTED]** of the H Shares for which the **[REDACTED]** is sought that are held by the public is HK$**[REDACTED]**, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

Based on an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the low end of the indicative **[REDACTED]** range, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC since our listing on the Shenzhen Stock Exchange, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Adviser advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects.

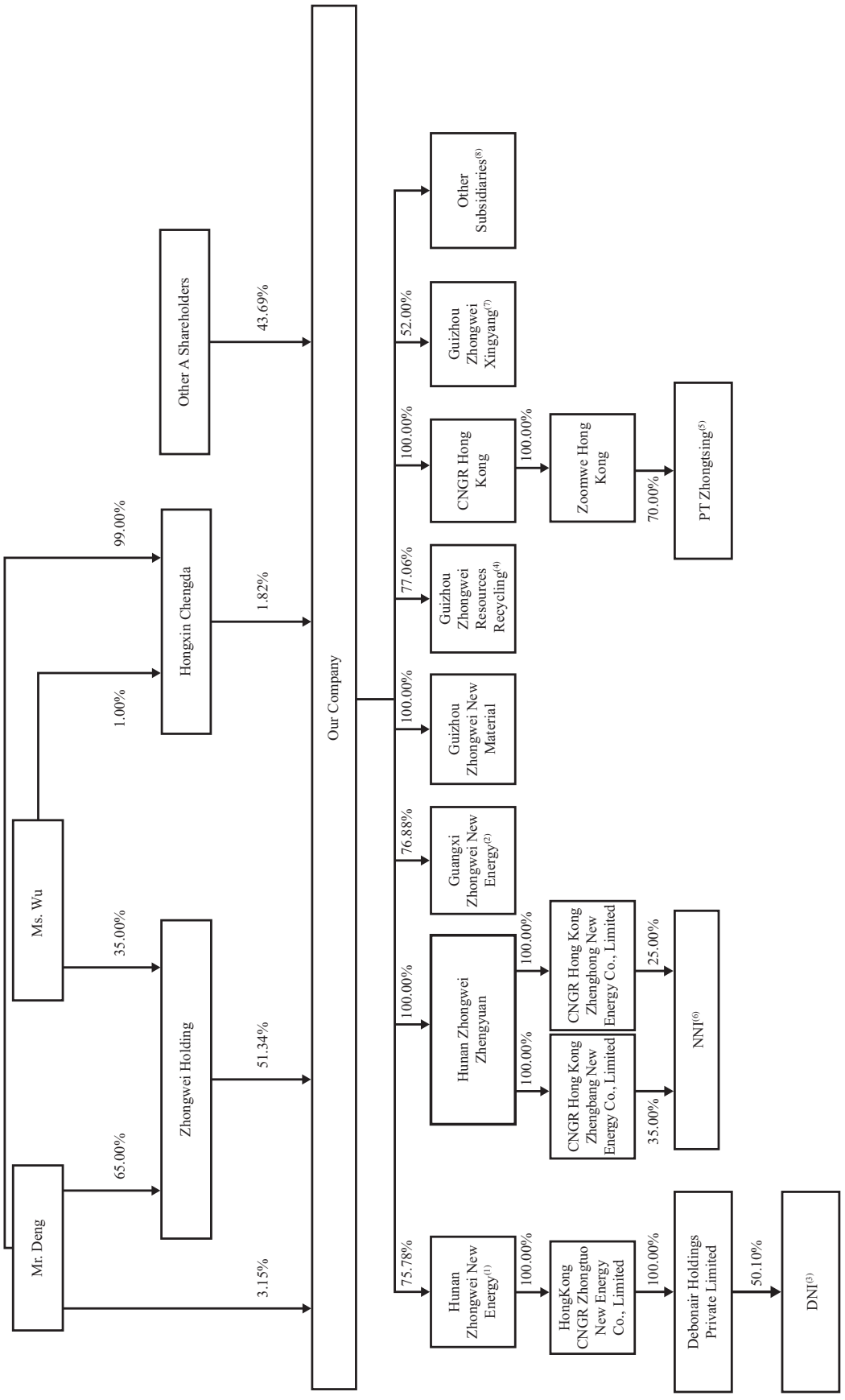
Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respects.

Our Company seeks to be **[REDACTED]** on the Hong Kong Stock Exchange in order to advance our internationalization strategy, establish an international equity financing platform, optimize our global brand image and enhance our integrated competitive strengths. See "Business — Growth Strategies" and "Future Plans and Use of **[REDACTED]**" for more details.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately prior to the [REDACTED]

The following chart illustrates the simplified shareholding and corporate structure of our Group immediately prior to the completion of the **[REDACTED]** (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**):


Mr. Deng
Ms. Wu
Zhongwei Holding
Hongxin Chengda
Other A Shareholders
Our Company
65.00%
35.00%
99.00%
1.00%
3.15%
51.34%
1.82%
43.69%
75.78%
100.00%
Hunan Zhongwei New Energy(1)
HongKong CNGR Zhongtuo New Energy Co., Limited
Debonair Holdings Private Limited
DNI(3)
50.10%
76.88%
Guangxi Zhongwei New Energy(2)
Hunan Zhongwei Zhengyuan
CNGR Hong Kong Zhengbang New Energy Co., Limited
CNGR Hong Kong Zhenghong New Energy Co., Limited
NNI(6)
35.00%
25.00%
100.00%
Guizhou Zhongwei New Material
77.06%
Guizhou Zhongwei Resources Recycling(4)
CNGR Hong Kong
Zoomwe Hong Kong
PT Zhongtsing(5)
70.00%
52.00%
Guizhou Zhongwei Xingyang(7)
Other Subsidiaries(8)

Notes:

(1) As of the Latest Practicable Date, ICBC Financial Asset Investment Company Limited* (工銀金融資產投資有限公司) ("**ICBC Investment**"), ABC Financial Asset Investment Company Limited* (農銀金融資產投資有限公司) ("**ABC Investment**"), BOC Financial Asset Investment Company Limited* (中銀金融資產投資有限公司) ("**BOC Asset**"), BOCOM Financial Asset Investment Company Limited* (交銀金融資產投資有限公司) ("**BOCOM Investment**"), China Orient Asset Management Co., Ltd.* (中國東方資產管理股份有限公司) ("**Orient Asset**"), China Industrial International Trust Limited* (興業國際信託有限公司) ("**China Industrial Trust**"), Wuhu Xinxiang Equity Investment Company Limited* (蕪湖信湘股權投資有限公司) ("**Xinxiang Investment**"), China Great Wall Asset Management Co., Ltd.* (中國長城資產管理股份有限公司) ("**Great Wall Asset**") and Changsha Gongrong Innovation No.1 Equity Investment Fund Partnership Enterprise (L.P.)* (長沙工融創新一號股權投資基金合夥企業（有限合夥）) ("**Changsha Gongrong**") held 5.08%, 3.79%, 3.79%, 3.79%. 2.90%, 1.74%, 1.60%, 1.02% and 0.51% equity interest in Hunan Zhongwei New Energy, respectively. As of the same date, each of ICBC Investment, ABC Investment, BOC Asset, BOCOM Investment, Orient Asset, China Industrial Trust, Great Wall Asset and Xinxiang Investment was an Independent Third Party. Changsha Gongrong was owned as to 40.00%, 28.57% and 28.57% by the Company, ICBC Investment and Changsha Changtou Blue Moon Valley Emerging Industry Investment Fund Partnership Enterprise (L.P.)* (長沙長投藍月穀新興產業投資基金合夥企業（有限合夥）) ("**Changsha Changtou**"), respectively, as its limited partners. The remaining partnership interest in Changsha Gongrong was held by two general partners, ICBC Capital Management Co., Ltd.* (工銀資本管理有限公司) and Changsha Changcai Private Equity Fund Management Co., Ltd.* (長沙市長財私募基金管理有限公司), each holding 1.43% thereof and being an Independent Third Party.

(2) As of the Latest Practicable Date, ABC Investment, ICBC Investment, CCB Financial Asset Investment Company Limited* (建信金融資產投資有限公司) ("**CCB Investment**"), Orient Asset and BOC Assets held 5.99%, 4.28%, 4.28%, 4.28% and 4.28% equity interest in Guangxi Zhongwei New Energy, each of which is an Independent Third Party.

(3) As of the Latest Practicable Date, Debonair Nickel Private Limited, an Independent Third Party other than its equity interest in DNI, held 49.9% equity interest in DNI.

(4) As of the Latest Practicable Date, Guizhou Zhongwei Resources Recycling was owned as to 55.45% by the Company, 27.47% by Guizhou Zhongwei New Energy Technology Company Limited* (貴州中偉新能源科技有限公司) ("**Guizhou Zhongwei New Energy**"), 11.58% by Guizhou Ecological and Environmental Protection Development Equity Investment Fund Partnership (L.P.)* (貴州省生態環保發展股權投資基金合夥企業（有限合夥）), being an Independent Third Party, and 5.49% by National Green Development Fund Co., Ltd.* (國家綠色發展基金股份有限公司), being a Independent Third Party, respectively. Guizhou Zhongwei New Energy was owned as to 68.00% by the Company and 32.00% by Guizhou New Industrialization Development Equity Investment Fund Partnership (L.P.)* (貴州省新型工業化發展股權投資基金合夥企業（有限合夥）), being an Independent Third Party.

(5) As of the Latest Practicable Date, Rigqueza International Pte. Ltd., an Independent Third Party, held 30.00% equity interest in PT Zhongtsing.

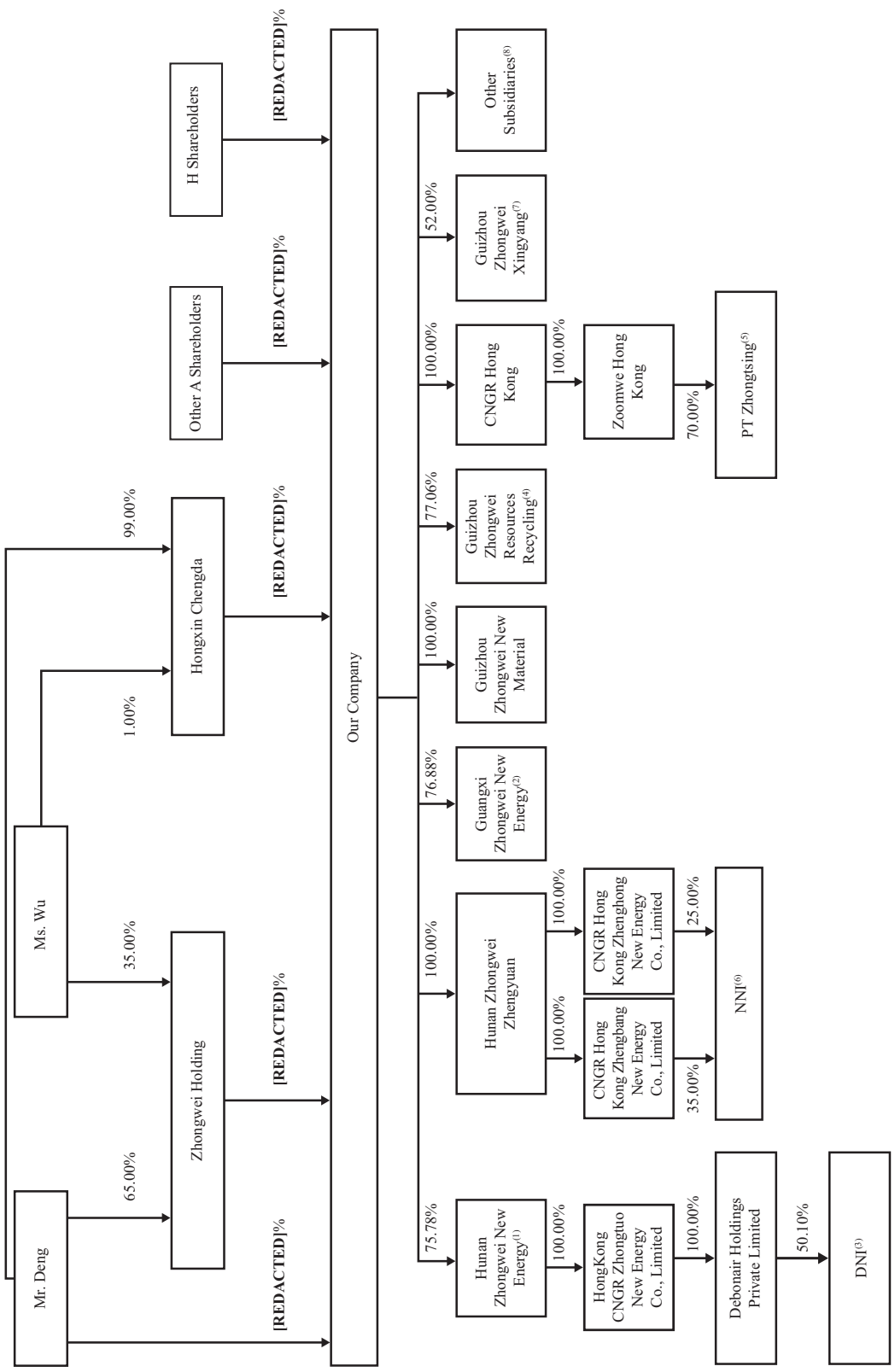
(6) As of the Latest Practicable Date, Tongren Zhongwei Hongling No. 1 Enterprise Management Consulting Partnership (L.P.)* (銅仁中偉弘領一號企業管理諮詢合夥企業(有限合夥)), a limited partnership owned as to 50.00% by Mr. Liu Xingguo, an executive Director of our Company, and as to 50.00% by Mr. Deng Chaobo, a vice president of our Company, respectively, and Jiangsu Delong Nickel Industry Company Limited* (江蘇德龍鎳業有限公司), an Independent Third Party other than its equity interest in NNI, held 7.00% and 33.00% equity interest in NNI, respectively.

(7) As of the Latest Practicable Date, Guizhou New Industrialization Development Equity Investment Fund Partnership (L.P.)* (貴州省新型工業化發展股權投資基金合夥企業（有限合夥）), an Independent Third Party, held 48.00% equity interest in Guizhou Zhongwei Xingyang.

(8) Other subsidiaries include over 90 subsidiaries established in various jurisdictions as of the Latest Practicable Date.

Shareholding and Corporate Structure Immediately following the [REDACTED]

The following chart illustrates the simplified shareholding and corporate structure of our Group immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]** except for the **[REDACTED]**):


Mr. Deng
Ms. Wu
Zhongwei Holding
Hongxin Chengda
Other A Shareholders
H Shareholders
Our Company
65.00%
35.00%
99.00%
1.00%
[REDACTED]%
[REDACTED]%
[REDACTED]%
[REDACTED]%
[REDACTED]%
Hunan Zhongwei New Energy(1)
HongKong CNGR Zhongtuo New Energy Co., Limited
Debonair Holdings Private Limited
DNI(3)
Guangxi Zhongwei New Energy(2)
Hunan Zhongwei Zhengyuan
CNGR Hong Kong Zhengbang New Energy Co., Limited
CNGR Hong Kong Zhenghong New Energy Co., Limited
NNI(6)
Guizhou Zhongwei New Material
Guizhou Zhongwei Resources Recycling(4)
CNGR Hong Kong
Guizhou Zhongwei Xingyang(7)
Other Subsidiaries(8)
Zoomwe Hong Kong
PT Zhongtsing(5)
75.78%
100.00%
100.00%
50.10%
76.88%
100.00%
100.00%
100.00%
100.00%
35.00%
25.00%
100.00%
77.06%
100.00%
52.00%
100.00%
70.00%

OVERVIEW

Who we are

We are a new energy materials company. We are primarily engaged in the R&D, production and sales of new energy battery materials with a focus on pCAM, and new energy metal products. We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries, ranking the first by shipment volume for five consecutive years since 2020 with market share of 20.3% and 28.0% in terms of nickel-based pCAM and cobalt-based pCAM in 2024, respectively. Nickel-based pCAM, phosphorus-based pCAM and cobalt-based pCAM are the mainstream pCAM. Accordingly to Frost & Sullivan, in terms of sales value, the nickel-based pCAM, phosphorus-based pCAM and cobalt-based pCAM accounted for 75.2%, 23.1% and 1.2% of the total pCAM market in 2024, together of which accounted for 99.6% of the overall pCAM market in terms of sales value in 2024. We ranked the first globally in 2024 in terms of sales value for all pCAM products, with a market share of 21.8%. Our new energy battery materials are essential to lithium-ion batteries that are widely used in EV, ESS, consumer electronics, as well as applications with higher power demands and therefore strong commercial potentials, such as AI-enabled consumer electronic devices, humanoid robotics and low-altitude aerial vehicles.

Starting from R&D for new energy battery materials, we have since established an integrated operation spanning from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling. Our integrated supply chain enables us to sell new energy metal products, which mainly include nickel intermediates and electrolytic nickel, as well as certain by-products of the nickel extraction process such as cobalt and copper. We have built a global presence in terms of customer base, supply chain and manufacturing sites, which propels our growth and future development. According to the Frost & Sullivan, among the major kinds of new energy metal materials, the production volume of nickel, cobalt, lithium and copper was 3.5 million metal tons, 0.3 million metal tons, 0.2 million metal tons and 23.0 million metal tons globally in 2024, respectively. By production volume, we ranked the sixth in the global nickel product market in 2024, with a market share of 3.7%.

By sales value, the market size of pCAM of RMB87.7 billion and market size of new energy metals of RMB2,455.8 billion accounted for approximately 3.2% and 90.6% of the global market size of new energy materials in 2024, respectively, which consisted of (i) new energy battery materials of RMB256.0 billion, including pCAM, CAM, anodes, electrolyte fluid and separators, and (ii) the new energy metals of RMB2,455.8 billion, including lithium, nickel, cobalt and copper.

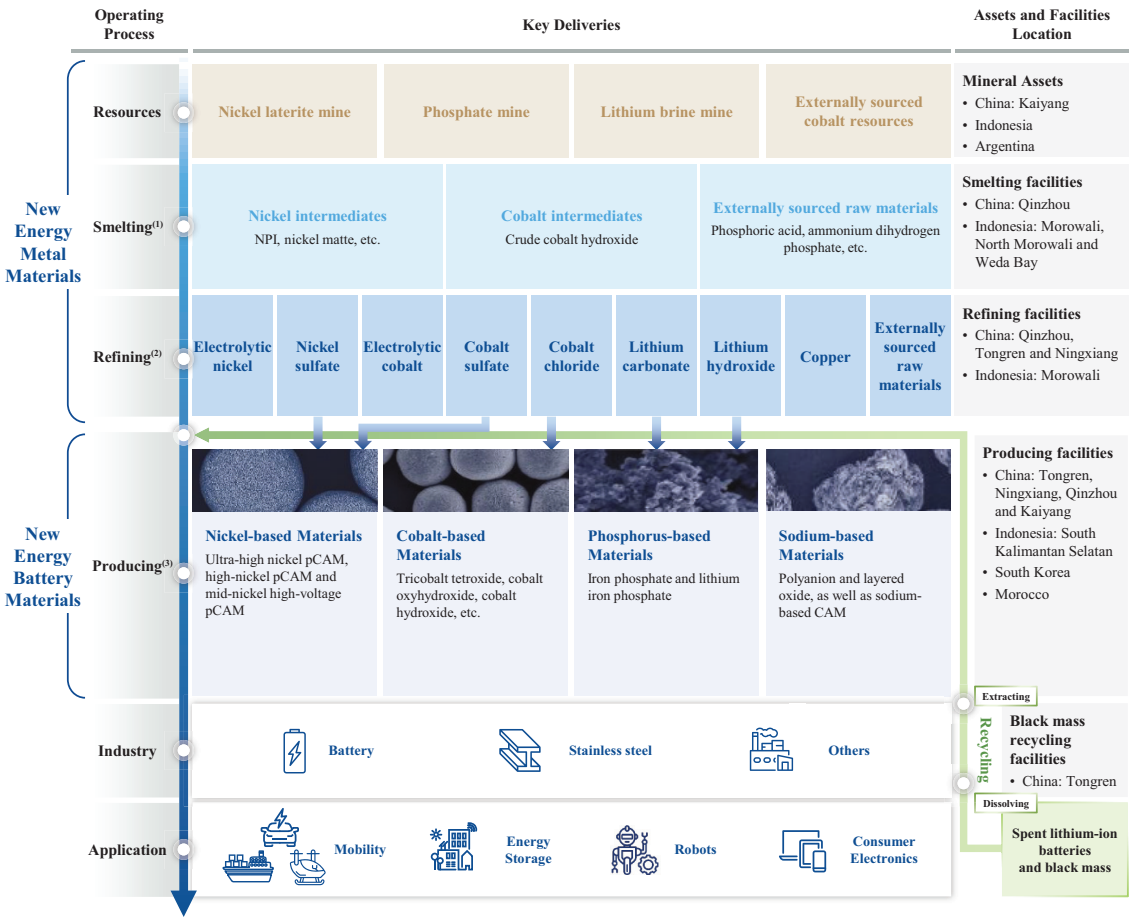
Riding on the back of our technological know-how and vertically integrated operation globally, we have achieved global leadership in the new energy battery materials industry.

Our business and products

We have established a vertically integrated operation spanning from upstream new energy metals mining, smelting and refining to new energy materials products and to recycling. As early as 2020, we initiated our vertical integration strategy. Since then, we have secured global access to critical mineral resources, including nickel laterites, phosphate and lithium. As of the Latest Practicable Date, we held 51.0%, 48.8% and 46.7% equity interests in three nickel laterite mines in Indonesia, respectively, for which we have secured pre-emptive rights for the lateritic nickel ores produced therein. As of the same date, we held 100.0% equity interests in a phosphate mine in Kaiyang, China. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang phosphate mine. Upon completion of the capital increase, the state-owned partnership will hold approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% equity interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025. As of the same date, we also held 100.0% in a lithium brine mine and 49.9% equity interest in another lithium brine mine with the remaining 50.1% equity interest to be transferred to us by the end of January 2026 in Argentina, both of which remained undeveloped. During the Track Record Period, two of our nickel laterite mines in Indonesia were in operation. See " – Production – Mineral Resources."

We have also established smelting and refining facilities that are capable of processing those mineral raw materials, together with raw materials procured externally, to produce new energy battery materials and new energy metal products. We have the flexibility to sell those new energy metal products, mainly consisted of nickel products, to the broader market, such as stainless steel, or to support our own new energy battery materials production. The allocation between external sales and internal usage of nickel products is determined dynamically, based on prevailing market conditions and our real-time production requirements. As of June 30, 2025, we achieved a nickel primary smelting capacity of approximately 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025. As part of our integrated operations, we have built facilities in our domestic production bases to recover valuable metals from mixed metal concentrate, known as "black mass," a composite material rich in nickel, cobalt, lithium and other metals, recycled from spent lithium-ion batteries.

Our vertically integrated business model enables us to deliver a comprehensive product matrix that includes nickel-based, cobalt-based, phosphorus-based, sodium-based other innovative new energy battery materials, along with new energy metal products. pCAM, key for cathode, are essential to the performance of new energy batteries that power a variety of electronic devices and electric vehicles and represent the highest value segment in the new energy battery value chain. During the Track Record Period, substantially all of our new energy battery materials are pCAM, with all nickel-based and cobalt-based materials being pCAM. To better serve our customers and address evolving market demand, we launched phosphorus-based CAM in the second half of 2024. Our new energy battery materials improve performance through features that drive higher energy density and enhanced safety. Our new energy metal products mainly include nickel metal products. The chart below illustrates our vertically integrated business model and product matrix:



Note:

(1) The smelting process typically takes two to three days for nickel intermediates. Delivered intermediates include NPI (with a nickel content typically below 15%), low-grade nickel matte (with a nickel content typically ranging between 10% to 30%), high-grade nickel matte (with a nickel content typically exceeding 70%), etc.
(2) The refining process typically takes 11 to 13 days to produce electrolytic nickel (a high-purity form of nickel), nickel sulfate (with a nickel content typically around 23%), and cobalt sulfate (with cobalt content typically around 20.5%), etc.
(3) The producing process typically takes 10 to 25 days for nickel-based materials, seven to 18 days for cobalt-based materials, around 1 day for phosphorus-based materials, and three to six days for sodium-based materials. Nickel-based materials include ultra-high nickel pCAM (with nickel content of at least 90 mol%), high-nickel pCAM (with nickel content of at least 80 mol%), and mid-nickel pCAM (with nickel content of at least 50 mol%). Cobalt-based materials include tricobalt tetroxide (with cobalt content ranging between 70% to 75%).

The table below sets forth the breakdown of our revenue by products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(Unaudited)*			
New energy battery materials										
Nickel-based materials	24,627,656	81.2%	21,733,466	63.4%	16,163,302	40.2%	8,830,575	44.0%	7,490,866	35.1%
Cobalt-based materials	3,194,732	10.5%	2,957,722	8.6%	2,244,581	5.6%	1,078,274	5.4%	1,451,943	6.8%
Phosphorus-based materials	661	0.0%	327,722	1.0%	679,644	1.7%	246,692	1.2%	670,075	3.1%
pCAM	661	0.0%	327,722	1.0%	679,610	1.7%	246,692	1.2%	669,947	3.1%
CAM	–	–	–	–	34	0.0%	–	0.0%	128	0.0%
Other innovative materials[1]	–	–	–	–	9,869	0.0%	2,922	0.0%	19,368	0.1%
Sub-total	**27,823,049**	**91.7%**	**25,018,910**	**73.0%**	**19,097,396**	**47.5%**	**10,158,463**	**50.6%**	**9,632,252**	**45.2%**
New energy metal products	–	–	3,388,015	9.9%	13,483,103	33.5%	6,439,175	32.1%	9,272,895	43.5%
Metals trading	9,881	0.0%	749,037	2.2%	4,355,858	10.8%	1,969,857	9.8%	546,540	2.6%
Resales of raw materials	1,888,469	6.2%	4,011,372	11.7%	1,829,391	4.5%	836,199	4.2%	1,249,179	5.9%
Others[2]	622,342	2.1%	1,105,889	3.2%	1,457,142	3.6%	682,493	3.4%	621,681	2.9%
Total	**30,343,742**	**100.0%**	**34,273,223**	**100.0%**	**40,222,890**	**100.0%**	**20,086,186**	**100.0%**	**21,322,547**	**100.0%**

Note:

(1) Other innovative materials mainly include sodium-based and manganese-based pCAM.
(2) Others mainly include revenue from contract manufacturing services.

Our R&D achievements

We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. This enables us to achieve rapid product iteration. We also actively involve research institutes, engineering academics, as well as our customers and suppliers to jointly advance our R&D endeavors covering a wide range of other new energy materials. Our commitment to R&D and advanced technology enable us to develop products for various high-potential emerging end markets. As of June 30, 2025, we had an R&D team of 1,981 professionals, accounting for 11.2% of our total employees. We had 211 patents for our principal business as of June 30, 2025.

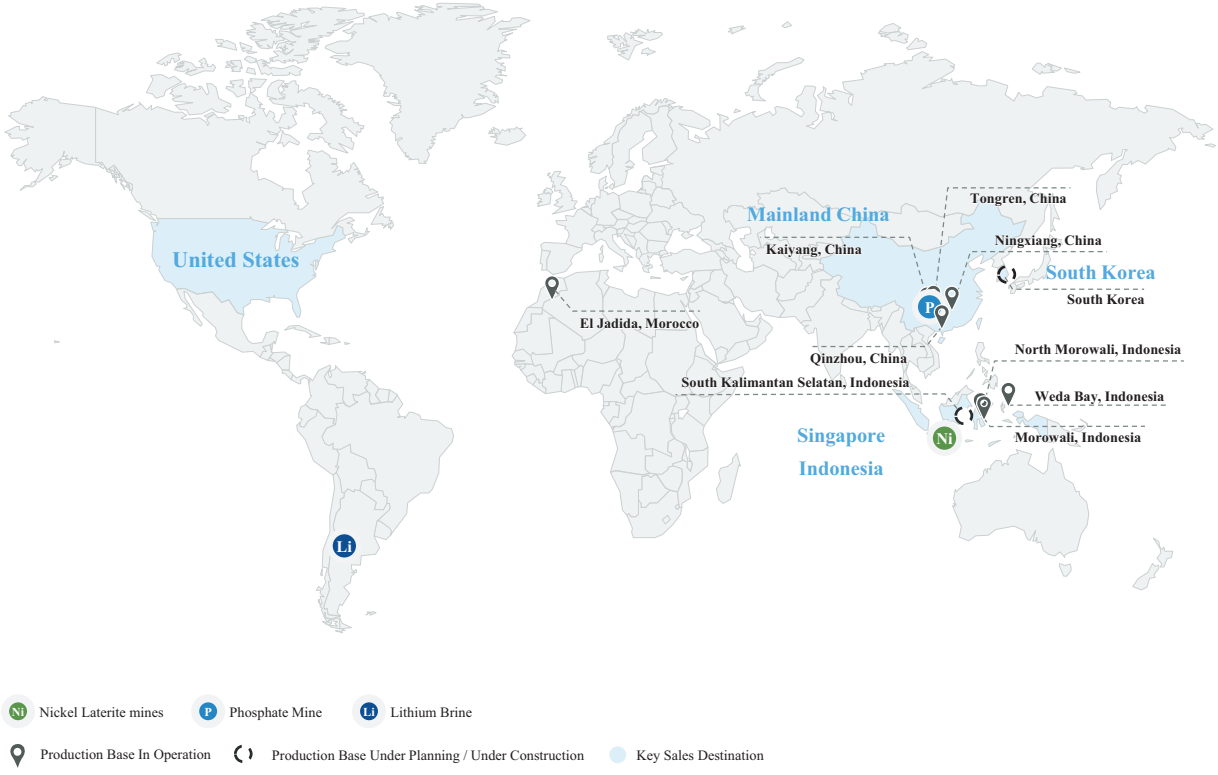
Since our inception, we have been continuously developing new products tailored to customer needs and adopting advanced technologies to enhance efficiency. Our breakthroughs include industry-first ultra-high nickel pCAM, 4.55V high voltage cobalt-based pCAM, and low-cost NFPP pCAM; experimental titanium- doped LFP pCAM; our pioneer position as the first in the world to employ eco-friendly OESBF pyrometallurgical technique to smelt lateritic nickel ores; and our centrifugal extraction technology that has transformed the nickel and cobalt hydrometallurgy. See "— Strength — Commitment in R&D and

continuous technology achievements to enable delivery of high-quality, cost-efficient products and driving new applications."

As a result, our products are widely recognized by our end customers and have been adopted in leading and innovative battery products by our customers with features such as long cycle life in low-temperature conditions, fast charging rate, and high energy density supporting long driving range.

Our global footprint

We have established a global presence in terms of customer base, supply chain and manufacturing sites, which propels our growth and future development. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, revenue from our direct customers outside of China accounted for 33.7%, 41.1%, 44.5%, 45.4% and 50.6% of our total revenue, demonstrating high recognition of our products worldwide. We have also built a global supply chain with access to high-quality and cost-effective resources, including nickel, phosphate and lithium resources, allowing us to secure a stable and cost-efficient supply of raw materials consistently and enhance our business resilience. All our production bases are strategically located — either close to upstream resources or positioned to serve demands in key end markets, granting us the maximum flexibility. We position our production bases to capitalize on global demand across Asia, Europe and North America, while maintaining the agility to navigate market complexities. Specifically, we established production bases in China, the world's largest producer of new energy batteries, to remain close to a number of key customers. In Indonesia, our production bases serve as a regional hub for South and Southeast Asia, leveraging the country's abundant, high quality and cost-effective nickel resources as well as its well-established nickel value chain. In Morocco, our production base operates as a strategic hub for the European and American markets, supported by abundant phosphate and clean energy resources and an established phosphate industry value chain. Finally, our production base in South Korea, the second-largest producer of new energy batteries in terms of shipment volume in 2024, positions us near key customers in the region. As of June 30, 2025, we had four production bases in China, three production bases in Indonesia, one production base in Morocco and one production base under planning in each of Indonesia and South Korea. We also form strategic partnerships with leading local industry players in our global expansion.



Our high-quality customers

We have a high-quality customer base globally covering industry leading players in new energy materials, battery, automotive and consumer electronics industries. We supply leading cathode companies directly and act either as a direct supplier or an indirect supplier (by providing products to the designated cathode companies) to world-renowned battery companies and top automotive brands. Notably, we supplied to top 10 global EV battery manufacturers by shipments in 2024. We have forged strong and long-term relationship with these customers.

Our sustainable development

We actively promote the United Nations Sustainable Development Goals. As a member of the United Nıations Global Compact (UNGC) since May 2023, we support UN's Sustainable Development Goals (SDGs) and adhere to the ten principles of the UNGC. We have established a comprehensive sustainable development system and maintained regular communication with our stakeholders regarding our ESG governance, strategies, actions, and achievement of objectives.

We are dedicated to building a responsible supply chain that encompasses best practices related to labor, health and safety, environment, compliance management systems, business ethics, and carbon emission performance. Notably, we are actively promoting the use of green energy in our production process. In addition, our OESBF process effectively enhances multi-metal recovery while significantly reducing coal consumption and, lowering carbon emissions by approximately 10%, compared to RKEF method. We have also built facilities to recycle valuable metals from black mass, which in turn is recycled from spent lithium-ion batteries. Our recycling initiatives reduce waste, and minimize the environmental impact associated with traditional mining and smelting.

Due to our strong ESG performance in 2024, our MSCI ESG rating was upgraded to AA from BBB in 2025. The MSCI ESG Rating is a widely recognized benchmark that evaluates a Company's ESG performance and resilience. The AA rating signals that we are managing ESG risks and opportunities reasonably well.

Our market opportunities

The global low carbon and energy transition trend and the increasingly widespread adoption of AI revolution present massive growth opportunities for the new energy materials industry. We expect rapid development of both existing downstream applications, such as EV, ESS and consumer electronics, and high-potential emerging applications (such as humanoid robotics and low-altitude aerial vehicles) arising from continuous technological breakthroughs.

Global EV market has experienced explosive growth supported by innovative technologies and favorable policies in the past few years and is expected to continue to grow at a CAGR of over 20.9% from 2024 to 2030 in terms of sales volume. This will stimulate continuous demand increase for EV batteries, leading to higher demand for new energy battery materials, especially nickel-based and phosphorous-based materials. Driven by supportive government policies, along with growing integration of renewable energy generation and electric grids, the global ESS battery market is expected to grow rapidly, at a CAGR of 29.7% from 2024 to 2030 in terms of shipment volume. With LFP batteries dominating the ESS segment, demand for phosphorus-based materials is expected to increase significantly. Additionally, other cost-effective new energy battery materials, such as sodium-based alternatives, are also anticipated to play an increasingly important role.

Continuous technological breakthroughs have empowered electrification across various sectors including vessels and low-altitude aerial vehicles, driving increased demand for lithium-ion batteries and, in turn, pCAM. At the same time, increasingly widespread adoption of AI, including the development of

humanoid robotics, virtual reality (VR) and augmented reality (AR) products, is creating emerging high-potential end markets for new energy battery materials. Such growing demands from key AI applications are driving continuous innovation in battery capacity and lifecycle. Meanwhile, consumer electronics, such as smartphones, laptops, and power tools, also require increasingly advanced battery material solutions.

Our financial performance

During the Track Record Period, we delivered solid growth and profit margins. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our revenue was RMB30,343.7 million, RMB34,273.2 million, RMB40,222.9 million, RMB20,086.2 million and RMB21,322.5 million, respectively, representing a year-over-year growth rate of 12.9% from 2022 to 2023, 17.4% from 2023 to 2024 and 6.2% from the six months ended June 30, 2024 to the six months ended June 30, 2025. Our net profit was also robust as we continued to execute on our integration and globalization strategies. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our net profit was RMB1,539.4 million, RMB2,100.5 million, RMB1,787.8 million, RMB1,155.8 million and RMB705.7 million, respectively. During the same period, our EBITDA (Non-IFRS measure) was RMB2,678.0 million, RMB3,903.7 million, RMB4,283.0 million, RMB2,342.8 million and RMB2,288.0 million, with EBITDA margin (Non-IFRS measure) of 8.8%, 11.4%, 10.6%, 11.7% and 10.7%, respectively.

STRENGTHS

Leading global pCAM company that benefits from high market share and growth opportunities driven by energy transition

We are a key player in the global energy transition and a new energy materials company holding market leading position in the pCAM sector for years. More specifically:

- We are the global leader of nickel-based pCAM. Our nickel-based pCAM shipment volume in 2024 accounted for 20.3% of the global market share, making us the largest producer of nickel-based pCAM for the fifth consecutive year since 2020. Over 70% of the nickel-based pCAM we offered in 2024 are high- and ultra-high nickel products in terms of shipment volume, which are better priced. Our high-nickel products captured a global market share of 31.7% in 2024. Additionally, we are the world's first company to achieve mass production of ultra-high nickel pCAM, holding a global market share of 89.5% in 2024. This showcases our strong technological capabilities and commitment to product upscaling and high-margin growth.

- We are the global leader of cobalt-based pCAM. Our cobalt-based pCAM shipment volume in 2024 accounted for 28.0% of the global market share, making us the largest producer of cobalt-based pCAM for the fifth consecutive year since 2020. All of our cobalt-based pCAM features high-voltage (exceeding 4.45V) technology, effectively bridging a critical industry gap in high-voltage applications, the high-end market. Through continuous technological advancements, we drive product iteration and cater to the high-end market.

- Our entry into phosphorus-based materials in 2022 further reinforced our market leadership, marking a significant milestone in our diversified technology roadmap and business expansion. Phosphorus-based materials have now become a key driver of our growth.

- We are making significant strides in innovative materials. We began to mass-produce sodium-based materials in 2024, delivering exceptional performance in polyanion technology and achieving industry- leading cost and efficiency in layered oxides. Our products have been certified by multiple leading battery manufacturers and have secured kiloton-scale orders.

With our leading position in high-performance battery materials and strategic focus on next-generation technologies, we are poised to seize vast market opportunities and strengthen our leadership across both

existing and emerging end markets, particularly riding the wave from the infusion of AI in the various end-applications of our products.

- ***EV***: Driven by technological breakthroughs, product innovation, AI-empowered features and policy support, the global EV sales are projected to reach 57.1 million units in 2030, representing a CAGR of 20.9% from 2024 to 2030. This surge in EV sales will drive strong demand for batteries, which in turn will drive demand for new energy battery materials. EV-related demand for pCAM is expected to grow at a higher CAGR of 26.8% to reach 7,903.1 thousand tons in 2030.

- ***ESS***: Large-scale deployment of AI computing clusters and data centers worldwide, along with the surging demand for low-cost, high-safety ESS from power grids and industrial and commercial sectors are expected to drive the growth of global ESS battery shipments by a CAGR of 29.7% to reach 1,391.3GWh, in 2030. ESS-related demand for pCAM is expected to further grow by a CAGR of 30.5% to reach 3,162.1 thousand tons in 2030.

- ***Consumer electronics***: The widespread adoption of AI technology is expected to be a key driver of the consumer electronics device sector. Consumer electronics-related demand for pCAM is expected to further grow by a CAGR of 12.8% to reach 275.2 thousand tons in 2030.

- ***Emerging markets***: The rise of humanoid robotics, electric vessels and low-altitude aerial vehicles, such as eVTOLs and UAVs, are expected to increase the demand for high-energy-density and high-safety new energy battery materials, such as materials for solid-state and high nickel batteries.

Commitment in R&D and continuous technology achievements to enable delivery of high-quality, cost-efficient products and drive new applications

We have been committed to the R&D of advanced new energy battery materials ever since we tapped into the industry, in order to meet the evolving needs of leading global customers. Over the years, we have accumulated extensive technological expertise and industry experience. We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. Additionally, we take a holistic approach to coordinate our R&D initiatives across different process stages, enabling seamlessly transition from R&D results to mass-production. This ensures the production of high-quality products that meet customer needs while maintaining cost efficiency in our operations.

We have developed an intelligent R&D platform utilizing advanced modeling and simulation tools to enhance efficiency and accelerate product development. Real-world feedback from our customers is timely fed into our R&D platform as an integral part of our product development cycle, allowing us to continuously optimize product performance and iterate products efficiently. Our R&D system has shortened new product development cycle to respond rapidly to market changes. We also utilize advanced technologies for quality testing and are the first in the industry to introduce the electron microscope system to provide more detailed assessment on the product quality.

As a result, we have been leading and driving forward the breakthrough in the industry through developing new products tailored to customer needs and adopting advanced technologies to enhance efficiency. Our dedication in R&D led to the following industry "firsts" and other achievements:

- industry-first ultra-high nickel pCAM, which are able to achieve an energy density of 230mAh/g, a 27.8% to 12.7% increase compared to 180 mAh/g to 204 mAh/g in a ternary battery with 60% to 80% nickel content;

- industry-first 4.55V high voltage cobalt-based pCAM, which enable faster charging capabilities for LCO batteries for consumer electronics;
- industry-first low-cost NFPP pCAM for sodium-ion batteries, a promising alternative to lithium-ion batteries, have been in mass production since 2024;
- our experimental titanium-doped LFP pCAM, which effectively enhance the kinetic performance of LFP by improving ion diffusion, electronic conductivity and structural stability;
- we are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore pyrometallurgical technique; and
- our centrifugal extraction technology has transformed the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process. See " — Production — Refining."

Moreover, we have been leading the industry in developing next-generation technologies and materials for various applications, including:

- ***Solid-state battery pCAM*** — we have been collaborating with leading battery companies to develop high-nickel pCAM used for solid-state batteries, which have already reached the large-scale pilot test stage;
- ***High-nickel pCAM for eVTOLs*** — we have been optimizing high-nickel pCAM design tailored for eVTOLs, focusing on achieving high density, fast charging/discharging rate and better performance under high temperatures;
- ***Sodium-based pCAM*** — we are in strategic collaboration with a leading battery company in China to develop layered oxide sodium-ion materials;
- ***Phosphorus-based materials*** — we have developed enhanced technology to produce LFP from iron phosphate compounds, which can reduce manufacturing costs. Our fourth generation of LFP, with a compacted density of around 2.6 g/cm³, is currently undergoing the verification process by our customers; and
- ***Cobalt-based pCAM*** — emerging applications, such as humanoid robotics, require stable and high-density batteries, making our cobalt-based pCAM an ideal solution.

Established international presence and outstanding globalization capabilities to capitalize on tremendous global demand while navigating market complexities

Since our inception, we have targeted the global market and have been a pioneer among Chinese new energy battery materials companies in establishing an international presence. Our globalization strategy has been guided by insights into markets, resources, and macro trends across the globe. We strategically position our manufacturing facilities and sales channels to better serve our key markets across Asia, Europe and North America, while maintaining maximum flexibility. At the same time, we are building a global supply chain to secure access to high-quality, cost-effective raw materials.

We take an agile approach to global expansion, using a combination of joint ventures, minority investments and majority acquisitions to adapt to different market conditions and opportunities. By partnering with leading local industry players, we have been able to scale up local operations quickly. Our global reach, strengthened with local partnerships, makes our business more resilient and helps us navigate the complexities of overseas operations. More specifically:

- Our Morocco production base serves as a strategic hub for the European and American markets. Additionally, we are able to leverage the abundant phosphate and clean energy resources and established phosphate value chain in Morocco;

- Our Indonesia production base is transforming from a base for reliable supply of high-quality, cost- effective raw materials, to a regional hub for South and Southeast Asia; and

- Our planned production facility in South Korea production base brings us closer to certain key customers and the second largest battery producing country.

We have a proven track record in global operations, as evidenced by our successful developments in Indonesia and Morocco. These achievements demonstrate our strong global execution capabilities in developing greenfield projects, building up presence, and ultimately achieving vertically integrated operations with cost advantages.

- ***Indonesia***: From 2021 to 2022, we successfully built our first production line in Indonesia in just 13 months, from construction to trial production, overcoming significant challenges during the global pandemic. Today, we are one of the world's largest nickel products producers, with an integrated business model spanning mining, smelting and refining. Our Indonesia operations are a vital part of our value chain, enhancing the global competitiveness of our overall business.

- ***Morocco***: As the only large-scale new energy battery materials production facility outside Asia, our nickel-based pCAM facility in the base was constructed and became operational in just nine months, showcasing our outstanding execution capabilities.

Trusted partners of global top-tier high-quality customers with strong and long-standing relationship

Leveraging our strong R&D capabilities, proprietary technologies and high-quality, cost-efficient products, we either supply leading cathode companies directly or serve as an indirect supplier (through designated cathode companies) to world-renowned battery companies, as well as top automotive and consumer electronic brands. Notably, we supplied to top 10 global EV battery manufacturers by shipments in 2024.

We have forged long-standing relationships with our key customers, with an average cooperation period of six years with our major customers. Our customers highly value their long-term partnerships with us, recognizing that a stable, high-quality, and cost-efficient supply chain is critical to their competitive advantage.

Driven by the critical importance of battery safety and performance to end customers, suppliers of battery materials must undergo rigorous and lengthy validation processes before being approved into the supply chain. According to Frost & Sullivan, the validation timeline for new suppliers of new energy battery materials typically includes three phases (i.e. the lab-scale production, pilot-scale production, and mass production) and takes one to two years for EV and ESS applications with domestic customers, and three to four years for overseas customers, and one to two years for consumer electronics. Our products have been repeatedly validated by our key major customers over the past decade, providing a significant competitive advantage in securing future business opportunities.

Furthermore, we continue to deepen collaboration with existing customers by expanding our product offerings and engaging in early-stage co-development of new technologies. For example, we have maintained a strong partnership for over five years with a leading EV company, supplying more than 90% of the nickel-based pCAM in one of their manufacturing facilities. Additionally, we strengthen customer relationships by co-developing their next-generation products, working closely with them at the R&D stage to deliver solutions tailored for their products throughout the development cycle.

Flexible, vertically-integrated operations to ensure a secure, green supply chain and maximize value

We began as a pCAM specialist and have since evolved into a vertically-integrated global operation, spanning from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling.

As early as 2020, we initiated our vertical integration strategy. Since then, we have secured global access to critical mineral resources, including nickel laterites, phosphate and lithium, and built up smelting and refining capabilities, to strengthen our supply chain security and industry leadership. Our strategic investments give us flexibility to manage our supply chain, as we continue to expand our product portfolio. We believe our current access to nickel laterites and our strategic exposure to phosphate and lithium resources will sustain the production of our lithium-ion battery materials for decades to come.

As of June 30, 2025, we achieved a nickel primary smelting capacity of approximately 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025. We price our new energy battery materials and source metal raw materials using similar benchmark prices published the LME/MB or SMM/SHFE, but with different discount rates. See "— Our Business and Products — Product pricing." We have benefited from favorable differences in these discount rates, largely due to our integration efforts, which have allowed us to shift from sourcing high-purity metals, or metal intermediates, to metal ores, and capture more value generated through processing metals within our integrated supply chain.

Furthermore, our grip on nickel resources and processing capabilities ensures supply chain security during shortages while maximizing profitability by selling nickel products and sourcing alternative raw materials when market conditions are favorable. Our integrated operations provide a natural hedge against raw materials fluctuations and deliver cost advantages, enhancing our competitiveness in the downstream battery material market. We have the flexibility to sell nickel products processed by our smelting facilities to the broader market, such as stainless steel in addition to supporting our own new energy battery materials production. Our nickel product portfolio includes nickel intermediates (such as NPI and nickel matte) as well as electrolytic nickel, with our electrolytic nickel brand successfully registered as a deliverable brand on both LME and SHFE. Additionally, we maximize value by generating revenue from by-products of our production processes, such as cobalt and copper metals, as well as precious metals extracted from nickel laterites.

We continuously enhance operational efficiency across our entire value chain, reducing manufacturing costs, improving product quality, and accelerating production timelines, to strengthen our profitability and drive sustainable growth through market cycles.

We are dedicated to making our operations greener to drive a sustainable future. More specifically:

- As a member of the UNGC since May 2023, we support UN's SDGs and adhere to the ten principles of the UNGC. Our commitment is exemplified by our Qinzhou production base, the industry's first zero- carbon pCAM production facility, setting a new benchmark for sustainable manufacturing in the new energy battery materials sector;

- We have built recycling facilities to recover valuable metals from black mass recycled from spent lithium-ion batteries, which reduces waste and minimizes the environmental impact associated with metal mining and smelting. We are among the few in China accredited by MIIT for both sorting spent EV batteries and dismantling spent EV batteries and refining black mass; and

- Our OESBF process effectively enhances multi-metal recovery while significantly reduces coal consumption and carbon emissions.

Due to our strong ESG performance in 2024, our MSCI ESG rating was upgraded to AA from BBB in 2025.

Advanced engineering and manufacturing capabilities to achieve optimal operational efficiency and superior product quality

We place a strong emphasis on engineering capabilities, with in-house production techniques and equipment development driving our process advancement. For all our production bases, our engineering

team is responsible for master planning, designing the engineering package, which includes all engineering specifications and requirements for the bases, and overseeing construction and delivery by external EPC contractors. Key production equipment such as reactors, concentrators and continuous ovens, is also independently designed and manufactured. This enables a seamless transition from R&D to large-scale production, while enhancing product consistency and reducing manufacturing costs. Our proprietary equipment is highly customized and complex, making it difficult for other companies to use or replicate, thereby establishing strong technical barriers in the industry. Our strong engineering capabilities have enabled us to become the only Chinese company to successfully build and operate a new energy materials production facility in Morocco. Our strong engineering capabilities are underpinned by advanced process development capabilities and integrated project management. We have a dedicated team of approximately 300 engineers specializing in engineering process development and optimization and construction. Leveraging this robust talent pool and our continuous investment in enhancing our engineering capabilities, we have developed mature process packages that can be efficiently deployed when establishing new production facilities. In addition, we have implemented an integrated construction management system encompassing design, process control, procurement, and logistics, enabling efficient and centralized execution, particularly advantageous for complex overseas projects.

We are committed to enhancing our manufacturing capabilities through automation and digitalization. In 2020, we transformed all our production bases in China into intelligent manufacturing facilities, incorporating MES systems, SAP/ERP systems and AGV technologies. This transformation has significantly improved our manufacturing efficiency in several key areas:

- ***Enhanced quality control.*** We utilize MES for automated error-proofing in material feeding and real-time inspection, and we have achieved a 0% error rate for material feeding.

- ***Improved production efficiency.*** Our integrated information management system enables real-time data transmission, effectively reducing average inspection time**.** Additionally, the intelligent feeding system has increased production efficiency.

- ***Optimized labor usage.*** The adoption of AGV automated logistics technologies has effectively reduced labor force, enhancing overall productivity and cost efficiency.

We have built a comprehensive digital platform that enables end-to-end operational management, integrating advanced technologies across design, processes, and equipment to streamline development lead times and enhance decision-making. By digitizing the entire manufacturing process from R&D to mass production, we can optimize production efficiency with real-time adjustments. Enabled by robotics, IoT and AI, this system ensures operational safety and exceptional cost efficiency across all business functions.

Quality control is of paramount importance of our business, and we are devoted to maintaining exceptional precision and consistency in our products at mass production levels, which are critical for our success. We attained an industry-leading product yield rates for our new energy battery materials of over 95% in 2024, reflecting our rigorous standards and operational excellence. Furthermore, we continuously optimize and iterate our production processes and technologies, driving improvements in efficiency and minimizing overall production costs. This relentless focus on manufacturing advancement ensures that we deliver superior value to our customers and remain at the forefront of the industry.

Experienced and entrepreneurial management team with strong execution capabilities

Our global success and leading market position are a testament to our management team's leadership and strong execution capabilities.

At the helm is our founder, chairman of the Board, and president, Mr. Deng Weiming, a pioneer in China's new energy materials sector. Recognizing the immense potential of the new energy industry,

Mr. Deng made a strategic shift to new energy materials business in 2013. In 2021, he and the management team took another strategic step by expanding into upstream resources in Indonesia, laying a strong foundation for our integrated operations and global expansion. Our R&D culture is fueled by entrepreneurship, with Mr. Deng and the management team prioritizing sustained investment in R&D and implementing agile strategies to integrate cutting-edge technologies into our core operations.

Beyond entrepreneurship, our management team and core R&D team embody the intellectual rigor of scientists and the technical expertise of engineers. They attach great importance to science and technology, which are our core values. Our management team has consistently demonstrated strong execution capabilities, successfully implementing strategic initiatives with efficiency and precision. Since entering the new energy materials sector with cobalt-based pCAM, we swiftly rose to global No.1 in terms of shipment volume for five consecutive years from 2020 to 2024. We expanded into nickel-based materials in 2015, securing the global No.1 position ranked by shipment volume for five consecutive years since 2020. Our entry into phosphorus-based materials in 2022. These track records underscore our management's proven ability to execute efficiently and scale rapidly.

GROWTH STRATEGIES

Leverage technologies to address the emergent demands fueled by industry tailwinds

Technology and R&D are at the core of our business. We will continue to build on R&D and technological advancements to fuel the growth of our business. We are committed to technological excellence, continuously advancing our products through rapid iteration, enhanced performance and improved cost-efficiency. To stay at the forefront of industry trend, we will continue to collaborate with leading global research institutes, engineering academics and key customers to develop cutting- edge, industry-enabling technologies. By fostering scientific breakthroughs across all segments of our business, we aim to lead the next wave of technological breakthrough and shape the future of our industry. More specifically, we aim to adopt a tailored approach for each of our main product categories:

- ***Nickel-based materials.*** We aim to advance our product portfolio toward high-nickel materials and accelerate product iteration. We believe that this will enable us to capture emerging demand driven by the commercialization of humanoid robotics and low-altitude aerial vehicles, such as eVTOLs and UAVs, which require high-energy-density solutions.

- ***Cobalt-based materials.*** We aim to continue to develop stable, high-density cobalt-based materials to support the wider adoption of AI applications, including AR/VR devices and other portable AI-powered equipment.

- ***Phosphorus-based materials.*** We aim to strengthen and expand our global presence in the phosphorus-based materials market, leading with high-density, high-ductility and cost-effective products to meet evolving industry needs.

- ***Next generation materials.*** We plan to pioneer next-generation battery technologies by mass-producing sodium-ion and solid-state battery materials, leveraging their cost advantages and superior safety performance to capitalize on industry tailwinds.

Through this strategy, we aim to establish ourselves as a technology-driven enabler of new energy materials, positioning us for continued growth.

Continue to enhance global footprint and strengthen stable supply of upstream resources

Aligned with our globalization strategy, we are committed to further integrating into the global new energy value chain by leveraging our natural resources advantages, integrated operations, global reach, and

intelligent manufacturing capabilities at our production bases. We believe this will enable us to better serve our global customer base.

We will explore opportunities to acquire additional high-quality mineral resources critical to our operations. We aim to focus on nickel, phosphate and lithium resources worldwide. In assessing the potential opportunities, we plan to consider factors such as the prevailing cycle, valuation, resource prices and development costs. To accelerate our global expansion, we will also continue to allocate resources to scale our overseas operations. We are fast-tracking capacity expansion at our production bases in Indonesia and Morocco and evaluating plans for the construction of our first nickel-based material production line in South Korea. To support the rapid development of our global industrial bases, we plan to attract top talent to enhance local capabilities across production, engineering, sales and marketing, and management.

Capitalize on our expertise in industrial integration to strengthen our supply chain and expand our industrial ecosystem

Our global integrated operation is a key driver of our rapid growth. In the nickel-based materials category, we have strategically secured upstream nickel laterites resources and established a vertically integrated value chain—from laterite nickel ores to high-nickel pCAM. We plan to strengthen our upstream and midstream nickel production capacities in Indonesia, enhancing our ability to capitalize on opportunities in the broader nickel industry while ensuring a stable supply for our downstream new energy materials production.

We also plan to extend our expertise in industrial integration to develop phosphorus-based materials value chain, further expanding our industrial ecosystem. This strategy fosters seamless coordination between resources and technologies while enhancing vertical synergies, paving the way for a low-carbon, collaborative, and sustainable new energy ecosystem.

Specifically, in phosphorus-based materials, we are leveraging our existing phosphate and lithium resources to build an integrated value chain—from raw material extraction to LFP production. By doing so, we not only broaden our product portfolio but also unlock full-spectrum cost advantages through vertical integration and synergy optimization.

Promote digitalization and intelligent technologies across all aspects of operation

We are committed to advancing digitalization, automation, and intelligent technologies across all aspects of our integrated operations, including R&D, manufacturing, supply chain management, and quality control, to foster intelligent and sustainable growth.

By deploying cutting-edge digital and intelligent technologies, we plan to upgrade our existing manufacturing facilities and develop production bases, ensuring a seamless transition to new industrial standards. Additionally, we plan to increase investments in automated robotic systems for material handling, assembly, and inspection, streamlining production processes, as well as IoT and AI to further improve operational safety and cost efficiency.

Furthermore, we aim to leverage big data analytics and AI-driven tools to enhance real-time monitoring and data-driven decision-making, enabling full information traceability and driving operational excellence.

OUR INTEGRATED GLOBAL OPERATIONS

We are a new energy materials company, and we are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years from 2020 to 2024. pCAM, a critical new energy materials, has been our business focus and will remain our focus of future development. We offer a comprehensive and tailored portfolio of new energy battery materials, that spans

all major types of CAM, essential for lithium-ion and other advanced battery technologies. As we evolved, we have expanded upstream by acquiring mineral resources starting in 2022, which enabled us to secure an economic supply of raw materials. In 2023, we started to offer new energy metal products when it is more economical to procure raw materials from external sources, giving us the flexibility to maximize the value of our investment. In addition, in 2019, as part of our initiatives to reduce waste and minimize the environmental impact associated with traditional mining and smelting, we built our first facilities to recycle valuable metals from black mass, which in turn is recycled from spent lithium-ion batteries. The expansions make operations integrated along the value chain—from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling. This synergistic, closed-loop economy model enhances operational efficiency, strengthens our competitive edge, and reinforces our leadership in new energy materials.

We have been expanding our international presence across customer bases, supply chain and manufacturing. A stable and sustainable supply of key minerals is critical to the success of our operations. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, revenue from our direct customers outside of China accounted for 33.7%, 41.1%, 44.5%, 45.4% and 50.6% of our total revenue, demonstrating high recognition of our products worldwide. We have built a global supply chain with access to high-quality and low-cost resources, including nickel, phosphate and lithium brine, allowing us to secure a stable and cost-efficient supply of raw materials and enhance our business resilience. Our ten production bases are strategically located—either close to upstream resources or positioned to serve demands in key end markets in China and overseas. Production bases in China manufacture all categories of our tailored, high-performance new energy battery materials, and produce nickel sulfate and electrolytic nickel. We established production bases in China, the world's largest producer of new energy batteries, to remain close to a number of key customers. In Indonesia, smelting and refining operations adjacent to our mine assets specialize in nickel products, including nickel intermediates (such as, NPI and nickel matte) and electrolytic nickel. We established our production bases in Indonesia to serve as a regional hub for South and Southeast Asia, leveraging the country's abundant and high-quality nickel resources as well as its well-established nickel value chain. Our Morocco production base serves as a strategic hub for the European and American markets, supported by abundant phosphate and clean energy resources and an established phosphate industry value chain. Our production base in South Korea, the second-largest producer of new energy batteries in terms of shipment volume in 2024, positions us near key customers in that region.

As we broadened our access to upstream resources, we began to sell new energy metal products. Rather than a shift away from our commitment to pCAM, it provides us with additional flexibility in maximizing the value of our investments and assets. In particular, we have the flexibility to sell NPI, other nickel intermediates and electrolytic nickel to the broader market—serving industries such as stainless steel and high-performance alloys—or to utilize nickel sulfate processed from high-grade nickel matte as raw materials for manufacturing lithium-ion battery materials. The allocation between external sales and internal usage of nickel products is determined dynamically, based on prevailing market conditions and our real-time production requirements. In particular, when deciding whether to sell our nickel products or utilize them as raw materials in our production processes, our primary consideration is the overall economic benefit. For example, we conduct a comparative analysis between the market prices of nickel sulfate and nickel powder, nickel pellets and MHP. If it is determined that procuring nickel powder, nickel pellets and MHP as raw materials is more cost-effective than using our own nickel products, we would opt to sell the nickel products in the market and purchase nickel powder, nickel pellets and MHP for the production of nickel-based materials. For example, in 2024, our revenue from new energy metal products increased by 298.0% from 2023, as we determined that processing our nickel metal ores into new energy products for external sales would generate more profit than processing them into raw materials for our new energy battery materials. Going forward, we plan to continue to take advantage of such flexibility to supplement the profit generated from the sales of new energy battery materials and maximize our return. This flexibility also allows us to maximize profitability and strengthens our competitiveness in the downstream battery material market. Additionally, we create additional value by generating revenue from by-products of our

production processes, such as cobalt and copper metals, as well as precious metals extracted from nickel laterites.

We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy, to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. Since our inception, we have been continuously developing new products tailored to customer needs and adopting advanced technologies to enhance efficiency.

Through deep collaboration with leading global companies in the battery, EV, and consumer electronics industries, we integrate our research and development efforts with those of our customers, ensuring our R&D efforts align with both their current and future battery technologies. By working hand-in-hand with our customers, we provide industry-leading new energy battery materials tailored to their exact specifications from the outset of product development, while also pioneering materials that will drive the battery technologies of tomorrow. This integrated R&D creates high switching costs and strong barriers to replication. See "— Research and Development — Our Research and Development" for further details. Furthermore, we are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore smelting technology, and our centrifugal extraction technology has transformed the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process.

At the end of these materials' lifecycle, we have established facilities in China to recover valuable metals from black mass, a cost-effective source of nickel, cobalt, lithium, and other metals derived from spent lithium batteries.

OUR BUSINESS AND PRODUCTS

Overview

We primarily engage in R&D, production and sales of new energy battery materials, as well as new energy metal products. Our diverse, industry-leading battery material portfolio is divided into four main categories based on the primary metal or chemical element: nickel-based materials, cobalt-based materials, phosphorus-based materials and other innovative materials, covering all major types of CAM. Each category offers a range of basic series that can be tailored to align with individual specifications of our customers, by varying key parameters—such as metal ratio, doping levels and crystal structure. This flexibility allows us to offer solutions for a wide range of applications, from high-energy-density needs to cost-sensitive options, to those focusing on high charging rate or long cycle life.

Our integrated supply chain also enables us to sell new energy metal products, which mainly include (i) nickel products consisting of nickel intermediates (such as NPI and nickel matte) and electrolytic nickel, and (ii) certain by-products of nickel extraction process such as cobalt and copper, to maximize profitability. We have the flexibility to sell nickel and cobalt products to the broader market or utilize them as raw materials for manufacturing our new energy battery materials, depending on market conditions and our production demand. More specifically, we have the flexibility to choose to procure raw materials from external sources when the selling nickel products generate more profit than the incremental profit from using them as raw materials in our production process. The new energy metal products we sell and the raw materials we use are mainly different types of nickel products with different production processes as detailed in "—Production." As such, the profitability can be different as a result of the difference in prices and production costs.

Additionally, we engage in metals trading, which primarily involves nickel, leveraging our expertise in these markets, to better inform our core business and broaden our connections and reach in the industry. We mitigate the market risks arising from our trading activities through a comprehensive and robust risk management program.

Finally, benefiting from nickel production capabilities derived through our integrated operation, we from time to time resell externally sourced nickel raw materials, such as high-purity nickel and nickel matte, to maintain an optimal inventory level in response to the raw material price fluctuations. We also maximize value by generating revenue from other by-products of our production processes, such as precious metals extracted from nickel laterites and chemical products.

New energy battery materials

We produce and sell pCAM and CAM to our customers, which can be further processed to produce cathodes of new energy batteries. During the Track Record Period, substantially all of our new energy battery materials are pCAM, with all nickel-based and cobalt-based materials being pCAM, and to a lesser extent we also produce and sell phosphorus-based CAM. Since each customer has unique requirements for their battery performance, we work closely with them to understand their needs and deliver precisely the right materials for their technology, whether the focus is on energy density, cycle life, charging rate, safety or cost-efficiency. We have a streamlined and efficient product development process that enables us to respond swiftly to our customers' needs. Our product R&D process consists of three main stages: small-scale trials, pilot tests, and full-scale production, with close collaboration with our customers at each stage. In general, our product R&D process lasts approximately one to three years before full-scale production.

From 2015 to 2020, the rapid rise of the EV market was driven by breakthroughs in battery technology, particularly advancements in energy density that enabled longer driving ranges. In response, we focused our product development on mid-to-high nickel pCAM, significantly enhancing the energy density of ternary batteries. To meet these evolving demands for greater cost-efficiency and faster charging capabilities since 2020, we have introduced a portfolio of solutions including mid-nickel pCAM, phosphorus-based materials, and sodium-based pCAM. Looking ahead, there will be growing demand for ultra-high energy density, ultra-fast charging, and excellent safety, according to Frost & Sullivan. Our next-generation products are strategically designed to address these future requirements.

Nickel-based materials

Our nickel-based materials are nickel-based pCAM, mainly including NCM/NCA pCAM, which are powdered forms of nickel mixed hydroxides and oxides.

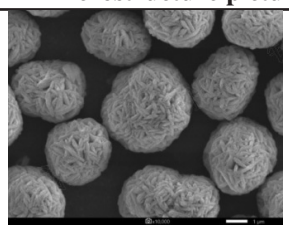
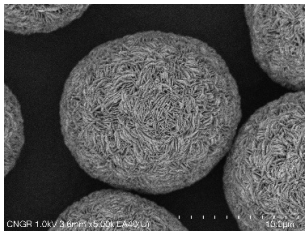
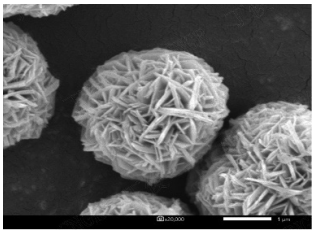
NCM/NCA pCAM are essential materials for producing cathodes in ternary lithium-ion batteries. Both NCM and NCA are widely-used CAM in the industry, particularly for EV, ESS and low-altitude aerial vehicles such as eVTOL offering high energy density, high safety and medium cycle life.

Based on the nickel molar percentage (mol%) in the product, our nickel-based pCAM are available in several basic series, corresponding to different CAM, such as Ni50 series for NCM5, Ni60 series for NCM6, Ni80 series for NCM/NCA8, and Ni90 series for NCM/NCA9 series. For example, NCM5 series contains at least 50 mol% of nickel, while NCM/NCA9 series contains at least 90 mol% of nickel. Nickel can increase energy density in the resulting batteries, cobalt can stabilize the layered structure of the cathode and improve cycle life, and manganese or aluminum can enhance the structural stability of the resulting new energy batteries. Through adjusting the proportion of different metal components, suitability of nickel-based materials for various scenarios can be achieved. Typically, the selling price of nickel-based products increases with higher nickel content.

We are the global leader of nickel-based pCAM. Based on 2024 shipment volume, our nickel-based pCAM account for 20.3% of the global market share, securing the top position for five consecutive years since 2020. In terms of shipment volume, over 70% of our nickel-based pCAM are high- and ultra-high nickel products. Our high-nickel products captured a global market share of 31.7% in 2024. Additionally, we are the world's first company to achieve large-scale mass production of ultra-high nickel pCAM, holding a global market share of 89.5% in 2024.

During the Track Record Period, as affected by the fluctuation in nickel price, the average selling price of our nickel-based materials decreased from RMB123,100 per ton in 2022 to RMB82,900 per ton in 2024, and further decreased from RMB87,300 per ton in the six months ended June 30, 2024 to RMB76,600 per ton in the six months ended June 30, 2025.

The diagram illustrates our representative and selected nickel-based pCAM products and use cases.

Category	Product	SEM microstructure picture	Features	Use cases
Ultra-high nickel product	Ni96		This ultra-high nickel ternary precursor features superior sphericity, dispersibility and density, while maintaining a small particle size. These can bring about high energy density and high charge/discharge rate performance in resulting new energy batteries.	Premium EV
	Ni92		This ultra-high nickel ternary precursor features sphericity, radial structure, porous distribution with a dense core and loose outer layer, and high crystallinity. These can bring about high energy density, long cycle life and high compaction in resulting new energy batteries.	Premium EV, low-altitude aerial vehicles and robotics
Mid-nickel products	Ni60		This mid-nickel ternary precursor features good sphericity, loose structure, high activity of primary grains, and a narrow particle size distribution. These can bring about high capacity, low cost, and high safety in resulting new energy batteries.	Mass market EV

Cobalt-based materials

Our cobalt-based materials are LCO pCAM, which are powdered forms of tricobalt tetroxide, serving as precursors for LCO, which is widely used in batteries for consumer electronics and robotics, due to its high energy density, high discharge voltage, good filling properties, and medium cycle life.

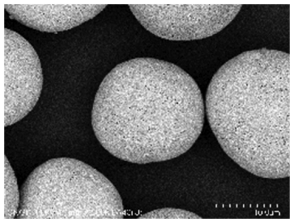
We utilize various chemical components and features in the synthesis of cobalt oxide, such as hydroxyl groups, which contribute to high thermal stability, and the hydrogen-oxygen system, which enhances the uniformity of the crystal structure in aluminum-doped cobalt oxide.

We are the global leader of cobalt-based pCAM. Based on 2024 shipment volume, our cobalt-based pCAM represents 28.0% of the global market share, ranking first globally for five consecutive years since 2020. All of our cobalt-based pCAM features high-voltage (exceeding 4.45V) technology, effectively bridging a critical industry gap in high-voltage applications.

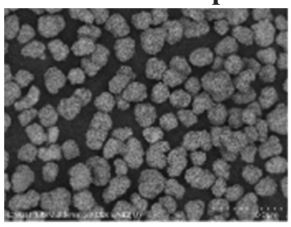
Our cobalt-based pCAM are primarily used for batteries for a wide range of consumer electronics and robotic applications. We offer cobalt-based pCAM with aluminum content of 1.2%, 0.9% and 0.6%, which can be used to produce batteries with a wide range of power capacity. In general, cobalt-based pCAM with higher aluminum content are able to support higher-voltage battery platform, which in turn can be used for batteries with higher power capacity.

During the Track Record Period, as affected by the fluctuation in prices of cobalt price, the average selling prices of our cobalt-based materials decreased from RMB327,900 per ton in 2022 to RMB106,600 per ton in 2024, while increased from RMB113,700 per ton in the six months ended June 30, 2024 to RMB124,300 per ton in the six months ended June 30, 2025.

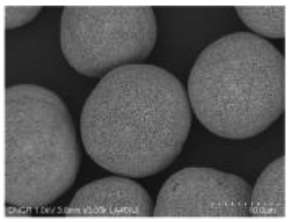
SEM microstructure picture



Al1.2%



Al0.9%



Al0.6

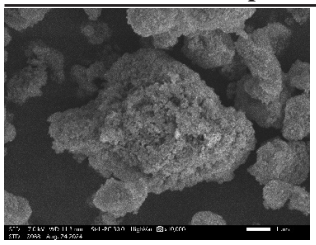
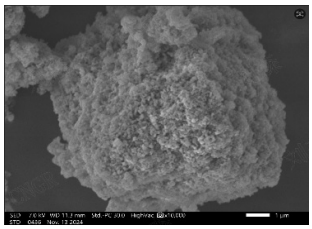
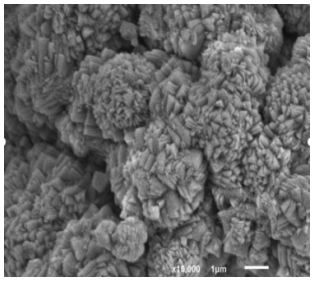
Phosphorus-based materials

Our phosphorus-based materials primarily include LFP pCAM. LFP pCAM are powdered forms of iron phosphate compound, serving as precursors of LFP, which are widely used in EV and ESS batteries, due to their high cycle life, thermal stability and cost-effectiveness. We launched LFP pCAM in 2022.

To enhance electrochemical properties of LFP pCAM, we dope iron phosphate compound with additional elements such as manganese and titanium. For example, our manganese-doped iron phosphate compound increases energy density by 15% compared to iron phosphate compound. Our titanium-doped LFP pCAM products effectively enhance their kinetic performance of LFP by improving ion diffusion, electronic conductivity, and structural stability. This leads to faster charge/discharge rates, improved power output, and extended cycle life.

During the Track Record Period, as affected by the supply and demand dynamics, the average selling prices of our phosphorus-based materials decreased from RMB14,300 per ton in 2022 to RMB8,700 per ton resulted from over-supply of LFP batteries in the market, while increased from RMB8,800 per ton in the six months ended June 30, 2024 to RMB9,200 per ton in the six months ended June 30, 2025 for the improved product quality.

The diagram illustrates our representative and selected LFP pCAM products and use cases.

Product	SEM microstructure picture	Features	Use cases
FP505		This LFP pCAM, doped with titanium (with a titanium content of approximately 0.4% or higher), exhibits enhanced kinetic performance and significantly improves ionic conductivity. This material meets the requirements for 3.5-generation and above LFP (with a compacted density of approximately 2.55 g/cm³ or higher) while maintaining a high low-temperature capacity retention rate.	Mass market EV and ESS
FP302		This LFP pCAM features a 50nm platelet crystal structure with high stability, excellent crystal strength, and product consistency. After sintering, it exhibits a uniform pore distribution and is suitable for third-generation and above LFP (with a compacted density of approximately 2.50 g/cm³ or higher).	Mass market EV and ESS
MFP202		This manganese-doped, or LFMP, pCAM has higher crystallinity, enabling high tapped density (with a tapped density of approximately 2.35 g/cm³ or higher) and a discharge voltage of approximately 3.75V or higher.	Mass market EV

To better serve our customers and address evolving market demands, we have expanded our phosphorus-based product offerings beyond pCAM to include LFP in second half of 2024. LFP are powdered forms of lithium iron phosphate compound. Our third generation of LFP, with a compacted density of around 2.50 g/cm³, has achieved stable production. Meanwhile, our fourth generation of LFP, with a compacted density of around 2.6 g/cm³, is currently undergoing the verification process by our customers. We have developed enhanced technology to produce LFP from iron phosphate compounds, which can reduce manufacturing costs.

Other innovative materials

Our other innovative materials primarily include sodium-based and manganese-based materials.

We have developed sodium-based category for sodium-ion battery technology, a promising alternative to lithium- ion batteries for light EV and ESS, due to the abundance and lower cost of sodium. Sodium-based batteries that contain our pCAM offer long cycle life, high safety and high charging rate, which is ideal for mid- and low-speed EV and long cycle ESS. Sodium-ion battery technology is still evolving, and we primarily focus on polyanion compounds and layered oxide. Layered oxides materials have a layered crystal structure and offer good energy density and performance. Polyanion compounds have a stable, extended framework formed by polyanions, such as NFPP, offering high thermal and structural stability. Our sodium-based materials are in powdered form. Notably, our NFPP pCAM series has been mass-produced, and our sodium-based pCAM have achieved industry-leading levels in several key parameters, including element distribution, XRD data and crystallinity.

Similar to phosphorus-based materials, we are developing sodium-based CAM to expand further down the value chain. We are also exploring manganese-based materials, which are pCAM that contain higher

manganese and lower cobalt. Our 5.0V high-voltage product in this category has been adopted in our key customers' products.

Customization

We design our products with precision, tailoring each product to meet the unique specifications of our customers. The extended R&D and verification period in the customization process enhances customer reliance on our products. Collaboration in R&D, process compatibility, and integration into future iterative product upgrades facilitate the establishment of a strong long-term partnership. The examples of collaborations below highlight our commitment to R&D and our ability to deliver customized products.

Case study — customized nickel-based pCAM

- **Key features:** high energy density
- **R&D period:** 33 months.
- **Customization process:** In 2022, a customer commissioned us to develop a customized nick-based pCAM, intended for use in high-capacity EV batteries with a target battery cell capacity of 215 mAh/g or higher. Throughout the R&D process, we carried out multiple rounds of optimization and validation based on the customer's requirements, with a focus on particle size and distribution, specific surface area, impurity content and peak intensity ratio of the main peaks in the XRD analysis.
- **Production:** We expect ton-level sample certification to be completed by 2025, and depending on the customer's and its end user's plans, we may begin the mass production in the same year.

Case study — customized LCO pCAM

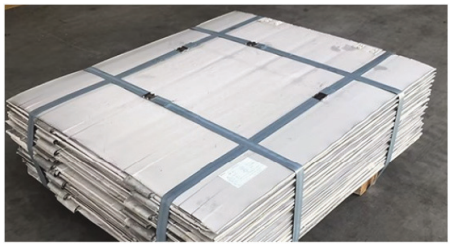
- **Key features:** high-voltage
- **R&D period:** 15 months.
- **Customization process:** In 2023, a customer commissioned us for R&D of customized LCO pCAM, which were expected to be applied to consumer electronics with high voltage requirement. We combined the customer's multi-element doping route and our proprietary technology in the R&D process. Using this technological approach, we have conducted multiple iterations and successfully developed 4.47V and 4.50V products for this customer. After multiple rounds of verification and optimization of element ratios, we have completed the pilot-scale sample certification.
- **Production:** We expect ton-level sample certification to be completed by 2025, and depending on the customer's and its end user's plans, we may begin the mass production in the same year.

New energy metals

We employ pyrometallurgical techniques, including the OESBF and RKEF processes, to produce NPI, low-grade and high-grade nickel matte from lateritic nickel ores at our three production bases in Indonesia, and one production base in China. NPI and low- grade nickel matte have lower nickel purity and can be used for stainless steel production and other nickel-related industrial applications. Low-grade nickel matte can be further refined into high-grade nickel matte, which is a raw material to produce nickel sulfate, a key raw material to manufacture pCAM. Alternatively, they can be processed into electrolytic nickel, which has higher nickel purity, suitable for specialty uses, such as producing superalloys. Typically, our NPI and

nickel matte are in powdered form, while our electrolytic nickel is primarily produced in solid form, such as nickel plates. Our electrolytic nickel brand has been successfully registered as a deliverable brand on both LME and SHFE.

Our smelting facilities in Indonesia are equipped with flexible production lines, allowing us to adjust the product mix of NPI, low-grade nickel matte, and high-grade nickel matte based on cost-effectiveness and economic benefits. When it is more economical to source alternative nickel materials for our pCAM production, we sell nickel products, consisting of nickel intermediates (such as NPI and nickel matte), and buy such raw materials in the market. Our integrated supply chain also enables us to sell electrolytic cobalt and copper, by-products of nickel extraction process to maximize profitability. This flexibility in production and sourcing allows us to optimize profits, reinforcing our competitive advantage in the new energy battery materials industry.



Nickel plate

Nickel matte

Metals trading

Leveraging our expertise in the market, we engage in metals trading to better inform our core business and broaden our connections and reach in the industry. In our metals trading operations, we procure finished metal commodities, primarily electrolytic nickel, and subsequently sell them to buyers in the market. Our trading activities provide strategic advantages by raising our profile within the metal industry and allowing us to stay ahead of market trends, optimize pricing strategies, and build stronger relationships across the supply chain.

Our operating center is responsible for the overall management of metals trading business. In line with operational requirements and business development objectives, the operating center continuously identifies and evaluates trading opportunities. Each December, the trading team prepares the following year's trading plan, which sets out the anticipated types of metal commodities, target of trading volumes and limits of inventory levels, funds and loss exposures. When establishing targets and limits for our trading activities, we carefully consider a range of factors, including both historical and anticipated market conditions, the volatility of relevant metal commodity prices, the efficiency of fund utilization, current inventory levels, and our overall exposure to potential losses. This plan is subject to management approval, after which the trading team conducts metals trading in accordance with the approved plan and established risk management protocols. When working towards the target of trading volume, the trading team continuously assesses market conditions and executes trades if they consider that there is appropriate trading opportunities. As such, the actual trading volumes in any given year may fluctuate based on prevailing market dynamics and may not always meet the targets previously established. When evaluating trading opportunities, the trading team closely monitors market price fluctuations of metal commodities. If the team anticipates a potential price increase in the near future, they may proactively procure metal commodities in advance to capitalize on favorable market conditions, selling them when prices reach a desirable level. The operating center will monitor the trading activities on an on-going basis to ensure that trading volumes do not exceed the set limits. If an adjustment to these limits becomes necessary, any changes will be made subject to management approval. Pursuant to the approved trading plan, the trading team sources suitable metal commodities, primarily electrolytic nickel, from carefully selected third-party suppliers, which are then held for future trading purpose. Throughout the Track Record Period, we primarily settled our metals trading with the suppliers and customers on a physical basis, with delivery effected through the transfer of warehouse receipts representing the underlying metal commodities.

To safeguard against price volatility and market fluctuations, we employ a comprehensive and robust risk management program. Our financial department assesses the economic viability of metals trading. It monitors the key business indicators for metals trading including the price of the metal products, and alert our trading team of any abnormality. In particular, we will monitor the benchmark price of relevant nickel on LME and SHFE. To more effectively prevent and control operational, market and financial risks associated with metals trading, relevant departments of us regularly monitor and analyze trading products, prices and risk exposures, and promptly issue risk alerts, propose preventive measures, and define handling procedures to ensure our stable operations and sustainable development.

Resales of raw materials

Our integration efforts have allowed us to shift from sourcing high-purity metals or metal intermediates to metal ores. Leveraging our nickel production capabilities, we from time to time resold externally sourced nickel raw materials during the Track Record Period, such as high-purity nickel and nickel matte, to maintain an optimal inventory level in response to the raw material price fluctuations. Those nickel raw materials were procured externally for the purpose of producing our own products, as compared with the finished metal commodities procured under our metals trading business, which were held for future trading purpose only. The prices of the resold materials are also determined based on the benchmark metal prices with differentiated discount rates. We typically will consider the cost-effectiveness of relevant raw materials, our production line ramp-up schedule, inventory level and potential profits, when determine whether to resell the externally sourced raw materials. With the supplies of raw materials from our upstream resources, we expect to have less proportion of resold materials depending on the market condition in the foreseeable future.

Other businesses

We may provide contract manufacturing services to some customers, mainly include cathode manufacturers, from time to time. Customers who have access to upstream raw material resources may choose to engage us for contract manufacturing services for our advanced technology, quality of products and large-scale production capacity of new energy battery materials, rather than purchasing new energy battery materials directly from us, when it more cost-effective for them. Under such arrangement, the customers will be responsible to provide relevant raw materials, and we will manufacture the relevant new energy battery materials according to the specifications required by the customers. During the Track Record Period, those customers engaged us to mainly manufacture cobalt-based materials. The service fees are charged with reference to the prevailing market price for manufacturing the relevant new energy battery materials.

We also maximize value by generating revenue from other by-products of our production processes, such as precious metals extracted from nickel laterites and chemical products. Benefiting from our strategic relationship with the Weda Bay industry park, Weda Bay industry park engaged us to process thermal coal since 2023 in view of the large energy demand in the industry park.

Product pricing

We generally determine our pricing for new energy battery materials based on the costs of metal materials as well as the costs of development and manufacturing. For example, high-nickel products are priced higher than mid-nickel products. Since metal prices constitute a significant portion of our overall product cost, our pricing strategy is closely tied to how we source and price metal materials.

For international customers, including the customers in Hong Kong, we typically refer the monthly average LME nickel price and MB cobalt price as the pricing benchmark, and for customers in China, we use the SMM and SHFE prices. The selection of the market platforms used as the pricing reference is primarily determined by the location of our customers. The price trends across these major exchanges are

largely consistent, with no significant discrepancies observed among them. After determining the benchmark metal price, we will apply a certain discount rate to it to price our products. While the discount rates for different products are primarily driven by industry factors, we still actively negotiate with our customers to obtain a more favorable discount rate within the industry norm. Typically, higher discount rates are applied when determining the selling prices for customers who maintain long-term business relationships with us and have substantial volume requirements. In some cases, when customers directly supply the metal materials, our product pricing is primarily based on the costs of development and manufacturing.

The pricing of our new energy metals is referenced to benchmark prices published by the LME/MB or SMM/SHFE, depending on the markets in which we sell our products.

RESEARCH AND DEVELOPMENT

We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. For each of these aspects, we have established dedicated and specialized R&D organizations. Additionally, we take a holistic approach to coordinate our R&D initiatives across different process stages, enabling seamlessly transition from R&D results to mass-production.

During the Track Record Period, we focused on the in-depth R&D on material mechanisms to guide pCAM structure design and also on the manufacturing techniques to enhance performance of our new energy battery materials, and enrich our product portolio. Through our consistent investment in R&D, we have achieved several technological advancements, providing the industry with advanced products and enhanced our competitiveness. See "—Research and Development—Our Achievement."

In the future we will continue our R&D focus on material mechanisms and manufacturing techniques to further enhance the performance of our new energy battery materials and our competitiveness. In particular,

Name of projects	Purpose of the project	Status	Estimated completion time	Expected impact on our future development
Ultra-high-nickel ternary precursor technology development	To design a new product structure that achieves both long cycle life and high compaction performance under ultra-high capacity by advancing the understanding of structure–performance relationships in ultra-high-nickel products	Pilot testing stage	Mass production by 2026.	Consolidate and maintain the industry's leading position in the field of ultra-high-nickel materials by meeting market demands for extreme capacity, long cycle life, and high compaction performance, thereby providing strong technical support and innovative solutions for battery upgrades and iterations. In addition, build up technological reserves to address the requirements of intelligent driving for high energy density, long cycle life, and fast-charging performance in battery materials.

Name of projects	Purpose of the project	Status	Estimated completion time	Expected impact on our future development
ultra-high aluminum-doped large-particle cobalt-based materials	To further increase the aluminum doping level (≥1.1%) while ensuring uniform aluminum distribution by optimizing the synthesis process and improving equipment parameter control precision, thereby enhancing the voltage platform and stability of LCO materials.	Trial production stage	Mass production by 2026.	Capable of meeting customers' requirements for a 4.53V+ high-voltage platform, maintain our leading edge in the high-voltage field and secure a strong position in the high-end smart consumer electronics market. Additionally, leveraging the characteristics of LCO materials, it can also be applied in AI, smart wearables, and robotics.
High-performance, high-compaction phosphorus-based pCAM	To design a phosphorus-based pCAM that is compatible with high compaction, high capacity, and low-temperature performance.	Pilot testing stage	Mass production by 2025.	Improve and upgrade process technologies to enhance overall product performance, expand the application areas of products, and complete technology reserves.
Fourth-generation high-compaction phosphorus-based CAM	Using the solid-state method to synthesize high-compaction phosphorus-based CAM by developing product formulations and doping/coating, to adjust particle roundness and particle size distribution, achieving high tap density.	Small-scale testing phase	Mass production by 2026.	Help us upgrade our products, broaden product types, and capture the high-end power lithium iron phosphate (LFP) materials market.

Name of projects	Purpose of the project	Status	Estimated completion time	Expected impact on our future development
Development of layered oxide sodium-ion battery material precursors	This project involves a 4.2V high-voltage single-crystal precursor. By employing innovative processes, it addresses the issue of element segregation in co-precipitation of special elements, achieving low-cost and uniform co-precipitation.	Pilot testing stage	Mass production by 2027.	The first 4.2V high-voltage single-crystal precursor oxide product meets high-capacity requirements while achieving cost reduction. It provides directional guidance and technical reserves for the industrialization of sodium-ion layered oxide materials, enabling faster market penetration and enhanced product competitiveness in the future.
Side-blown lance optimization and development	Increase the service life of side-blown lances and improve the utilization rate of pulverized coal and sulfur during the smelting process.	In the experiment	Put into use by 2025	Improve efficiency to make the low-grade nickel matte process of laterite ore side-blown smelting more competitive in the market.

Our team and institutes

As of June 30, 2025, we had full-time employees for R&D function, with an average industry experience of over seven years. As of the same date, 11.7% of our R&D employees have overseas working experience or educational background, boosting our global R&D capabilities. Our team is organized into specialized institutes focused on different R&D areas. We also have dedicated R&D facilities and testing labs that support the commercialization of our research outcomes. As a result of our R&D efforts and achievements, we have been recognized as a National Enterprise Technology Center, a National Postdoctoral Research Station, and a Key Laboratory for National Energy Metal Resources and New Materials.

R&D institutes

Our R&D is primarily conducted through our new materials research institute, the metallurgical institute, and the engineering institute.

The new materials research institute is equipped with multiple research labs, enabling a comprehensive R&D approach for new precursor materials. We not only develop products for the current generation of battery technologies but also study the mechanical properties of materials, evaluating new energy battery materials, and exploring related areas to guide the structural design of new energy battery materials, proactively shaping the future development of these materials and driving technological advancements in the industry.

The metallurgical institute focuses on metal recovery technologies from the recycling of new energy batteries, as well as refining metal smelting systems and technologies to ensure the secure supply of raw materials.

The engineering institute is responsible for developing production equipment, customizing non-standard machinery, and optimizing production processes to enhance product quality and stability.

Additionally, for all our production bases, our engineering team is responsible for master planning, designing the engineering package, which includes all engineering specifications and requirements for the bases, and overseeing construction and delivery by external EPC contractors.

R&D facilities and testing labs

We have large-scale R&D workshops that ensure the seamless conversion of our R&D outcomes into mass-produced products. From small-scale trials and pilot tests to full-scale production, our well-equipped testing facilities provide everything necessary for our research teams. We also operate multiple industry-leading labs, offering comprehensive evaluation and testing capabilities for the physical, chemical, and electrical properties of materials to support our R&D. We utilize advanced technologies for quality testing and are the first in the industry to introduce the electron microscope system to provide more detailed assessment on the product quality.

Collaboration

We have partnered with leading universities to implement advanced new energy technology R&D systems. By establishing research centers dedicated to both foundational and next-generation materials technologies at these institutions, we aim to strengthen and expand our R&D capabilities.

As part of our integrated R&D strategy, we collaborate closely with global customers and research institutions across the value chain, engaging in joint research and focused development. Our goal is to build a highly specialized, market-driven R&D partnership system that can swiftly address both current and future customer needs, while strengthening our long-term relationships with them.

Our research and development

We drive breakthrough in both foundational and next-generation materials technologies, guided by our deep understanding of future trends. More importantly, we collaborate closely with our customers, integrating our R&D efforts with theirs to ensure that our R&D efforts align with their current and future battery technologies. This integrated R&D approach creates high switching costs and strong barriers to replication.

Intelligent R&D platform

Leveraging advanced modeling and simulation tools, we have developed an intelligent R&D platform that enhances efficiency and accelerates product development. By modeling out detailed material designs and simulating product quality, this platform enables efficient identification of optimal designs for subsequent testing and validation, significantly reducing development time and costs. Real-world feedback from our customers is timely fed into our R&D platform as an integral part of our product development, allowing us to continuously optimize product performance and iterate products efficiently.

Product R&D process

We have a streamlined and efficient product development process that enables us to respond swiftly to our customers' needs. Our product R&D process consists of three main stages: small-scale trials, pilot tests, and full- scale production, with close collaboration with our customers at each stage. In general, our product R&D process lasts approximately one to three years.

In the small-scale trial stage, after receiving customer requirements, we design the product materials, for example, the granularity of the materials, production process, conduct design of experiments (DOE) to test the materials, and perform structural optimization and improvements. Once the product meets the customer's required performance, we proceed to the pilot test stage. During the pilot test stage, we scale up

the sample production from kilogram to ton-scale, replicating the processes and manufacturing procedures. The ton-scale samples are then sent to the customer for validation. In this stage, we run trial productions on the mass production line, finalizing the product's technical specifications and process standards. After customer validation of the pilot samples and a factory audit, the product is transitioned to our facilities for full-scale production.

The depth and breadth of our research and development efforts, coupled with our ability to scale up production and fine-tune processes, allow us to deliver highly specialized and innovative solutions. This unique approach not only strengthens our competitive edge but also reinforces our position as a leader in the development of advanced new energy battery materials.

Our achievements

As a result of our R&D efforts, we have achieved several technological advancements, particularly those highlighted below:

- industry-first ultra-high nickel pCAM, which are able to achieve an energy density of 230mAh/g, a 27.8% to 12.7% increase compared to 180 mAh/g to 204 mAh/g in a ternary battery with 60% to 80% nickel content;

- our mid-nickel content, high-voltage monocrystalline pCAM, which feature energy density similar to high-nickel pCAM and are therefore highly cost-effective and suitable for mass-market EV;

- industry-first high voltage 4.55V cobalt-based pCAM, which enable faster charging capabilities for LCO batteries for consumer electronics;

- industry-first low-cost NFPP pCAM for sodium-ion batteries, a promising alternative to lithium-ion batteries, have been in mass production since 2024;

- we are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore smelting technology. We have been granted two patents and have ten patents under review related to the OESBF process;

- Moreover, our centrifugal extraction technology has transformed the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process. This technology effectively improves the production efficiency by accelerating the mixing and separating process to seconds, enhances the material purity by virtually eliminating mutual entrainment between the organic and aqueous phases with residual content less than 0.1%, optimizes resource utilization and reduces pollutants by enabling over 99% recovery of target metals; and

- our experimental titanium-doped LFP pCAM effectively enhance the kinetic performance of LFP by improving ion diffusion, electronic conductivity and structural stability. Our fourth generation of LFP, with a compacted density of around 2.6 g/cm³, is currently undergoing the verification process by our customers.

INTELLECTUAL PROPERTIES

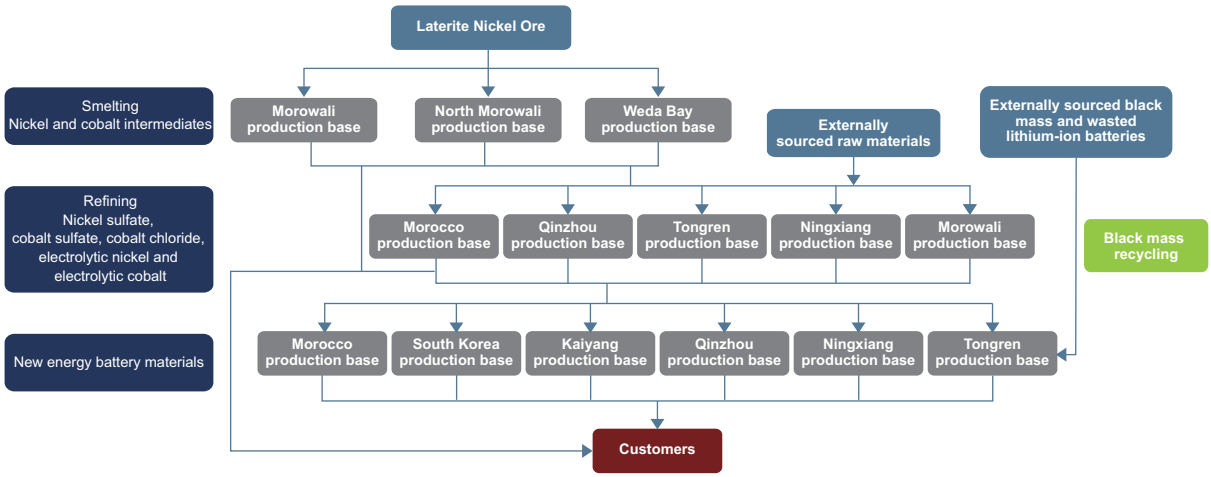
Thanks largely to our R&D efforts, we had 14 registered trademarks, 211 patents, nine software copyrights and one domain name for our principal business as of June 30, 2025. See "Appendix VI—Statutory and General Information—Further Information about the Business—Intellectual Property." These intellectual properties cover our production processes as well as the design of our products, with 95 patents relating to our new energy battery materials and 116 patents relating to our smelting technologies.

We rely on a combination of intellectual property protections laws in the jurisdictions in which we operate and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights. Our legal department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual properties and trade secrets. Despite our efforts, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights, or infringement of our intellectual property rights by third parties. See "Risk Factors—Our patents and other non-patented intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed."

During the Track Record Period, we did not experience any material infringement of our intellectual property rights. Neither our Group nor any of our intellectual properties was the subject of, or to the best of the Directors' knowledge, is expected to be subject to, any disputes or litigation in relation to the infringement of any intellectual property rights during the Track Record Period.

PRODUCTION

Our production is integrated across the new energy materials value from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling, with new energy battery materials at our core. We began as a pCAM specialist and have since expanded our product portfolio while building supply chain capabilities in upstream mineral resources, smelting and refining, and further in downstream recycling, to support and secure our production of new energy battery materials. The following diagram illustrates our integrated production process and the functions of our domestic and overseas production bases.



New energy battery materials production

We manufacture new energy battery materials at our production facilities in China and overseas. See "—Production—Production Bases" for more information.

Production process

The following diagram illustrates the representative production processes for pCAM and CAM.

pCAM

The process includes the following key steps:

- Dissolving: Convert metal-containing raw materials into a solution for further processing.
- Reacting: A highly controlled co-precipitation process where raw materials react with a base to form high-purity, uniform metal hydroxide or oxide particles.
- Washing and filtering: Remove soluble impurities through washing, followed by filtration to separate solids from the liquid phase.
- Drying: Remove remaining moisture from the pCAM.

CAM

The process includes the following key steps:

- Grinding**:** Reducing particle size and improve homogeneity for better reaction efficiency in later stages.
- Spray drying: Converting the fine powder mixture into spherical granules with improved flowability and packing density for sintering.
- Sintering: High-temperature treatment to crystallize and solidify the CAM structure.
- Crushing: Breaking down large sintered agglomerates and achieve the final CAM particle size.

Production planning

We typically plan and review our new energy battery materials production on a quarterly basis based on the forecasted demand of our customers, the anticipated market trends, our production capacity and inventory level. We continuously review our production plans and utilization rates, and dynamically adjust and update our production plans to achieve refined production management. We also strategically plan our production in advance to prepare for seasonal increases in customer orders.

Mineral resources

We strategically invest in or control key assets in critical locations to secure our supply chain, including nickel laterite mines in Indonesia, phosphate deposits in China, and lithium brine resources in Argentina.

As of the Latest Practicable Date, we held 51.0%, 48.8% and 46.7% equity interests in three nickel laterite mines in Indonesia, respectively, all of which were in operation. We have secured pre-emptive rights for the lateritic nickel ores produced at all three nickel laterite mines, with the majority of these ores being sold to our smelting facilities in Indonesia at market prices. In addition to the nickel ores procured/extracted from our mineral resources, we may also from time to time procure ores externally to meet our production needs depending on the market condition. See "—Smelting". As of the Latest Practicable Date, we held 100.0% equity interest in a phosphate mine in Kaiyang, China, which was under construction. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang phosphate mine. Upon completion of the capital increase, the state-owned partnership will hold

approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% equity interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025. We expect to put the Kaiyang phosphate mine into trial production by the end of 2028. See "Future Plans and Use of **[REDACTED]**." As of the same date, we held 100.0% equity interest in a lithium brine mine, and 49.9% equity interest in another lithium brine mine with the remaining 50.1% equity interest to be transferred to us by the end of January 2026 pursuant to the agreement, in Argentina, both of which remained undeveloped as of the same date.

The table below sets forth the details of the above mineral resources held by the Company as of the Latest Practicable Date.

Nickel laterite mine 1

Location:	Indonesia
Shareholding as of the Latest Practicable Date:	51.0%
Background of the partner, if any:	The two partners are limited liability companies established under the laws of Indonesia, with their registered addresses in Jakarta, Indonesia, which are independent from us.
Salient terms of the joint venture agreement:	We have secured pre-emptive rights for the lateritic nickel ores produced at this nickel laterite mine. The number of directors, supervisors and senior management appointed by us shall be no less than two-thirds of the total number of directors, supervisors and senior management. The partners shall ensure that the board of directors of the target company shall make a valid resolution approving the authorization of the management and operation of the target company to persons designated by us. The agreement will automatically terminate upon mutual agreement between the parties.
Business relationship:	During the Track Record Period, the partners did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	Indonesia prohibits the export of nickel ore.
Commencement time for extraction:	Second half of 2025
Estimated development costs:	approximately US$16.0 million

Nickel laterite mine 2

Location:	Indonesia
Shareholding as of the Latest Practicable Date:	48.8%
Background of the partner, if any:	The partner is a limited liability company duly established under the laws of the Republic of Indonesia, domiciled in Central Jakarta, which is independent from us.
Salient terms of the joint venture agreement:	The parties agreed that the construction of the mine facilities be funded by the shareholders on a pro rata basis. We have secured pre-emptive rights for the lateritic nickel ores produced at this nickel laterite mine. The target company shall be managed by the board of directors comprising five members. The partner has the right to nominate three directors; while we have the right to nominate two directors. The agreement could be terminated upon mutual consent of the parties.

Business relationship:	During the Track Record Period, the partner did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	Indonesia prohibits the export of nickel ore.
Commencement time for extraction:	2024
Estimated development costs:	approximately US$30.0 million

Allocation of nickel lateritic ores:

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	(thousand tons)			
Amount of nickel lateritic ores allocated to the Group[(i)]	–	–	513.2	535.4
Amount of nickel lateritic ores allocated to its other customers	–	–	–	–

Note:

(i) We enjoy the pre-emptive rights for the lateritic nickel ores produced at this mine, and procured all lateritic nickel ores produced to satisfy our production needs during the Track Record Period.

Nickel laterite mine 3

Location:	Indonesia
Shareholding as of the Latest Practicable Date:	46.7%
Background of the partner, if any:	The partner is the controlling shareholder of Hanking (Indonesia) Mining Limited, holding four IUP mining rights in Indonesia and possessing lateritic nickel ore resources exceeding 300 million tons, which is independent from us.
Salient terms of the joint venture agreement:	We have secured pre-emptive rights for the lateritic nickel ores produced at this nickel laterite mine. We are entitled to appoint directors, supervisors and senior management to the target company. The agreement could be terminated upon mutual consent of the parties.
Business relationship:	During the Track Record Period, the partner did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	Indonesia prohibits the export of nickel ore.
Commencement dates for extraction:	2013
Estimated development costs:	approximately US$30.0 million

Allocation of nickel lateritic ores:

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	(thousand tons)			
Amount of nickel lateritic ores allocated to the Group[(1)]	–	–	87.6	345.5
Amount of nickel lateritic ores allocated to its other customers	1,078.5	1,869.2	2,130.0	1,774.5

Note:

(1) We invested in nickel laterite mine since 2024. We determine the procurement amount of nickel lateritic ores through a comprehensive evaluation of several factors, including ore grade, suitability for specific production processes, and overall economic efficiency. Specifically, the ore procured from this mine is mainly supplied to the Morowali production base, where it forms a substantial part of the raw material supply. Given Indonesia's status as an archipelago, cross-island transportation of ore involves significant logistics expenses, making it uneconomical to supply ore from this mine to other production bases. Moreover, the ore currently being extracted was from the surface layer in this nickel laterite mine, most of which is more suitable for other production processes than those adopted in Morowali production base.

Lithium brine 1

Location:	Argentina
Shareholding as of the Latest Practicable Date:	100.0%
Export control:	N/A
Commencement dates for extraction:	It is planned to conduct supplementary exploration and project development justification in 2025, reach detailed design and commence construction in early 2029 and launch the first production line in 2030.
Development costs:	As the project remains in the exploration phase and the final development strategy has not yet been determined, definitive development costs remain uncertain at this stage.

Lithium brine 2

Location:	Argentina
Shareholding as of the Latest Practicable Date:	As of the Latest Practicable Date, we held 49.9% of the total equity interest, with the remaining 50.1% equity interest to be transferred to us by the end of January 2026 pursuant to the agreement.
Business relationship:	During the Track Record Period, the partner did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	N/A
Commencement dates for extraction:	It is planned to conduct supplementary exploration and project development justification in 2025, reach detailed design and commence construction in early 2029 and launch the first production line in 2030.
Estimated development costs:	As the project remains in the exploration phase and the final development strategy has not yet been determined, definitive development costs remain uncertain at this stage.

Phosphate mines

Location:	Kaiyang, PRC
Shareholding as of the Latest Practicable Date:	As of the Latest Practicable date, we held 100.0% equity interest as shown in the industrial and commercial registration. In June 2025, we entered into a capital increase agreement with a state-owned limited partnership, pursuant to which the state-owned partnership agreed to subscribe for a portion of the increased capital of the Kaiyang phosphate mine. Upon completion of the capital increase, the state-owned partnership will hold approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025.

Reserves:	Estimated total volume of 98.4 million tons
Export control:	N/A
Commencement dates for extraction:	Currently under construction, with trial production scheduled for 2028.
Estimated development costs:	Approximately RMB2.4 billion

Smelting

Our smelting facilities are located in our three production bases in Indonesia, close to our nickel laterite resources, and one production base in China. We employ pyrometallurgical techniques, including the OESBF and RKEF processes, to produce nickel intermediates, including NPI, low-grade and high-grade nickel matte, from lateritic nickel ores sourced locally. See "—Our Products—New Energy Metal Products" and "—Production—Production Bases" for more information. We also extract cobalt, copper and precious metals as by-products through the smelting process.

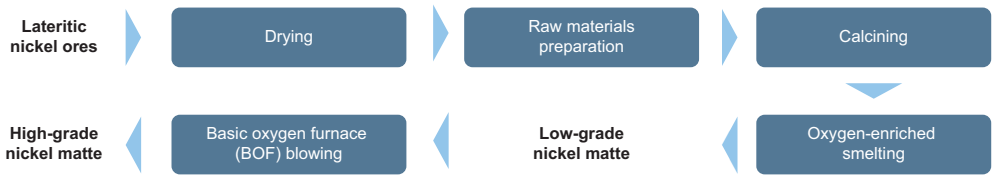
OESBF and RKEF processes

OESBF process

OESBF is a specialized furnace that enhances the smelting and refining process by injecting oxygen-enriched air into the furnace, significantly improving efficiency and productivity in the production of NPI and nickel matte. We apply centrifugal extraction technology to extract nickel and by-product metals. These advanced techniques enable the extraction and enrichment of low-grade base and precious metals present in lateritic nickel ores, recovering them as valuable by-products, which further enhances resource efficiency by maximizing metal recovery and optimizing ore utilization.

We are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore smelting technology. We have been granted two patents and have ten patents under review related to the OESBF process. The OESBF process significantly enhances production economics by reducing coal consumption and, lowing carbon emissions by approximately 10% as compared to RKEF, while also enabling the extraction of cobalt and precious metals as by-products. The residual heat from BOF blowing can be utilized to generate electricity to maximize coal utilization, which reduces coal consumption by one ton standard coal per metal tone of nickel products. Furthermore, the OESBF process is environmentally friendly, as it does not generate large amounts of hazardous waste. Specifically, compared to the slag generated from hydrometallurgical processes, the slag produced by the OESBF, a type of pyrometallurgical process, demonstrates significantly more stable physical and chemical properties. This enhanced stability enables the slag to be directly utilized as a construction material, notably mitigating the risk of potential environmental hazards.

The following diagram illustrates our OESBF process.



The process includes the following key steps:

- Drying: Lateritic nickel ores go through a drying process to remove moisture, producing dried ores that are suitable for further processing.

- Raw materials preparation: The dried ores, along with blast furnace dust, smelting dust, and rotary kiln dust, are collected as raw materials and directed toward the next stage.

- Calcining: Calcining the prepared lateritic ores at high temperature to remove crystalline water, and preheating.

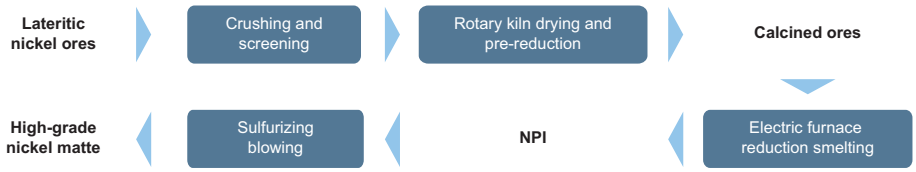
- Oxygen-enriched smelting: The preheated materials enter an oxygen-enriched smelting furnace with flux and sulfurizing agents added. Flux facilitates impurity removal and forms a water-quenching slag, which is discarded as waste. Sulfurizing agents promote the formation of low-grade nickel matte by enhancing nickel concentration in the matte phase.

- Basic oxygen furnace (BOF) blowing: The low-grade nickel matte is further refined in a BOF through an oxygen-blowing process, which removes impurities and increases the nickel content. The process also produces blowing slag, which can be recycled back into the oxygen-enriched smelting furnace for reprocessing.

RKEF process

RKEF is widely used in smelting lateritic nickel ores to mainly produce NPI. It combines a rotary kiln for drying and partially reduction using coal or other reductants, and an electric furnace for further reduction and produce NPI and low-grade nickel matte. The RKEF process is favored for its high-efficiency, scalability and cost-effective, and is a common process for nickel smelting in the industry.

The following diagram illustrates our RKEF process.



The process includes the following key steps:

- Crushing and screening: Lateritic nickel ores are first subjected to crushing and screening to reduce the ore size for further processing.

- Rotary kiln drying and pre-reduction: The crushed ores are fed into a rotary kiln, where they undergoes drying and pre-reduction. This stage removes moisture and partially reduces the ores, converting some of the nickel oxides into a more easily reducible form. The roasted ores are then sent to the next stage for further smelting.

- Electric furnace reduction smelting: The roasted ores are introduced into an electric furnace, where reducing agents are added to facilitate the reduction of nickel and iron oxides. Under high temperatures, nickel and iron separate from impurities, forming crude nickel iron as the primary product. The impurities combine with flux materials to form slag, which is removed from the process.

- Sulfurizing blowing: At this stage, sulfur and oxygen are introduced to remove impurities from NPI and produce the final products of high-grade nickel matte.

Refining

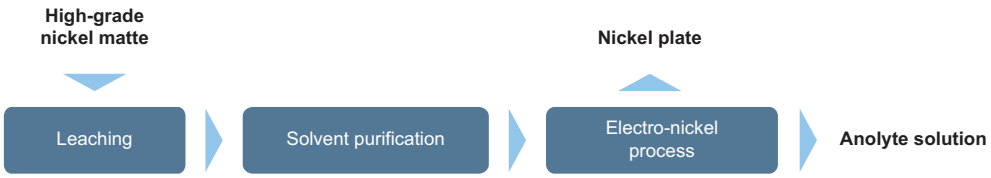
Our refining facilities are located in both our China production bases and Indonesia production bases. See "—Production—Production Bases" for more information. Our refining facilities process nickel and

cobalt intermediates, into high-quality raw materials for our new energy battery materials production. Additionally, our refining facilities can also process the nickel and cobalt intermediates produced at our smelting facilities into high-purity metal, such as electrolytic nickel, cobalt and copper.

We deployed the industry-leading centrifugal extraction technology, which transforms the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process, effectively improving the production efficiency, enhancing the material purity, optimizing resource utilization and reducing pollutants. In particular, by replacing the gravity-based separation with centrifugal force, the mixing and separating process is accelerated to seconds, compared to the tens of minutes required in the conventional methods, which enables continuous, and high-throughput production, significantly shortening the metal recovery cycle and addressing the demand of large-scale industrial applications. Through multi-stage extraction, our centrifugal extraction technology enables over 99% recovery of target metals, even in low-concentration leach solutions, reducing residual and hazardous wastes and the associated disposal costs and promoting sustainable resource circulation. We have adopted our centrifugal extraction technology in our Qinzhou production base and Tongren production base.

Production process of nickel products

The following diagram illustrates our typical refining production process from high-grade nickel matte to nickel sulfate, and further to electrolytic nickel.



The process includes the following key steps:

- Leaching: Dissolving nickel from the high-grade nickel matte into a liquid solution for further purification.
- Solvent purification: Separating and purifying nickel from cobalt and other impurities.
- Electro-nickel process: Depositing pure metallic nickel by passing electric currents through a nickel sulfate solution.

Black mass recycling

As part of our integrated operations, we have built facilities in our domestic production bases to recover valuable metals from mixed metal concentrate, known as "black mass," a composite material rich in nickel, cobalt, lithium and other metals, recycled from spent lithium-ion batteries. Black mass recycling not only serves as a cost-effective source of these essential materials for our new energy battery materials production, but also reduces waste and minimizes the environmental impact associated with traditional mining and smelting, paving the way for our commitment to a greener, more sustainable future. We are among the few in China accredited by MIIT for both sorting spent power batteries, and dismantling spent power batteries and refining black mass. We typically source spent lithium-ion batteries and black mass from EV manufacturers and other new energy materials suppliers. During the Track Record Period, the recycled materials from black mass were used as raw materials to produce our new energy battery materials. In 2022, 2023 and 2024 and the six months ended June 30, 2025, we processed 1,686.3 tons, 2,789.0 tons, 7,622.3 tons and 8,487.2 tons black mass at our facilities, respectively.

Production process

The process for black mass recycling involves collecting and sorting batteries, followed by dismantling to remove non-metallic components. The batteries are then crushed and shredded, separating the black mass that contains valuable materials like lithium, nickel and cobalt, manganese, and graphite. Through chemical leaching, the metals are dissolved and then selectively extracted or precipitated. The extracted metals are purified and refined for reuse in new batteries, while graphite is also recovered and purified.

The following diagram illustrates our production process of recycling facility.

The process includes the following key steps:

- Dismantling: Removing the battery components and separate materials for further processing.
- Dissolving: Extracting valuable metals from the dismantled battery material by dissolving them into a solution.
- Extracting: Separating and purifying the dissolved metals to recover them in usable forms for the manufacturing of new batteries or other products.

Production bases

The following table sets forth a summary of our production bases and facilities across the globe.

Locations	Production bases	Production facilities	Primary raw materials	Primary products	Status	Beneficial Ownership
China						
		New energy battery materials production	Nickel sulfate, cobalt sulfate, manganese sulfate, sodium pyrophosphate and ferrous sulfate	Nickel-based materials and sodium-based materials	in operation since 2018	100.0%
	Tongren production base	Refining	Nickel intermediates and crude cobalt hydroxide	Nickel sulfate, cobalt sulfate and lithium carbonate	in operation since 2017	82.9%
		Black mass recycling	Black mass	Nickel, cobalt, lithium and other materials	in operation since 2021	

Locations	Production bases	Production facilities	Primary raw materials	Primary products	Status	Beneficial Ownership
	Ningxiang production base	Refining	Nickel intermediate and crude cobalt hydroxide	Nickel sulfate, cobalt sulfate and cobalt chloride	in operation since 2020	75.8%
		New energy battery materials production	Nickel sulfate, cobalt sulfate, manganese sulfate and cobalt chloride	Nickel-based materials and cobalt-based materials	in operation since 2018	
	Qinzhou production base	Smelting	Low-grade nickel matte	High-grade nickel matte	in operation since 2023	76.9%
		Refining	Nickel intermediates and crude cobalt hydroxide	Nickel sulfate, cobalt sulfate, electrolytic nickel, cobalt and copper	in operation since 2021	
		New energy battery materials production	Nickel sulfate, cobalt sulfate, manganese sulfate and cobalt chloride	Nickel-based materials and cobalt-based materials	in operation since 2021	
	Kaiyang production base	New energy battery materials production	Ferrous sulfate and phosphoric acid	Phosphorus-based materials	in operation since 2023	52.0%
Indonesia						
	Morowali production base	Smelting	Nickel lateritic ores	Nickel intermediates	in operation since 2023	70.0%
		Refining	Nickel-intermediate	Electrolytic nickel	in operation since 2023	50.00%(1)
	North Morowali production base	Smelting	Nickel lateritic ores	Nickel intermediates	in operation since 2024	60.0%
	Weda Bay production base	Smelting	Nickel lateritic ores	Nickel intermediates	in operation since 2023	50.1%
	South Kalimantan Selatan production base	New energy battery materials production	Nickel sulfate, cobalt sulfate and manganese sulfate	Nickel-based materials	under planning	51.0%

Locations	Production bases	Production facilities	Primary raw materials	Primary products	Status	Beneficial Ownership
South Korea						
	South Korea production base	New energy battery materials production	Nickel sulfate, cobalt sulfate and manganese sulfate	Nickel-based materials	under planning	80.0%
Morocco						
	Morocco production base	New energy battery materials production	Nickel sulfate, cobalt sulfate and manganese sulfate	Nickel-based materials	in operation since 2025	50.03%(2)

Note:

(1) We enjoyed a substantial interest of 50.0% shareholding in the refining facility without controlling right.

(2) The Group does not consolidate the joint venture operating the Morocco production base into its results of operations as (i) certain board reserved matters that are considered material to such joint venture's operations require positive votes from at least one director nominated by the Group's business partner and (ii) certain shareholder reserved matters that are considered material to such joint venture's operations, in addition to positive votes from a simple-majority of the shareholders, require a positive vote from the Group's business partner. See "History, Reorganisation and Corporate Structure — Major Joint Venture."

China

Tongren production base

Our Tongren production base is located in Tongren, Guizhou, PRC, which is a comprehensive production base integrating the refining, new energy battery materials production and black mass recycling facilities. Our Tongren production base is capable of producing (i) raw materials for new energy battery materials, such as nickel sulfate, cobalt sulfate, lithium carbonate and lithium hydroxide, and (ii) new energy battery materials, such as nickel-based materials and sodium-based materials.

Tongren has rich nickel resources and has developed a well-stablished nickel industry. Tongren production base was first established with production lines for nickel-based pCAM in 2015, and then expanded to cover the raw material refining in 2016, and black mass recycling in December 2020. Tongren production base is our first production base listed in the Enterprise List that Meet the Industry Standards for the Comprehensive Utilization of Waster Power Batteries from New Energy Vehicles (新能源汽車廢舊動力蓄電池綜合利用行業規範) issued by the Ministry of Industry and Information Technology of the PRC in December 2020, which allowed our Tongren production base to recycle the black mass. The major product produced in Tongren production base from its black mass recycling process is lithium carbonate and lithium hydroxide, with spent lithium batteries recycled from domestic and overseas markets.

Ningxiang production base

Our Ningxiang production base is located in Ningxiang, Hunan, PRC, which integrates refining facilities and new energy battery materials production facilities, and is capable of producing (i) raw materials for new energy battery materials, such as nickel sulfate and cobalt sulfate, and (ii) new energy battery materials, such as nickel-based materials and cobalt-based materials. It also serves as our centralized R&D center to innovate and expand our cobalt-based materials product portfolio. We established our

Ningxiang production base in 2016 with an initial focus on the production and R&D of cobalt-based materials.

Qinzhou production base

Our Qinzhou production base is located in Qinzhou, Guangxi, PRC, which is a comprehensive production base integrating smelting facilities, refining facilities, new energy battery materials production facilities, and is capable of producing (i) nickel and cobalt intermediates, such as high-grade nickel matte, (ii) raw materials for new energy battery materials, such as nickel sulfate and cobalt sulfate, (iii) refined nickel and cobalt products, such as electrolytic nickel and electrolytic cobalt, and (iv) new energy battery materials, such as nickel-based materials and cobalt-based materials. Qinzhou is a key coastal port city with significant geographic advantages. Leveraging on the transportation resources in Qinzhou, we have built our Qinzhou production base as a flagship production base, serving a strategic role in our international expansion. As such, we plan to further expand our Qingzhou production base to cover black mass recycling as well and build it as our second comprehensive production base, which can leverage on the geographic advantages to import overseas raw materials, including spent lithium batteries, with relatively lower transportation costs. The refineries in our Qinzhou product base mainly produce nickel sulfate and cobalt oxide, with raw materials supplied by our Indonesia production bases and external suppliers.

Kaiyang production base

Our Kaiyang production base is located in Kaiyang, Guizhou, PRC, one of China's most resource-rich regions for phosphate mining, known for its high-grade phosphate rock deposits. This makes it a strategic hub for the country's phosphorus chemical industry. To leverage the advantages of the local phosphorus ecosystem, we established our Kaiyang facility in 2021 as our primary production base for phosphorus-based materials. As part of our integration strategy in phosphorus-based materials, we also hold 100% equity interest in a phosphate mine in Kaiyang and have secured the corresponding mining rights. As of the Latest Practicable Date, the phosphate mine was under construction. See "—Production—Mineral Resources."

Indonesia

Morowali production base

Our Morowali production base is in Indonesia Morowali Industry Park, which is located in Central Sulawesi, Indonesia. Morowali is known for rich nickel mineral resources and smelting industry, and is equipped with well-developed transport infrastructure, including access to ports and rail networks, which can facilitate the transportation of our nickel products. Our Morowali production base is integrated with smelting and refining facilities, which is capable of producing (i) nickel and cobalt intermediates, such as high-grade nickel matte, low-grade nickel matte, NPI and cobalt-bearing nickel matte through OESBF process, and (ii) refined nickel products, such as electrolytic nickel. As of the Latest Practicable Date, we controlled the smelting facility with 70.0% shareholding, while we enjoyed a substantial interest of 50.0% shareholding in the refining facility without controlling right.

Our refining facility of Morowali production is operated by PT. CNGR Ding Xing New Energy, which is a joint venture company established by CNGR Hong Kong Material Science & Technology Co., Limited ("**CNGR (Hong Kong)**") and Rigqueza International Pte. Ltd. ("**Rigqueza**") in 2022. CNGR (Hong Kong) is a wholly-owned subsidiary of us, established in 2019, with issued share capital of HK$3,700.0 million as of the Latest Practicable Date. CNGR (Hong Kong) is mainly engaged in trading and investment holding. Rigqueza is an independent third-party company incorporated in Singapore in 2021. Rigqueza and its related companies are experienced in construction and operation of refining project in Indonesia. In addition to the PT. CNGR Ding Xing New Energy, we also collaborated with Rigqueza in certain projects on normal commercial terms, which included the smelting facility of our Morowali production base. Rigqueza held

30.0% equity interest of the smelting facility of our Morowali production base as of the Latest Practicable Date. Save as disclosed in the Document, to the best knowledge of us, we did not have any past or present relationships with Rigqueza, its shareholders, directors or senior management, or any of their respective associates.

We entered into the joint venture agreement with Rigqueza in 2022. The salient terms of the joint venture agreement are set forth as below.

Duration	The duration of joint venture is effective for 50 years since the date of the establishment, which can be renewed upon mutual agreements between the parties.
Total investment	The total investment of the joint venture is USD182.8 million, including construction investment and working capital.
Business scope of the joint venture	Production and sales of refined nickel products, sales of by-products during the production process, and trading.
Major customers and suppliers	The major customer of the joint ventures is CNGR (Hong Kong) and Rigqueza according to the ongoing purchase and commitments below. The major supplier of the joint venture is third parties suppliers, while it may also procure raw materials from us that mainly include nickel intermediates from time to time.
Ongoing purchase and commitments	Both parties agreed to be obligated to purchase products produced by the joint venture based on their respective shareholding proportions in the joint venture and at market prices under equal conditions. At the same time, the joint venture is obligated to give priority to selling its products to the parties of the agreement in accordance with their respective shareholding proportions in the joint venture and under equal conditions. The joint venture shall separately enter into product sales agreements with the parties to the agreement and their affiliates. The terms and conditions (including but not limited to pricing) for products sold by the joint venture to the shareholders shall be consistent. If CNGR (Hong Kong) resells the products it exclusively purchases (excluding sales to its affiliates), Rigqueza and its affiliated companies shall have a right of first refusal to purchase those products from CNGR (Hong Kong) under the same price and payment conditions.
Profit Sharing	The distributable profits shall be allocated to shareholders in proportion to their respective shareholding in the joint venture.

North Morowali production base

Our North Morowali production base is also located in Morowali, Central Sulawesi, Indonesia. It is integrated with smelting, which is capable of producing nickel and cobalt intermediates, such as high-grade nickel matte, low-grade nickel matte, NPI and cobalt-bearing nickel matte through RKEF process. North Morowali Production Base is equipped with flexible production lines, allowing us to adjust the product mix of NPI, low- grade nickel matte, and high-grade nickel matte based on cost-effectiveness and economic

benifits. The majority of the products produced at this base are used in the manufacturing of our nickel-based materials, with a portion of the high-grade nickel matte and NPI sold to external customers.

Weda Bay production base

Our Weda Bay production base is in Indonesia Weda Bay Industry Park, located in Halmahera Island, North Maluku Province, Indonesia. Weda Bay is known for its mineral-rich deposits, particularly nickel, and has become a significant site for nickel mining and smelting operations in recent years. Our Weda Bay production base has smelting facilities that adopt RKEF process to produce nickel and cobalt intermediates, such as high- grade nickel matte, low-grade nickel matte, NPI and cobalt-bearing nickel matte. The majority of the products produced at this base are used in the manufacturing of our nickel-based materials, with a portion of the high-grade nickel matte and NPI sold to external customers.

South Kalimantan Selatan production base

Our South Kalimantan Selatan production base is located in South Kalimantan Selatan, Indonesia. Kalimantan Selatan has emerged as an important location for nickel smelting due to its strategic position, abundant natural resources and ongoing industrial development. Our South Kalimantan Selatan production base is under planning with initially planned annual production capacity of 20,000 tons of new nickel-based materials for ternary batteries.

Morocco

Our Morocco production base is located in Zone d'Acceleration Industrielle, Jorf Lasfar, Commune Moulay Abdellah, El Jadida, Morocco, which is planned to integrate both new energy battery materials production capabilities, capable of producing nickel-based materials and phosphorus-based materials, and black mass recycling capabilities. Morocco, a strategic geographic location in Western Hemisphere, offers abundant phosphate and clean energy resources, a stable political and economic environment and friendly foreign trade policies. In January 2025, the production lines for nickel-based materials with a designed production capacity of 40,000 tons was put into operation. The production lines for phosphorus-based materials and the black mass recycling facilities remained in planning stage as of the Latest Practicable Date. We enjoyed a substantial interest with 50.03% shareholding in the Morocco production base without controlling right.

South Korea

Our South Korea production base is located in Pohang, South Korea, which is planned for production of nickel-based materials, to better serve the key local customers and international customers. Our South Korea production base remains at the planning stage. As of the June 30, 2025, we had invested approximately RMB193 million in a phase I project, primarily for land acquisition and the commissioning of design plans.

Production capacity

The table below sets forth a summary of our production capacity for our main products by each of our production base and utilization rate.

	Output (ton)				Designed production capacity (1) (ton)					Utilization rate (%)			
	2022	2023	2024	Six months ended June 30, 2025	2022	2023	2024	Six months ended June 30, 2025	Approved production capacity(2) (ton)	2022	2023	2024	Six months ended June 30, 2025
Tongren production base													
Nickel-based materials	119,491	100,750	83,642	39,944	122,000	117,000	117,000	56,000	117,000	97.9%	86.1%	71.5%	71.3%
Ningxiang production base													
Nickel-based materials	63,065	56,581	44,283	10,716	62,000	62,000	56,375	19,750	67,000	101.7%	91.3%	78.6%	54.3%
Cobalt-based materials	17,382	18,572	26,922	15,985	24,400	24,400	26,275	18,950	30,000	71.2%	76.1%	102.5%	84.4%
Qinzhou production base													
Nickel products(3)	–	6,899	32,133	15,068	–	7,292	25,000	12,500	25,000	–	94.6%	128.5%	120.5%
Nickel-based materials	33,428	65,461	64,623	41,088	34,750	101,250	145,500	75,000	180,000	96.2%	64.7%	44.4%	54.8%
Kaiyang production base													
Phosphorus-based materials	–	42,828	71,549	71,775	–	58,333	200,000	100,000	380,000	–	73.4%	35.8%	71.8%
Morowali production base													
Nickel products(3)	–	–	13,730	9,505	–	–	13,333	10,833	80,000	–	–	103.0%	87.7%
North Morowali production base													
Nickel products(3)	–	–	35,349	50,943	–	–	39,167	40,000	58,206	–	–	90.3%	127.4%
Weda Bay production base													
Nickel products(3)	–	30,946	48,607	25,134	–	27,500	55,000	27,500	62,000	–	112.5%	88.4%	91.4%

Notes:

(1) Annual designed capacity is generally calculated assuming the production lines function at full capacity as planned in terms of working days, hours per day and pace of production. The annual designed production capacity of a new production line is only accounted for from the point at which the line has passed our commissioning tests following operational optimization.

(2) The approved production capacity as of the Latest Practicable Date. The annual approved production capacity for our nickel-based materials at the Tongren production base changed from 122,000 tons to 117,000 tons in 2024, due to adjustment to the relevant production line. Apart from this adjustment, the approved production capacity for our main products at the production bases listed above remained unchanged during the Track Record Period and up to the Latest Practicable Date.

(3) The metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte and high grade nickel matte, as well as electrolytic nickel.

The table below sets forth a summary of our production capacity for our main categories of products and utilization rate.

	Output (ton)				Designed production capacity (ton)(1)				Utilization rate (%)			
Products	2022	2023	2024	Six months ended June 30, 2025	2022	2023	2024	Six months ended June 30, 2025	2022	2023	2024	Six months ended June 30, 2025
Nickel products(2)	–	37,845	129,819	100,651	–	34,792	132,500	90,833	–	108.8%	98.0%	110.8%
Nickel-based materials	215,984	222,792	192,548	91,748	218,750	280,250	318,875	150,750	98.7%	79.5%	60.4%	60.9%
Cobalt-based materials	17,382	18,572	26,922	15,985	24,400	24,400	26,275	18,950	71.2%	76.1%	102.5%	84.4%
Phosphorus-based materials	–	42,828	71,549	71,775	–	58,333	200,000	100,000	–	73.4%	35.8%	71.8%

Notes:

(1) Annual designed capacity is generally calculated assuming the production lines function at full capacity as planned in terms of working days, hours per day and pace of production. The annual designed production capacity of a new production line is only accounted for from the point at which the line has passed our commissioning tests following operational optimization.

(2) The metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte and high grade nickel matte, as well as electrolytic nickel.

The fluctuation in the utilization rate of our production capacity during the Track Record Period was mainly driven by changes in sales volume driven by market demand as well as the timing of our capacity expansion. For example, the decrease in the utilization rate for phosphorus-based materials in 2024 was primarily due to the fact that we did not complete construction of all of our planned production lines until 2024, while our sales volume grew at a slower rate due to market dynamics, which was in line with industry trend.

Our production facility is subject to approved production capacity. During the Track Record Period, we did not engage in over-capacity production that exceeded 30% over the approved production capacity that would be deemed to be in violation of laws or regulations or subject to administrative penalties. In accordance with the Environmental Impact Assessment Law (《環境影響評價法》) and the Notice on Issuing the "List of Major Changes in Pollution-Affecting Construction Projects (Trial)" issued by the General Office of the Ministry of Ecology and Environment (《生態環境部辦公廳關於印發＜污染影響類建設項目重大變動清單(試行)＞的通知》), an excess capacity ratio of no more than 30% does not constitute a major change. Therefore, as advised by the PRC Legal Adviser, such instances did not require to undertake renewed environmental impact assessment procedures.

We intend to continue to invest in upgrading our existing production lines across our production bases to enhance production efficiency and increase production yield, as well as retrofitting them to support the manufacturing of alternative products.

Expansion plan

We plan to further expand and optimize our production capacity globally by establishing new production bases or setting up the production lines at strategic locations that are close to our key customers or mineral resources. With stable growth in existing end markets such as EV, ESS, and consumer electronics, and strong potential in emerging sectors like robotics and low-altitude aerial vehicles, our expanded production capacity, combined with robust R&D capabilities and a top-tier high-quality customer base, positions us to capitalize on market opportunities and further strengthen our competitiveness. See "Industry Overview—New Energy Market Demand."

More specifically, we are executing the following major expansion plans with a total investment amount of approximately RMB10.0 billion, of which approximately RMB4.8 billion had been invested as of June 30, 2025. Set forth below are the details of our major expansion plans in progress:

- We plan to construct the phase I project of our production base in South Korea. Our total investment for phase 1 of our production base in South Korea is expected to be approximately RMB1.9 billion, of which approximately RMB193 million had been invested as of June 30, 2025. See "Future Plans and Use of **[REDACTED]**."

- We plan to construct production lines in Indonesia for (i) high-grade nickel matte, with a designed capacity of 40,000 metal tons, which is expected to be completed by the end of 2025; (ii) electrolytic nickel, with a designed capacity of 10,000 metal tons, which is expected to be completed by the end of 2025; and (iii) nickel-based materials for ternary batteries, with a designed capacity of 20,000 metal tons, which is expected to be completed by the end of 2026. Our total investment for these production lines is expected to be approximately RMB5.7 billion, of which approximately RMB4.5 billion had been invested as of June 30, 2025.

- We also plan to construct and exploit the phosphate mine in Kaiyang, Guizhou, PRC (the "**Kaiyang Phosphate Mine**"). As an important supporting project for our expansion in phosphorus-based materials, we held 100% equity interest in the Kaiyang Phosphate Mine as of the Latest Practicable Date, and obtained the mining license in December 2024. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang

Phosphate Mine. Upon completion of the capital increase, the state-owned partnership will hold approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% equity interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025. The permitted production scale of the Kaiyang Phosphate Mine is 2.8 million ton per year. The total investment in the Kaiyang Phosphate Mine is expected to be RMB2.4 billion. As of June 30, 2025, we had invested RMB75 million in the Kaiyang Phosphate Mine. See "Future Plans and Use of **[REDACTED]**."

Automation and digitalization

We are committed to enhancing our manufacturing capabilities through automation and digitalization. In 2020, we transformed all our production bases in China into intelligent manufacturing facilities, incorporating MES systems, SAP/ERP systems, and AGV technologies. This transformation has significantly improved our manufacturing efficiency in several key areas:

- ***Enhanced quality control***—Automated error-proofing in material feeding and real-time inspection, powered by the MES system, have achieved a 0% error rate for material feeding.

- ***Improved production efficiency***—Our integrated information management system enables real-time data transmission, effectively reducing average inspection time. Additionally, the intelligent feeding system has increased our production efficiency.

- ***Automation technologies***—The adoption of AGV automated logistics technologies has effectively reduced labor force compared to pre-implementation levels, enhancing overall productivity and cost efficiency.

We have built a comprehensive digital platform that enables end-to-end operational management, integrating advanced technologies across design, processes, and equipment to streamline development lead times and enhance decision-making. By digitizing the entire manufacturing process—from R&D to mass production—we can optimize production efficiency with real-time adjustments. Enabled by robotics, IoT and AI, this system ensures operational safety and exceptional cost efficiency across all business functions.

In addition, automation and digitalization allow us to better monitor and manage carbon emissions, providing valuable data to support the development of effective carbon reduction strategies. These efforts contribute to greater sustainability throughout our operations, supporting both environmental protection and operational excellence. As a result of our achievements, we have been recognized as a national-level green factory by the Ministry of Industry and Information Technology.

Quality control

Our quality control department

We pay extreme attention to quality control, enabling us to maintain exceptional precision and consistency in our products at mass production levels—a critical factor in manufacturing of new energy battery materials. We attained a high product yield rate of over 95% in 2024, calculated through dividing the volume of qualified products by the total production volume, reflecting our rigorous standards and operational excellence. We have established a quality management system that complies with relevant national and international standards, covering the raw material supply chain and product manufacturing. We implement various assessment criteria on raw material suppliers regarding their supplies quality, timeliness of delivery, responsiveness to our service requests and ESG matters. We strictly implement product quality control standards and take corresponding control measures throughout our entire production process, in order to ensure that all of our products meet the relevant national and international safety standards.

As of June 30, 2025, we had 984 employees responsible for quality management, which was led by our quality management center. The quality management center is responsible for setting targets of quality control, establishing the quality control systems and inspection guidelines for our production, conducting regular inspections and providing trainings on quality and inspection techniques. To ensure the effectiveness of our quality control system, the quality control team regularly conducts performance reviews and data analysis on our production facilities and equipment.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality issues, product returns or claims from customers.

Our quality accreditations

We have obtained various certification including:

Morowali production base, North Morowali production base and Weda Bay production base:

- GB/T 19001-2016
- ISO 9001:2015

Tongren production base, Ningxiang production base, Qinzhou production base and Kaiyang production base:

- IAFT 16949:2016
- ISO 9001:2015

Our quality assurance program

We are committed to providing customers with high-quality and reliable products, while striving to continuously improving customer satisfaction, enhancing the core competitiveness of the Company, creating and sharing quality value with high-quality products and services so as to earn the respect from our employees, customers, suppliers and other stakeholders. To achieve this goal, we have established a full-process quality assurance program.

Quality control on product development

Our quality control begins at the initial stage of product development with our research and development team working closely with our customers to test and evaluate the quality of new sample products in accordance with relevant quality standards and customer specifications. We utilize the APQP (Advanced Product Quality Planning) structured approach to systematically manage the product development process. Through design reviews, validation, and proactive risk management, we identify and address potential issues early, ensuring that the entire process—from concept to mass production—is effectively planned and controlled to meet customer requirements.

Quality control on procurement

We only procure raw materials from qualified suppliers who have passed the product quality and reliability assessments and meet the requirements of us and our customers. We keep evaluating our suppliers regularly with a range of factors including ability to meet our requirements for raw material quality, production capacity, delivery timelines, financial position, and credit term. We conduct sample tests on raw materials upon delivery, and our quality control system has been designed to identify and address defective or sub-quality raw materials as early before the production process as possible.

Quality control on production

We strictly follow our customers' quality specifications and relevant industry standards in our production process. Our quality control team conducts daily quality checks of semi-finished products at key control points during our production process in accordance with our internal quality control system to ensure quality standards and compliance requirements of us and our customers are met at each stage of our production process.

Quality control on finished product and logistics

Prior to delivery, our quality control team is responsible for conducting sample checks for every batch of finished products. We also conduct packaging inspection of finished products to ensure our packaging is sufficient to safeguard the quality of our finished products during transportation. We regularly inspect our warehouse and have safety measures in place to minimize risks of fire hazards, water damage and other similar risks to our finished products.

OUR SUPPLY CHAIN

We continue to strengthen our supply chain capabilities as part of our integrated operations, securing upstream assets for key mineral resources, being committed to sourcing only responsibly produced materials, and carefully managing our inventory to mitigate risks and ensure a stable, sustainable supply.

Raw materials

The key raw materials for our products include minerals, such as nickel ores, nickel and cobalt intermediates and auxiliary materials such as sulfuric acid and sodium hydroxide.

Benefited from our integrated operations across the upstream mineral resources and smelting, midstream refining and black mass recycling, we managed to produce the key raw materials and supply to our new energy materials production, including nickel sulfate, cobalt sulfate, cobalt oxide, lithium carbonate and lithium hydroxide. As of June 30, 2025, we achieved a nickel primary smelting capacity of 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025. Given our continuous efforts to expand our production capacity in the upstream and midstream resources, we expect the continuous increase in the self-supply rate of our key raw materials for new energy materials in the foreseeable future.

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, cost of raw materials amounted to RMB25,286.4 million, RMB26,791.1 million, RMB29,647.4 million, RMB14,936.6 million and RMB14,542.9 million, respectively, according for 93.8%, 90.2%, 83.8%, 85.3% and 77.4% of our cost of sales for the respective periods. Externally, we source raw materials from reputable domestic and international suppliers which were admitted into our qualified supplier catalog. We also produce raw materials internally.

Energy

Electricity is required to in all of our business lines. As our production capacities increase and our business grows, our consumption of electricity is expected to grow accordingly. We purchase electricity primarily from local power suppliers. Additionally, coal is mainly used as fuel in our smelting and refining processes. As our smelting and refining production capacity continues to increase, we expect our consumption of coal will increase accordingly.

Suppliers

Our suppliers are primarily raw materials, equipment and engineering service providers. We carefully select our suppliers and require them to satisfy various assessment criteria. We only procure raw materials from the suppliers listed on our qualified supplier catalog. All potential suppliers must pass our internal supplier admission standard before entering into our qualified supplier catalog. We consider several factors in the selection of suppliers, including but not limited to the potential supplier's material performance, supplies quality, prices offered, years of operation and quality control accreditations. Potential key raw materials suppliers are subject to onsite inspection conducted by us in order to evaluate their production processes, quality-control, and ESG related performance indicator including carbon emission and pollution management.

Major suppliers

Our suppliers are primarily raw materials, equipment, and engineering service providers. In 2022, 2023 and 2024 and the six months ended June 30, 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB14,662.7 million, RMB13,734.0 million, RMB10,454.1 million and RMB5,116.3 million, respectively, accounting for 36.5%, 36.6%, 24.9% and 25.7% of our total purchases in the respective periods. In 2022, 2023 and 2024 and the six months ended June 30, 2025, purchases from our largest supplier in each year during the Track Record Period amounted to RMB5,065.5 million, RMB6,076.5 million, RMB2,713.2 million and RMB1,455.9 million, respectively, accounting for 12.6%, 16.2%, 6.5% and 7.3% of our total purchases in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

For the year ended December 31, 2022

Rank	Supplier	Major products procured from the supplier	Transaction amount	Percentage of purchase amount	Years of business relationship	Background
			(RMB million)	*(%)*		
1	Supplier A	nickel ores, nickel intermediates and crude cobalt hydroxide	5,065.5	12.6%	Three	A globally renowned large-scale and integrated group engaged in the production, sales and trading of stainless steel and nickel and cobalt and other materials, which was founded in 2003 with headquarters in Wenzhou, China.
2	Supplier B[(1)]	nickel intermediates, crude cobalt hydroxide and nickel sulfate	2,752.8	6.9%	Five	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
3	Supplier C	nickel intermediates and crude cobalt hydroxide	2,544.2	6.3%	Six	A leading global diversified natural resources company, which was founded in 1974 with headquarters in Baar, Switzerland.
4	Supplier D	nickel intermediates	2,260.6	5.6%	Six	A leading global diversified resources company with operations in iron ore, coal, copper, nickel, oil and gas which was founded in 1885 with headquarters in Melbourne, Australia.

Rank	Supplier	Major products procured from the supplier	Transaction amount	Percentage of purchase amount	Years of business relationship	Background
			(RMB million)	*(%)*		
5	Supplier E(2)	nickel intermediates and crude cobalt hydroxide	2,039.6	5.1%	Four	A company mainly engaged in commodity trading which was founded in 1995 with headquarters in Xiamen, China.
Total			**14,662.7**	**36.5%**		

Notes:

(1) The nickel intermediates we procured from Supplier B in 2022 were MHP as our raw materials.

Supplier B is also a customer of us in 2022, to which we resold raw materials that were procured externally, mainly including nickel pellets and nickel powder. The revenue from resales of raw materials to Supplier B in 2022 was RMB381.5 million, with a negative gross profit margin of 0.9%. The negative gross profit margin was primarily attributable to the decrease in the prices of those raw materials, driven by a decrease in nickel prices, which resulted in selling prices falling below procurement costs.

(2) The nickel intermediates we procured from Supplier E in 2022 were mainly high-grade nickel matte as our raw materials.

Supplier E is also a customer of us in 2022, to which we resold raw materials that were procured externally, mainly including NPI. The revenue from resales of raw materials to Supplier E in 2022 was RMB17.8 million, with a gross profit margin of 10.5%.

For the year ended December 31, 2023

Rank	Supplier	Major products procured from the supplier	Transaction amount	Percentage of purchase amount	Years of business relationship	Background
			(RMB million)	*(%)*		
1	Supplier A(1)	nickel ores, nickel intermediates and crude cobalt hydroxide	6,076.5	16.2%	Three	A globally renowned large-scale and integrated group engaged in the production, sales and trading of stainless steel and nickel and cobalt and other materials, which was founded in 2003 with headquarters in Wenzhou, China.
2	Supplier B(2)	nickel intermediates, crude cobalt hydroxide and nickel sulfate	2,470.1	6.6%	Five	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
3	Supplier D	nickel intermediates	2,009.9	5.4%	Six	A leading global diversified resources company with operations in iron ore, coal, copper, nickel, oil and gas, which was founded in 1885 with headquarters in Melbourne, Australia.
4	Supplier F	equipment and spare parts	1,763.1	4.7%	One	A company mainly engaged in international import and export wholesale business, which was founded in 2020 with headquarters in Changzhou, China.
5	Supplier C(3)	nickel intermediates and crude cobalt hydroxide	1,414.4	3.8%	Six	A leading global diversified natural resources company, which was founded in 1974 with headquarters in Baar, Switzerland.
Total			**13,734.0**	**36.6%**		

Notes:

(1) The nickel intermediates we procured from Supplier A in 2023 were mainly high-grade nickel matte as our raw materials.

Supplier A is also a customer of us in 2023, to which we mainly sold new energy metal products mainly including self-produced NPI. The revenue from Supplier A in 2023 was RMB1,356.7 million, with a gross profit margin of 11.3%.

(2) The nickel intermediates we procured from Supplier B were MHP as our raw materials.

Supplier B is also a customer of us in 2023, to which we mainly resold raw materials that were procured externally, mainly including nickel pellets and nickel powder, to optimize our inventory in consideration of the production plan. The revenue from resale of raw materials to Supplier B in 2023 was RMB512.4 million, with a negative gross profit margin of 0.3%. The negative gross profit margin was primarily attributable to the decrease in the prices of those raw materials, driven by a decrease in nickel prices, which resulted in selling prices falling below procurement costs.

(3) The nickel intermediates we procured from Supplier C were mainly nickel pellets.

Supplier C is also a customer of us in 2023, to which we resold raw materials that were procured externally, mainly including nickel pellets and nickel powder to optimize our inventory level in consideration of the production plan. The revenue from resales of raw materials to Supplier C in 2023 was RMB902.1 million, with a gross profit margin of 0.2%. In accordance with the agreement entered into with Supplier C, we were contractually obligated to procure nickel pellets. However, as global nickel prices continued to decline, we proactively adjusted our inventory management strategy to mitigate potential impairment losses. As a traded commodity, we resold a portion of the externally procured nickel intermediates, mainly including nickel powder, to Supplier C to optimize our inventory.

For the year ended December 31, 2024

Rank	Supplier	Major products procured from the supplier	Transaction amount	Percentage of purchase amount	Years of business relationship	Background
			(RMB)	*(%)*		
1	Supplier G[(1)]	electrolytic nickel	2,713.2	6.5%	One	PT. CNGR Ding Xing New Energy, our 50.0% owned joint venture, principally engaged in the mining, processing and sale of mineral resources, which was founded in 2022 and located in Indonesia. It currently operates the refining facility of our Morowali production base. See "—Production —Production Bases."
2	Supplier H[(2)]	nickel intermediates and crude cobalt hydroxide	2,581.8	6.1%	Five	A company mainly engaged in base metal commodity trading with headquarters in Geneva, Switzerland, which started their business in 2005.
3	Supplier I	nickel intermediates	2,213.6	5.3%	One	A general trading companies, with businesses in a wide range of sectors, including metals, energy and chemicals, which was founded in 1858 and located in Singapore.
4	Supplier B[(3)]	nickel intermediates, nickel sulfate and crude cobalt hydroxide	1,563.0	3.7%	Five	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
5	Supplier C[(4)]	nickel intermediates and crude cobalt hydroxide	1,382.5	3.3%	Six	A leading global diversified natural resources company, which was founded in 1974 with headquarters in Baar, Switzerland.
Total			**10,454.1**	**24.9%**		

Notes:

(1) We procured electrolytic nickel from Supplier G, namely PT. CNGR Ding Xing New Energy, and then resold those electrolytic nickel to our customers as part of our new energy metal products business. The average purchase price of electrolytic nickel from supplier G was RMB137,000 per metal ton in 2023 and RMB118,000 per metal ton in 2024, which was generally in line with the price at which we procured from independent third parties.

Supplier G was also a customer of us in 2024, to which we mainly sold new energy metal products, mainly including self-produced high-grade nickel matte. The refining facility of Supplier G requires nickel intermediates as raw materials for the production of electrolytic nickel. The new energy metal products we provided to Supplier G were not directly related to the electrolytic nickel we procured from it, as the electrolytic nickel is not customized products. The electrolytic nickel we procured from Supplier G, may have been produced, in whole or in part, using the nickel intermediates originally supplied by us.

The revenue from Supplier G in 2024 was RMB920.9 million, with a gross profit margin of 3.4%. The gross profit margin was lower than the overall gross profit margin of our overall new energy metal products, primarily due to the fact that we mainly sold high-grade nickel matte to Supplier G, which was of relatively lower gross profit margin as compared to other new energy metal products we sold. The average selling price of new energy metal products to Supplier G in 2024 was RMB95,000 per metal ton.

Supplier G was also a customer of us in 2023, to which we provided certain engineering and consultation services. The revenue from Supplier G was RMB66.3 million, with gross profit margin of 7.7%.

(2) Supplier H was also a customer of us in 2024, to which we mainly sold outsourced nickel plate under our metals trading business and nickel plate under our new energy metal products business. The revenue from Supplier H in 2024 was RMB1,648.8 million, with a gross profit margin of 1.2%. During the Track Record Period, the metals trading business were of a relatively lower gross profit margin.

(3) The nickel intermediates we procured from Supplier B were MHP as our raw materials.

Supplier B was also a customer of us in 2024, to which we mainly sold nickel plate under our new energy metal products business and resold part of the raw materials that were procured externally mainly including nickel powder. The revenue from Supplier B in 2024 was RMB1,417.6 million, with a gross profit margin of 3.0%. During the Track Record Period, the resold raw materials were of a relatively lower or negative gross profit margin due to the continuous decrease in nickel price.

(4) Supplier C was also a customer of us in 2024, to which we mainly sold nickel plate under our new energy metal products business and resold raw materials. The revenue from Supplier C in 2024 was RMB454.9 million, with a negative gross profit margin of 2.0%. During the Track Record Period, the resold raw materials were of a relatively lower or negative gross profit margin.

For the six months ended June 30, 2025

Rank	Supplier	Major products procured from the supplier	Transaction amount	Percentage of purchase amount	Years of business relationship	Background
			(RMB million)	*(%)*		
1	Supplier G[(1)]	Electrolytic nickel	1,455.9	7.3%	Two	PT. CNGR Ding Xing New Energy, Our 50.0% owned joint venture, principally engaged in the mining, processing and sale of mineral resources, which was founded in 2022 and located in Indonesia. It currently operates the refining facility of our Morowali production base. See "—Production — Production Bases."
2	Supplier H[(2)]	Nickel intermediates and crude cobalt hydroxide	1,217.7	6.1%	Six	A company mainly engaged in base metal commodity trading with headquarters in Geneva, Switzerland, which started their business in 2005.
3	Supplier J[(3)]	equipment and spare parts	852.9	4.3%	One	A company mainly engaged in supply chain management services and import and export of goods, which was founded in 2023 and located in Changsha, China.
4	Supplier B[(4)]	Nickel intermediates, nickel sulfate and crude cobalt hydroxide	845.9	4.3%	Six	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
5	Supplier K[(5)]	Crude cobalt hydroxide, cobalt chloride	743.9	3.7%	Six	A company mainly engaged in battery manufacturing and sales, which was founded in 2008 and located in Ningde, China.
Total			**5,116.3**	**25.7%**		

Notes:

(1) Supplier G, namely PT. CNGR Ding Xing New Energy, was also a customer of us in the six months ended June 30, 2025, to which we mainly sold nickel matte and crude sulfate nickel under our new energy metal products business. The revenue from Supplier G was RMB1,031.3 million in the six months ended June 30, 2025, with gross profit margin of 5.9%.

(2) Supplier H was also a customer of us in the six months ended June 30, 2025, to which we mainly sold nickel plate under our new energy metal products business. The revenue from Supplier H was RMB811.8 million, with gross profit margin of 1.4%. During the Track Record Period, the metals trading business were of a relatively lower gross profit margin.

(3) Supplier J was also a customer of us in the six months ended June 30, 2025, to which we sold a small quantity of spare parts. The revenue from Supplier J was RMB66.7 thousand in the six months ended June 30, 2025, with gross profit margin of 1.8%.

(4) The nickel intermediates we procured from supplier B were MHP as our raw materials.

Supplier B was also a customer of us in the six months ended June 30, 2025, to which we mainly sold nickel plate under our new energy metal product business. The revenue from Supplier B was RMB1,088.1 million in the six months ended June 30, 2025, with gross profit margin of 4.9%.

(5) Supplier K was also a customer of us in the six months ended June 30, 2025, to which we sold nickel-based materials. The revenue from Supplier K was RMB12.1 thousand in the six months ended June 30, 2025, with gross profit margin of 7.1%.

Major terms of contract with our suppliers

We generally enter into agreements with our suppliers. The key terms in our procurement agreements typically include:

Payment and credit terms	:	Depending on the type of raw materials we procured, we may be required to make the payment in advance, or granted a credit term typically ranging from one to two months.
Price	:	The procurement prices are typically determined with reference to the average LME/MB or SMM/SHFE prices over an agreed period as the metal pricing benchmark, applying negotiated discount rates.
Product quality	:	The quality specifications are included as part of the agreement. Typically, the supplier provides the report of analysis at loading port, and we and the supplier shall appoint a third party to carry out the chemical analysis of the raw materials.
Title and risk	:	Typically, the title and risk of raw materials procured are passed to us when we make the prepayment or the raw materials are delivered to our warehouses.
Others	:	Other terms such as delivery methods and shipment schedules.
Termination and dispute resolution	:	The agreement may be terminated by mutual consent. In the event of a dispute concerning the performance of the agreement, if negotiations fail to resolve the issue, the matter shall be settled through litigation.

Inventory management

Our inventories mainly include raw materials, work-in-progress, finished goods and goods in transit. Based on our forecasted orders, our inventory management department conducts a daily check and update of our inventory level and plans our procurement accordingly. We also conduct inventory aging analysis periodically to reduce the risk of inventory obsolescence and employ our intelligent warehousing system to track and manage our inventory aging status.

Furthermore, benefiting from nickel self-sufficiency derived through our integrated operation, we from time to time resell externally sourced nickel raw materials, such as high-purity nickel and nickel matte, to maintain an optimal inventory level in response to the raw material price fluctuations.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our inventory amounted to RMB9,620.2 million, RMB7,929.1 million, RMB9,826.4 million and RMB10,226.8 million, and our inventory turnover days in 2022, 2023 and 2024 and the six months ended June 30, 2025 are 98 days, 109 days, 92 days and 96 days, respectively. See "Financial Information — Selected Balance Sheet Items — Inventories."

Hedging

To reasonably mitigate the operational risks associated with fluctuations in the prices of key raw materials and products, we employ hedging strategies for raw materials and products critical to our production and operations, mainly including nickel raw materials. We are engaged in the production and processing of metals such as nickel and cobalt, and the raw materials for the production of metal products held by us are exposed to the risk of price fluctuations. Therefore, we use respective commodity future contracts on futures exchanges to manage the commodity price risk associated with metal-containing raw materials. The metal products produced and processed by us are the same as the standard metal products in the commodity future contracts. The basic variables of the hedging instruments (metals futures contracts) and the hedged items are standard metal prices. We conduct a monthly assessment of our inventory of metal raw materials to figure out the amount of metal raw materials that are subject to price fluctuation risk, and then determine the appropriate amount to be hedged. Following each assessment, we will determine the ratio of metals covered by hedging instruments to the quantity of hedged items (namely, metal raw materials exposed to price fluctuations) to be 1:1. The hedging instruments typically have a term of approximately three months. This approach ensures that, at each monthly assessment point, the total amount of metal raw materials covered by hedging instruments corresponds to the quantity of metal raw materials to be hedged held in inventory at a ratio of approximately 1:1. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the contractual value of our then effective hedging instruments amounted to RMB3,507.3 million, RMB6,379.6 million, RMB10,642.6 million and RMB14,341.0 million. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative, which reflected the difference between the market prices and the trade prices of the hedging instruments. As of December 31, 2022, we had liabilities of commodity futures at fair value designated as hedging relationships of RMB459.5 million. As of December 31, 2023 and 2024 and June 30, 2025, we had assets of commodity futures at fair value designated as hedging relationships of RMB117.2 million, RMB135.3 million and RMB58.3 million, respectively. See "Financial Information — Selected Balance Sheet Items — Derivative Financial Instruments."

Moreover, we are also subject to the risks associated with fluctuation in the exchange rates of foreign currency. To mitigate such risks, we employ foreign exchange financial derivatives to manage the foreign exchange risks. Based on the predicted settlement/sale time and amount, we lock in the settlement exchange rage in advance through hedging tools to avoid future exchange rate fluctuations. We adhere strictly to the basic principles of hedging, establish internal control systems related to hedging, continuously evaluate the effectiveness of hedging, ensure that the hedging relationship is effective during the designated accounting period, and achieve the expected risk management objectives. Currently, the ratio of our foreign exchange hedging for receivables conducted in the offshore market and the hedging for payables carried out in the onshore market ranges between around 80% to 100%. Such transactions are entered into for hedging purpose. We typically select foreign exchange hedging instruments with a term of around one year.

We have implemented internal controls and risk management procedures for our hedging activities in compliance with relevant laws and regulations, including the Shenzhen Stock Exchange listing rules and commodity futures regulations. These procedures establish clear guidelines on the principles, approval authority, operational processes, risk management, and confidentiality of hedging activities, ensuring a comprehensive and robust internal control system. Our organizational structure for hedging activities is carefully designed, with a clear division of responsibilities and authority across departments and roles. We have established a working group, which will be responsible for matters related to futures and derivatives hedging activities. We must obtain approval from the Board before conducting hedging transactions. If the transaction meets the criteria for shareholder meeting review as stipulated in the Articles of Association, it must also be submitted to the general meeting of Shareholders for approval. Additionally, we have adopted a vertical management system with independent financial oversight and strategy execution reviews to prevent unauthorized actions, safeguarding the independence of our financial supervision. The margin scale

for our hedging activities is carefully matched to our own capital, business operations, and actual needs, ensuring it does not impact our core business operations. The total margin intended to be invested annually in commodity hedging-related futures, forwards, swaps, options, and other exchange-traded and over-the-counter derivative transactions shall not exceed 10% of our most recently audited net assets. In the event of special circumstances requiring additional funds, such increase must be submitted to the Board for review and approval.

Logistics

Our products are usually stored in our own warehouses located in our production bases before they are delivered to our customers. We primarily use third-party logistics service providers for the delivery of finished goods from our production bases and warehouses to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their performance and compliance with our requirements to ensure smooth delivery of products to customers. We usually enter into agreements with our logistics service providers on an annual basis. Our logistics service providers bear the risks associated with the delivery of our products.

SALES AND MARKETING

We believe that consistently delivering high-quality products on time that meet and exceed our customers' expectations is the most efficient sales and marketing approach for us. As such, our sales and marketing activities are focused on maintaining and expanding the scope of our strategic relationships with our customers since we aim to become and remain the strategic long-term partner of our customers. In addition to maintaining and strengthening relationships with our existing customers, our sales team also proactively explore new partnerships with potential customers, especially as we expand our offering of products and services.

To serve our customers wherever they are, we will further strengthen our global presence and enhance the development of our industrial ecosystem.

Our customers

Our direct and indirect customers are mainly leading companies in the global new energy materials, battery, automotive and consumer electronics industries. During the Track Record Period, we did not engage any distributors, and all our products and services were sold or provided by us to our customers directly. We intend to continue to engage in direct sales only without the use of distributors given the nature of our long-term strategic relationships with our customers.

Major customers

In 2022, 2023 and 2024 and the six months ended June 30, 2025, revenue from our five largest customers in each year during the Track Record Period amounted to RMB17,589.7 million, RMB14,984.2 million, RMB11,734.9 million and RMB7,245.9 million, respectively, accounting for 58.0%, 43.7%, 29.2% and 34.0% of our total revenue in the respective periods. In 2022, 2023 and 2024 and the six months ended June 30, 2025, revenue from our largest customer in each year during the Track Record Period amounted to RMB5,513.0 million, RMB4,524.5 million, RMB3,548.0 million and RMB2,026.2 million, respectively, - accounting for 18.2%, 13.2%, 8.8% and 9.5% of our total revenue in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

The following tables set forth certain information relating to our top five customers for the periods indicated.

For the year ended December 31, 2022

Rank	Customer	Major products sold to the customer	Transaction amount	Percentage of revenue	Years of business relationship	Background
			(RMB million)	*(%)*		
1	Customer A	Nickel-based materials	5,513.0	18.2%	Five	A multinational company in the electric vehicle and clean energy industry, which was founded in 2003 with headquarters in Texas, USA.
2	Customer B[(1)]	Nickel-based materials	3,510.9	11.6%	Seven	A high-tech enterprise focusing on the R&D, production and sales of core anode materials and cathode for lithium-ion batteries which was founded in 2000 with headquarters in Shenzhen, China.
3	Customer C	Nickel-based materials	3,474.6	11.5%	Nine	A company with businesses ranging from petrochemicals to advanced materials, which was founded in 1947, with headquarters in Seoul, South Korea.
4	Customer D[(2)]	Nickel-based materials and cobalt-based materials	2,733.4	9.0%	Seven	A company with main business covering the fields of mining, ore dressing, non-ferrous metal metallurgy and process mineralogy, which was founded in 2000 with headquarters in Beijing, China.
5	Customer E	Nickel-based materials	2,357.8	7.8%	Seven	A company initially focused on the production of LCD Backlight Units (BLUs) and began to venture into the business of cathode for lithium-ion secondary batteries, which was founded in 2000 with headquarters in Daegu, South Korea.
Total			**17,589.7**	**58.0%**		

Notes:

(1) Customer B was also a supplier of us in 2022, from which we procured logistics services. The purchase amount from Customer B in 2022 was RMB0.4 million; and

(2) Customer D was also a supplier of us in 2022, from which we procured sulfate nickel. The purchase amount from Customer D was RMB76.6 million.

For the year ended December 31, 2023

Rank	Customer	Major products sold to the customer	Transaction amount	Percentage of revenue	Years of business relationship	Background
			(RMB million)	*(%)*		
1	Customer A[(1)]	Nickel-based materials	4,524.5	13.2%	Five	A multinational company in the electric vehicle and clean energy industry which was founded in 2003 with headquarters in Texas, USA.
2	Customer B[(2)]	Nickel-based materials and cobalt-based materials	3,550.4	10.4%	Seven	A high-tech enterprise focusing on the research, development, production and sales of core anode materials and cathode for lithium-ion batteries which was founded in 2000 with headquarters in Shenzhen, China.
3	Customer F	Nickel-based materials, cobalt-based materials, phosphorus-based materials and lithium carbonate	3,223.9	9.4%	Eight	A high-tech enterprise focusing on the research, development, production and sales of cathode for lithium-ion batteries which was founded in 2016 with headquarters in Xiamen, China.
4	Customer G	Nickel-based materials and cobalt-based materials	1,931.0	5.6%	Five	A company with main products including cathode for EV batteries such as NCA and NCM, which was founded in 1998 with headquarters in Cheongju City, South Korea.
5	Customer E[(3)]	Nickel-based materials, cobalt-based materials and phosphorus-based materials	1,754.4	5.1%	Seven	A company that initially focused on the production of LCD Backlight Units (BLUs) and began to venture into the business of cathode for lithium-ion secondary batteries, which was founded in 2000 with headquarters in Daegu, South Korea.
Total			**14,984.2**	**43.7%**		

Notes:

(1) Customer A was also a supplier of us in 2023, from which we procured spent lithium batteries. The purchase amount from Customer A in 2023 was RMB3.0 million.

(2) Customer B was also a supplier of us in 2023, from which we mainly procured logistics services. The purchase amount from Customer B in 2023 was RMB3.0 million; and

(3) Customer E was also a supplier of us in 2023, from which we mainly procured lithium carbonate. The purchase amount from Customer E in 2023 was RMB83.2 million.

For the year ended December 31, 2024

Rank	Customer	Major products sold to the customer	Transaction amount	Percentage of revenue	Years of business relationship	Background
			(RMB million)	*(%)*		
1	Customer A[(1)]	Nickel-based materials	3,548.0	8.8%	Five	A multinational company in the electric vehicle and clean energy industry, which was founded in 2003 with headquarters in Texas, USA.
2	Customer F	Nickel-based materials, cobalt-based materials, phosphorus-based materials and lithium carbonate	2,616.2	6.5%	Eight	A high-tech enterprise focusing on the research, development, production and sales of cathode for lithium-ion batteries, which was founded in 2016 with headquarters in Xiamen, China.
3	Customer G	Nickel-based materials and cobalt-based materials	1,882.2	4.7%	Five	A company with main products including cathode for EV batteries as NCA and NCM, which was founded in 1998 with headquarters in Cheongju City, South Korea.
4	Customer H[(2)]	Nickel-based materials, cobalt-based materials and phosphorus-based materials	1,847.3	4.6%	Seven	A multinational-type group of companies in the high-tech new energy material industry, which was founded in 2014 with headquarters in Yuyao, China.
5	Customer I[(3)]	Electrolytic nickel	1,841.2	4.6%	One	A company with main business covering the production and sales of nickel, copper, cobalt, platinum group precious metals, non-ferrous metal rolling and processing products, chemical products and so on, which was founded in 2001 with headquarters in Jinchang, China.
Total			**11,734.9**	**29.2%**		

Notes:

(1) Customer A was also a supplier of us in 2024, from which we procured spent lithium batteries. The purchase amount from Customer A in 2024 was RMB3.3 million.

(2) Customer H was also a supplier of us in 2024, from which we mainly procured black mass. The purchase amount from Customer H in 2024 was RMB2.7 million; and

(3) Customer I was also a supplier of us in 2024, from which we mainly procured nickel ores and nickel intermediates. The purchase amount from Customer I in 2023 was RMB1,070.4 million.

For the six months ended June 30, 2025

Rank	Customer	Major products sold to the customer	Transaction amount	Percentage of revenue	Years of business relationship	Background
			(RMB million)	*(%)*		
1	Customer F	Nickel-based materials, cobalt-based materials, phosphorusbased materials and lithium carbonate	2,026.2	9.5%	Nine	A high-tech enterprise focusing on the research, development, production and sales of cathode for lithium-ion batteries, which was founded in 2016 with headquarters in Xiamen, China.
2	Customer A(1)	Nickel-based materials	1,841.8	8.6%	Six	A multinational company in the electric vehicle and clean energy industry, which was founded in 2003 with headquarters in Texas, USA.
3	Customer J(2)	Nickel intermediates	1,258.6	5.9%	Two	It is also our Supplier A, which is a globally renowned large-scale and integrated group engaged in the production, sales and trading of stainless steel and nickel and cobalt and other materials, which was founded in 2003 with headquarter in Wenzhou, China.
4	Customer K(3)	Electrolytic nickel, nickel plates and nickel intermediates	1,088.1	5.1%	Three	It is also our Supplier B, which is a leading independent global commodities trading company, which was founded in 1993 with headquarter in Geneva, Switzerland.
5	Customer L(4)	Nickel intermediates and crude cobalt hydroxide	1,031.3	4.8%	Two	It is also our Supplier G, which is our 50.0% owned joint venture, principally engaged in the mining, processing and sale of mineral resources, which was founded in 2022 and located in Indonesia. It currently operates the refining facility of our Morowali production base. See "— Production — Production Bases."
	Total		**7,245.9**	**34.0%**		

Notes:

(1) Customer A was also a supplier of us for the six months ended June 30, 2025, from which we procured spent lithium batteries. The purchase amount from Customer A for the six months ended June 30, 2025 was RMB1.4 million.

(2) Customer J was also a supplier of us for the six months ended June 30, 2025, from which we procured nickel ores, nickel intermediates and crude cobalt hydroxide. The purchase amount from Customer J for the six months ended June 30, 2025 was RMB653.1 million.

(3) Customer K was also a supplier of us for the six months ended June 30, 2025, from which we procured nickel intermediates, nickel sulfate and crude cobalt hydroxide. The purchase amount from Customer K for the six months ended June 30, 2025 was RMB845.9 million.

(4) Customer L was also a supplier of us for the six months ended June 30, 2025, from which we procured electrolytic nickel. The purchase amount from Customer L for the six months ended June 30, 2025 was RMB1,455.9 million.

The decrease in revenue from Customer A from RMB5,513.0 million in 2022 to RMB3,548.0 million in 2024 and further to RMB1,841.8 million in the six months ended June 30, 2025, primarily due to the decrease in prices of nickel-based materials. See "Financial Information - Principal Components of Results of Operations - Revenue." The sales volume of nickel-based materials decreased to a lesser extent from 42,900 metric ton in 2022 to 36,700 metric ton in 2024, primarily because Customer A engaged certain

third-party cathode manufacturers to procure a portion of the nickel-based materials from us, rather than purchasing directly from us. Taking into account the nickel-based materials procured by third parties engaged by Customer A, the total volume of nickel-based materials procured from us amounted to 49,020 metric tons, 44,922 metric tons, 50,677 metric tons, and 22,651 metric tons, respectively. We believe we had no material adverse change in the relationship with major customers during the Track Record Period. We believe that the likelihood of any material adverse change in or termination of our business relationship with our top five customers is low, considering that (i) we have partnered with all of these customers for long periods of time and have established mutually beneficially relationships with them; and (ii) we are involved in the very beginning of their product development process, which enables us to gain a unique and deep understanding of their demands and preferences, giving us competitive advantages as compared to our competitors. For risks associated with our key customers, see "Risk Factors – We generate the majority of our revenue from a limited number of key customers, the loss of whom may cause significant fluctuations or declines in our sales."

Major terms of typical agreements with our customers

Quantity and delivery schedule	:	The total sales amounts will be specified in the agreement with a detailed delivery schedule.
Specification	:	We usually set relevant technical parameters in the separate sales contracts with the customer under the framework agreement. Those parameters specify certain characteristics of the products to be delivered.
Price	:	Typically, we enter into separate pricing contracts with the customer. The prices for our products are typically consisted of prices for raw materials and processing prices. We typically use the average LME/MB or SMM/SHFE prices over an agreed period as the metal pricing benchmark, applying negotiated discount rates to price our new energy battery materials. The prices for processing are fixed upon mutual agreements for products with different specifications in consideration of the prevailing market condition.
Payment and credit terms	:	We may grant credit period to our customers according to their credit profile and historical performance. We typically grant credit terms of one to two months to eligible customers.
Title and risk	:	The title and risk shall typically be passed to the customers when the products are delivered to the custody of the customers.
Termination and dispute resolution	:	The agreement may be terminated by mutual consent. In the event of a dispute concerning the performance of the agreement, if negotiations fail to resolve the issue, the matter shall be settled through litigation.

We may also enter into co-development agreement with our customer to provide customized products to them.

Major terms of typical co-development agreements with our customers

Duration	:	Typically, the agreement has an initial term of three years. if neither party provides written notice of non-renewal at least one month prior to the expiration of the term, the Agreement shall be automatically extended for one additional year, and the same applies thereafter.
Roles and responsibilities	:	We shall carry out the design and development of the product according to the agreed schedule. The scope, items, specifications, functions, timeline and other related details shall be as specified in the product specification documents provided by the customers. After the project testing and acceptance are completed, both parties shall enter into a separate sales contract for the work results. The customer shall give priority to purchasing the products developed by us, and we shall ensure the fulfillment of customer's procurement and supply needs. The customer agrees to designate us as the largest supplier of the co-developed products under the agreement. If the customer's purchases of the co-developed products from us fall below an agreed portion of its total purchases of the same product, or if the customer explicitly indicates that it will no longer purchase the co-developed products from us then we shall have the right to sell the co-developed products to third parties with no need to pay any fees to the co-developed customers.
Ownership of intellectual properties	:	The intellectual property rights and know-how that are owned or independently developed by either party prior to the co-development under the agreement project shall remain the property of each respective party. The other party shall not acquire any ownership, in whole or in part, of such pre-existing intellectual properties by virtue of entering into or performing the agreement. Except for the pre-existing intellectual properties and unless otherwise agreed by both parties regarding the ownership of project-specific intellectual properties, both parties agree that all work results arising from this project shall be jointly owned by both parties.
Fee arrangement	:	Each party shall bear its own costs and responsibilities incurred in the performance of the agreement.
Warranties	:	We shall guarantee that the execution of the project and the quality, functionality, and specifications of the work results will fully meet the customer's requirements and testing standards for the product.
Termination	:	Either party shall have the right to unilaterally terminate the Agreement under certain circumstances, such as insolvency or cessation of business operations of the other party.

Overlapping of suppliers and customers

In 2022, 2023 and 2024 and the six months ended June 30, 2025, two, three, three and four customers among our five largest customers in each year during the Track Record Period were also our suppliers in the corresponding year, and our procurement from them amounted to 0.2%, 0.2%, 2.6% and 14.9% of our total procurement amounts in the corresponding year, respectively. We mainly sold new energy battery materials and new energy metal products to them, and procured raw materials, spent lithium-ion batteries and black

mass from them. We procured these materials from certain customers primarily based on our long-term business relationships and the strategic advantages those customers enjoyed over the relevant resources.

In 2022, 2023 and 2024 and the six months ended June 30, 2025, three, two, four and five suppliers among our five largest suppliers in each year during the Track Record Period were also our customers in the corresponding year, and our sales to them amounted to 1.3%, 8.1%, 11.0% and 13.7% of our total revenue in the corresponding year, respectively. We mainly procured raw materials from them, and sold new energy metal products to them. Our suppliers procured those new energy metal products from us mainly due to our advantages in upstream resources and the recognition of our quality products.

The Company does not expect the magnitude of such overlap to increase. See "—Sales and Marketing — Our Customers — Major Customers," and "—Our Supply Chain — Suppliers — Major Suppliers."

COMPETITION

We operate our core business in the new energy battery materials market, which is relatively concentrated with significant barriers to entry. These entry barriers include robust R&D capabilities, strong customer recognition with lengthy certification process, access to key mineral resources and substantial capital investment. Competition among the leading players in the market remains intense.

We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years since 2020. We compete with other manufacturers mainly based on our ability to optimize vertically-integrated global operations, strengthen customer relationships, and continuously advance technology advancements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We actively promote the United Nations Sustainable Development Goals. As a member of the UNGC since May 2023, we support the UN SDGs and adhere to the ten principles of the UNGC. We have established comprehensive sustainable development system and maintained regular communication with our stakeholders to understand their concerns and expectations about our ESG governance, strategies, actions, and achievement of objectives. We are also dedicated to building a responsible supply chain that encompasses best practices related to labor, health and safety, environment, compliance management systems business ethics, and carbon emission performance.

As a key player in the supply chain of leading global companies, we are required to adhere to their stringent ESG (environmental, social, and governance) policies and guidelines, which are embedded into our own practices. These guidelines ensure that we excel in responsible resourcing and uphold the highest standards of environmental stewardship, social responsibility, and ethical governance. We require our suppliers to provide evidence of management systems that enforce ESG best practices within their operations, and demonstrate a commitment to responsible sourcing throughout their supply chains. By integrating these principles into our business model, we not only meet the expectations of our global partners but also drive continuous improvement in ESG performance across our entire value chain.

Along with our global expansion, we place significant emphasis on fulfilling our ESG responsibilities in overseas regions as well. In February 2025, our Morowali production base and Weda Bay production base in Indonesia have successfully passed the ESG audit under the Responsible Minerals Initiatives. This marks Morowali production base and Weda Bay production base as the first two companies in Indonesia to have simultaneously completed both the Responsible Minerals Assurance Process and the ESG audit. This achievement serves as a high recognition of our efforts in responsible supply chain management and sustainable development. Moreover, in 2024, we launched a five-year biodiversity protection project in Indonesia to contribute our efforts in protecting the local environment. Due to our strong ESG performance in 2024, our MSCI ESG rating was upgraded to AA from BBB in 2025.

Our environmental compliance has been independently verified by external consultants during the Track Record Period. We have followed the requirements of the GRI Standards issued by the Global Sustainability Standards Board, with reference to United Nations Sustainable Development Goals and the Task Force on Climate-related Financial Disclosures.

Goal, targets and policies

We are dedicated to embracing the concepts of sustainable development. In 2023, we introduced a new corporate development strategy based on "Technology Diversification, Globalization, Digitalization of Operations, and Industry Ecologization".

In response to climate change, various governments have introduced policies aimed at energy conservation and emission reduction. For example, China and the EU regions have implemented increasingly stringent regulations in these areas. As a result, stricter requirements for product energy efficiency, emissions, and regulatory compliance have led to higher compliance costs, project cancellations, and increased penalty risks. Supply chains are also being impacted by regional policies, such as the EU Battery Regulation and the Carbon Border Adjustment Mechanism, which contributed to rising export costs. Additionally, regulatory authorities and investors are demanding more rigorous and transparent disclosures regarding corporate carbon emissions, reduction targets, implementation measures, and performance, further driving up operational and financing costs.

To the best knowledge of us, the production and commercialization of our products are not categorized as polluting industries by PRC or overseas governments.

The responsibility of the Board in ESG matters

The Board plays an active role in ESG management, providing leadership and oversight to the dedicated ESG team. The Board's primary focus is to ensure that our ESG efforts align with relevant legal regulations, standards, and regulatory requirements. The Board also assumes responsibility for managing and mitigating ESG-related risks, ensuring that ESG goals are effectively implemented throughout the Company. The specific ESG responsibilities of the board include:

- Overseeing and supervising the ESG team;
- Appointing leaders from the management team and relevant ESG departments to form the ESG team;
- Formulating the ESG strategic direction and ensuring its alignment with our overall development direction; and
- Assessing ESG-related risks.

The responsibilities of our ESG team

Our ESG team is appointed by the Board and consists of leaders from our management team and relevant ESG functional departments. Through such arrangement, the Board can diligently discharge its supervisory responsibilities for ESG issues in a timely manner. The specific responsibilities of the ESG team include:

- conducting research on the Company's ESG governance and provide relevant advice;
- monitoring the implementation progress of the Company's ESG strategies and goals;
- hearing from working groups and providing guidance for their work; and

- reviewing the Company's annual ESG reports and other ESG-related disclosures to ensure their completeness and accuracy.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material risks or issues in relation to ESG, nor have we been subject to any material fines or penalties for non-compliance or violation of the environmental laws of the PRC. Going forward, we will continue to improve our ESG management structure, form ESG strategies and targets, and track the target completion progress. We plan to further improve risk identification and assessment procedures, enhance risk management capabilities and disclose ESG reports on a regular basis.

Environment

We are subject to environmental laws and regulations in mainland China including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) and other relevant laws and regulations. We strictly abide by the requirements of these laws, formulate internal policy documents related to environmental management, and require all production bases to regularly review the operation of environmental management systems.

We intensify our investments in environmental protection and implementing multiple measures to reduce resource consumption and greenhouse gas emissions. In particular,

- *Electricity consumption*. We are enhancing energy efficiency through clean energy adoption and management upgrades. Our 6MW photovoltaic project with 5,000m² of solar parking sheds powering 31 EV charging piles in Ningxiang production base has been put into operation in June 2024, and expect to generate 8 million kWh annually from 2024. In 2024, we sourced approximately 86.9% of our electricity from clean energy, surpassing its 75% target set for the 2024. Such target was set mainly based on our commitment to achieve 100% electricity from clean energy by 2025, with a linear increase from 2022 to 2025, with reference to overall decarbonization plans of downstream customers in the value chain and our development plan. Our Qinzhou production base achieved 100% clean energy supply since 2022, and our Kaiyang production base has achieved 70% clean energy supply in 2023. We continuously improve our energy management system, with ISO 50001 certifications obtained for key bases.

- *Water consumption*. We are committed to using water resources responsibly and sustainably by improving water recycling and reducing withdrawals from the environment. To minimize the ecological impact, we optimize production processes and enhance water resource recycling across our operations. We also plan that by 2025, the overall water recycling rate at our domestic production bases will reach 70% or above, reinforcing our commitment to sustainable water management. Such target was set with reference to the average of industry peer and the development stage of the Group. In 2024, we have achieved a water recycling rate of 59.6%, representing a 91.7% target achievement rate. Achieving those ESG goals is expect to enhance the recognition of our brand in the international markets, and we do not consider there would be any material negative financial impact for achieving such goals.

- *Greenhouse gas emissions*. We are committed to reducing carbon emissions across the entire product lifecycle and minimizing our environmental impact. We have established a product carbon footprint management system and implements resource recycling management throughout product design, production, scrap, and battery recovery to achieve a closed-loop material cycle.

Energy consumption

The energy resources we consumed during the Track Record Period mainly included coal, electricity, natural gas and fuel oil. The following table sets forth the metrics of the energy consumption (excluding clean energy electricity) for the periods indicated.

		Year Ended December 31,		
	Unit	**2022**	**2023**	**2024**
Total energy consumption	GJ	4,399,490	4,531,939	3,024,403

Pollutants and Emissions

The following table sets forth the total pollutant and emissions for the periods indicated.

		Year Ended December 31,		
	Unit	**2022**	**2023**	**2024**
Waste gas	ton	33	170	225
solid waste	ton	32,925	74,118	78,292

Greenhouse gas emissions

The following table sets forth the greenhouse gas emissions for the periods indicated.

		Year Ended December 31,		
	Unit	**2022**	**2023**	**2024**
Scope 1[(1)]	tCO_2e	62,371	161,121	199,996
Scope 2[(2)]	tCO_2e	529,292	402,812	250,893
Scope 3[(3)]	tCO_2e	3,937,758	4,553,325	4,629,042

Note:

(1) According to Greenhouse Gas Protocol, scope 1 emissions refer to the direct emission, primarily arising from the emission from our production facilities.

(2) According to Greenhouse Gas Protocol, scope 2 emissions refer to the indirect emission, primarily arising from electricity and steam consumption.

(3) According to Greenhouse Gas Protocol, scope 3 emissions refer to the emission throughout the value chain, which mainly include upstream emissions from raw and auxiliary materials, transportation, and other related sources.

Our scope 1 emission increased from 62.4 tCO2e in 2022 to 161,121 tCO2e in 2023, and further to 199,996 tCO2e in 2024, primarily due to the increase in production facilities and production output. Our scope 2 emission decreased from 529,292 tCO2e in 2022 to 402,812 tCO2e in 2023, and further to 250,893 tCO2e in 2024, primarily due to the continuous increase in rates of clean energy electricity. Our scope 3 emission increased from 3,937,758 tCO2e in 2022 to 4,553,325 tCO2e in 2023, and further to 4,629,042 tCO2e in 2024, primarily due to increased procurement to satisfy the increasing production demands.

Supply chain

We are committed to promoting a sustainable enterprise governance and integrate it into all major aspects of our business operations, particularly the supply chain management.

- *Admission assessment*. As an important step of the supplier admission process, we will conduct due diligence investigations and assessments over the suppliers in accordance with the UN

Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and the Chinese Due Diligence Guidelines for Mineral Supply Chain. Through our supplier admission process, we will evaluate the company profiles, operational capabilities, product competence, and ESG factors, including human rights protection, occupational health and safety, and responsible mineral sourcing of the suppliers thoroughly.

- *Compliance commitment*. We require all of our suppliers to adhere to our Due Diligence Management Policy for Responsible Global Mineral Supply Chains and Suppliers' Code of Conduct. Our suppliers must sign an acknowledgment letter and a supplier commitment agreement, which includes obligations related to occupational health and safety management, environmental material management, integrity and confidentiality, and due diligence management of mineral supply chains. For overseas suppliers, due diligence clauses are incorporated into procurement contracts to ensure compliance.

- *Regular evaluation*. We conduct annual supply chain due diligence assessments on nickel, cobalt, and manganese suppliers. These evaluations involve collecting qualitative and quantitative information through KYS (Know Your Supplier) questionnaires and mineral source assessments to identify potential risks related to human rights, child labor, and armed conflict. Enhanced due diligence is carried out when red flag issues are identified.

Supplier selection and management

We have formulated the ESG Management Policy and actively integrate environmental sustainability into our supply chain management practices. To promote green development, we prioritize collaboration with suppliers that demonstrate strong carbon emission performance and align with our sustainability goals.

As part of our commitment to carbon reduction and environmental responsibility, we have revised our Supplier ESG System Audit Form to include carbon emission performance as a key evaluation criterion for suppliers of major raw materials. We interact with suppliers through email correspondence, on-site visits, and direct communications to evaluate their current carbon emissions, organizational carbon reduction targets, and product- level decarbonization strategies. Through these engagement, we actively promote our carbon reduction targets and require suppliers to accelerate their efforts in tracking, disclosing, and mitigating carbon emissions.

Production facilities, contract manufacturers and warehouses

We have established relevant policies to manage environmental affairs within our production bases. We strictly abide by the requirements of the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, and other relevant laws and regulations. To ensure compliance with environmental requirements, we have formulated internal policy documents related to environmental management and require all production bases to regularly review the operation of their environmental management systems.

We have developed a comprehensive Environmental Protection Management System, following the ISO 14001 Environmental Management System standards, and implemented an environmental responsibility system that ensures accountability at all levels.

- *Energy Management and Emission Control*: We are committed to enhancing energy efficiency and reducing carbon emissions across our operations. By integrating renewable energy sources and optimizing production processes, we continuously strive to lower energy consumption per unit of production while ensuring sustainable growth. To expand the use of clean energy, we have actively developed photovoltaic power projects in our production bases, increasing our use of

renewable electricity. We continue to implement energy-saving initiatives, including infrastructure upgrades, process optimizations, and the adoption of advanced technologies to improve efficiency. Additionally, we strengthen our energy management systems to align with international standards, ensuring systematic and effective energy conservation. For emission control, we conduct regular monitoring and adopt targeted measures to minimize environmental impact. Our facilities have implemented various efficiency-enhancing projects, optimizing electricity and steam use while replacing conventional equipment with energy-efficient alternatives. These efforts reflect our commitment to sustainable development and environmental responsibility.

- *Water Resource Management*: We are committed to the responsible and sustainable use of water resources, continuously improving water recycling efficiency and reducing our reliance on freshwater withdrawals. Recognizing the critical role of water in our operations, we have established strict management systems to optimize water usage and minimize environmental impact. To enhance water efficiency, we have implemented comprehensive measures, including process optimizations and increased water recycling in our production bases. We actively monitor water resource utilization to ensure compliance with environmental standards and continuously assess water-related risks throughout the processes of site selection, construction, and production. Additionally, we promote water conservation awareness among employees, integrating sustainable water management into our daily operations.

- *Waste Management*: We place emphasis on the disposal and recycling of waste generated in the production process. We have formulated internal policies to regulate waste management and adopt strict classification and control measures to ensure efficient and compliant waste disposal. To maximize resource utilization, we recycle general waste, repurposing it for production or selling it externally to realize the value. Hazardous waste is managed under a standardized process, following a "classified collection + classified storage + classified disposal" model to prevent environmental risks such as toxic gas emissions or explosions. Additionally, we recycle certain types of hazardous waste for production, further enhancing resource efficiency. We have adopted mature technologies such as mechanical vapor recompression, exhaust gas collection, absorption towers, membrane separation and dust removal systems to treat waste gas and industrial wastewater. Emergency systems, including emergency pools, drainage channels, and rain-sewage diversion, are installed throughout the production system to actively and effectively manage pollution risks. These technologies have been fully implemented across all production bases.

Social responsibilities

Employee caring initiatives

We are committed to upholding human rights and fostering a fair, inclusive, and respectful workplace. Across our operations, we conduct human rights risk assessments, advocate against discrimination and harassment, promote gender equality, and respect diverse cultural and religious beliefs. We ensure equal pay for equal work and uphold employees' freedom of association, creating an environment where all individuals are valued and protected.

To safeguard employees' rights and well-being, we prioritize talent development, encourage local employment, and implement measures to reduce turnover. We invest in professional training programs, enhance employee skills, and establish incentive policies to improve job satisfaction.

We maintain a strict stance against modern slavery and forced labor, ensuring that all work is conducted voluntarily. Our Management Procedures for Preventing Forced Labor prohibits servitude in any form. Similarly, we strictly enforce our Remedial Procedures for Child Labor and Underage Workers,

carefully verifying job applicants' ages and taking corrective measures where necessary. We also monitor our suppliers and subcontractors to prevent the use of child labor in our supply chain. We uphold anti-discrimination and anti-harassment policies through dedicated management procedures, strictly complying with labor laws and regulations. We are committed to ensuring that all employees are treated fairly during recruitment and throughout their tenure. Our policies promote workplace diversity by prohibiting discrimination on race, religion, nationality, gender, age, sexual orientation, marital status, disability, or political affiliation.

The following table sets forth the number of full-time employees by gender as of the dates indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Male	7,456	10,345	13,244	14,395
Female	2,684	3,183	3,197	3,282

The following table sets forth the number of full-time employees by age groups as of the dates indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Age < 30	3,822	5,702	7,711	8,144
Age 30-50	6,013	7,446	8,309	9,100
Age > 50	305	380	421	433

Social charitable efforts

We actively engage in social welfare initiatives, contributing to rural revitalization, education, and community development. In 2024, our total charitable expenses exceeded RMB1.8 million, reflecting our commitment to social responsibility. We have undertaken numerous philanthropic initiatives.

From November to December 2023, the CNGR Public Welfare Foundation launched the "Light up the Bookstore" initiative across Hunan, Guizhou, Guangxi, and other regions in China. Through this program, we donated educational aid materials in value of approximately RMB1.0 million in 2023 and RMB0.3 million in 2024, including OLED eye-protection desk lamps and popular science books, to hundreds of students from low-income households in Gantang Town, Dalong Economic & Technological Development Zone, and Qinzhou Port. Additionally, we established small rural bookstores to create a healthier learning environment and inspire students' educational aspirations. Over the next two years, we aim to expand this initiative to benefit 2,000 students in central and western China. Before the Teachers' Day in 2024, we donated RMB0.5 million to the Guizhou Provincial Education Development Foundation to recognize outstanding teachers and students and to promote the development of local education.

Business Integrity

We are firmly committed to combating corruption, bribery, extortion, fraud, and money laundering. We comply with relevant laws and regulations including the People's Republic of China Anti-Unfair Competition Law and the People's Republic of China Anti-Money Laundering Law. We have implemented a series of strict internal measures regarding business integrity to prevent corruption, including the Anti-Corruption, Anti-Money Laundering and Anti-Bribery Management System, Employee Integrity

Management System and Franchisee Integrity Management System. In addition, we make known our internal integrity policies to our suppliers and other partners, and require our suppliers to sign integrity agreements in which they make written commitment to comply with our anti-corruption and anti-bribery requirements. We also carry out anti-corruption training activities for employees, including Directors, to strengthen employees' awareness of integrity. We maintain a zero-tolerance policy toward corruption and fraud. Any individual found engaging in such misconduct will be subject to strict disciplinary action and referred to the appropriate authorities. Our internal policies set clear expectations, including prohibitions on offering or accepting improper benefits to influence counterparties, as well as gaining advantages through charitable donations or sponsorships. We also established relevant whistle-blowing mechanism through various channels to enable anonymous reporting of non-compliance of such policies. We also established our anti-money laundry policies and implementation rules to assess and mitigate risk in relation to money-laundry.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material instances related to fraud, bribery or other misconduct committed by employees, franchisees, suppliers and other third parties.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, process and transfer of various types of data may come under increased administrative scrutiny. See "Risk Factors — Risks Relating to Our Industry and Business — Our operations rely on complex information technology systems and networks, and our business and reputation may be impacted by information technology system failures, network disruptions or cybersecurity breaches" and "Risk Factors — Risks Relating to Our Industry and Business — Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations."

We collect and store business data and transaction data generated during or in connection with our business operations, such as data related to our business and transactions with our customers, suppliers and other relevant parties. We generally do not collect or process individual customers' personal information since our customers are brand companies rather than individuals.

We have established a comprehensive data compliance system that consists of organizational structure and internal policies. Specifically, we have established our Information Security Management Handbook and have set up a series of internal procedures and policies in relation to network, information equipment and system, and we also obtained GB/22080-2016 /ISO/IEC 27001:2013 certification for the relevant information security management system. Our policies and procedures ensure that we have a comprehensive set of protocols covering the prevention of data breaches, immediate action and response in case of data incidents and post-incident assessment and analysis. In addition, we regularly conduct trial runs of data security incidents to test our data protection mechanism and provide various data security trainings to our employees (including trainings during their on-boarding process) to ensure that our employees are well aware of our data security policies and their responsibilities in terms of data protection. We also provide training and education to the personnel in relation to information security so as to promote their awareness of data security management and improve their job skills.

Our information technology department is responsible for developing and implementing our policies and procedures relating to cybersecurity and data security.

During the Track Record Period, we had complied with relevant laws and regulations in the PRC related to cybersecurity and data protection in material aspects.

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. We have developed or employ various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth.

Our key information technology systems are set forth below:

- Enterprise Resource Planning (ERP): Our ERP is an integrated system, encompassing functions such as accounting and supply chain aims to establish an SAP-based digital operations foundation tailored to the needs of the new energy materials industry. It empowers our R&D, production, operations, and internationalization processes, supporting our sustainable and high-quality development.

- Batch Data Management System (BDMS) : Our BDMS is a system encompassing functions such as production data collection and archiving, recording manufacturing operation in an electronic manner, and batch quality traceability. It improves the efficiency and accuracy of our manufacturing business.

- Office Automation (OA) system: Our OA system provides an internal online platform for paperless information sharing and dissemination, and collaborative administration work such as internal approval process.

INSURANCE

We maintain insurance policies to cover product transport liability and employer liability. In addition, we have purchased a number of property-related insurance policies covering our facilities, machinery, equipment, inventories and other assets. We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries in which we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to our Industry and Business — Our insurance coverage may not cover all losses related to our operational risks" for details.

During the Track Record Period, we had not made, and were not the subject of, any insurance claims which are material to our business or financial condition.

PROPERTIES

As of June 30, 2025, we operated our business through owned properties, land use rights and leased properties in China, Indonesia, South Korea, Japan and Germany. We primarily use our owned and leased properties as our production centers and office premises.

As of June 30, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this Document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Documents from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Land use rights and owned properties

As of June 30, 2025, we owned land use rights for 80 parcels of land in China with a gross floor area of approximately 4.5 million sq.m. As of June 30, 2025, we owned properties with a gross floor area of approximately 6.8 million sq.m. in China, Indonesia and South Korea. We mainly use these properties as our production bases and office premises.

Among those properties, as of June 30, 2025, we owned a total of 134 properties with area of over 1,000 sq.m. used for production and operation in mainland China, with an aggregate area of approximately 1.55 million sq.m.. Among them, we have obtained property ownership certificates for 102 of them, while we have completed the completion acceptance process for the remaining 32 properties, pending the issuance of property ownership certificates.

Leased properties

As of June 30, 2025, we leased properties with a gross floor area of over 9,000 sq.m. in China, Indonesia, South Korea, Japan and Germany, mainly as our production bases and office premises. According to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within a prescribed time period. As of the Latest Practicable Date, with respect to one major leased property in China used as an office, we had not filed the lease agreement. As advised by our PRC Legal Adviser, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect our operations.

EMPLOYEES

As of June 30, 2025, we had 17,677 full-time employees, with approximately 42.8% of our employees located in China. The following table sets forth a breakdown of our full-time employees by function as of June 30, 2025.

	As of June 30, 2025	
Function	**Number**	**%**
Production	12,085	68.4%
Sales and marketing	133	0.8%
Research and development	1,981	11.2%
Finance	235	1.3%
Administration	3,243	18.4%
Total	**17,677**	**100.0%**

We provide our employees with certain benefits including social insurance coverage and retirement benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees' compensation is determined with reference to their job positions, technical skills, job performance and competition.

We have various employee training programs that aim to enhance our employees' technical skills and R&D capability. Our employee training system is centered around three pillars, namely our operational system, our class system and our instructor system. Our operational system governs the design and implementation of our training policies; our class system decides our training content, and our instructor system makes sure that we have the right instructors who can properly train and inspire our employees.

None of our employees are represented by collective bargaining agreements. We believe that we have good employment relationships with our employees. During the Track Record Period, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

Social insurance and housing provident funds

According to the relevant PRC laws and regulations, we are required to make contributions to the social insurance fund and housing provident fund for the benefit of our employees in China. During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and Regulations. Such non-compliance was primarily due to (i) the implementation or interpretation of the PRC laws and regulations by local authorities varies, and (ii) in some cases, certain employees voluntarily made the decision not to make such contributions in full in lieu of receiving more cash payments.

We estimate that the aggregate shortfall of social insurance and housing provident fund contributions in 2022, 2023 and 2024 and the six months ended June 30, 2025 amounted to approximately RMB20.8 million, RMB26.9 million, RMB31.8 million and RMB20.5 million, respectively, which was less than 0.1% of our total revenue during respective period. As advised by our PRC Legal Adviser, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the shortfall contributions within a prescribed time limit and may be subject to an overdue fine of 0.05% of the delayed payment per day from the date on which the payment is payable, pursuant to the relevant PRC laws and regulations. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. In such case, the maximum potential penalty for our shortfall of social insurance contributions during the Track Record Period is estimated to be approximately RMB282.1 million. Moreover, if we fail to pay the full amount of housing provident funds as required, the competent authority may order us to pay the shortfall within a prescribed time limit. If the relevant authorities order us to pay the shortfall of social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or take such rectification measures promptly within the specified period to avoid such penalties for overdue payment.

However, according to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Effectively Implementing the Essence of the Executive Meeting of the State Council and the Measures on the Stable Collection of Social Insurance Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》(人社廳函[2018]246號)) which was promulgated on September 21, 2018, local governmental authorities are prohibited from centralized collecting of historical unpaid social insurance premiums without authorization.

Based on inquiries with the competent government authorities that oversee the vast majority of our employees, they have not received any employee complaint regarding social insurance, and they will not proactively initiate a centralized recovery for shortfall of the social insurance contributions regarding all employees of the Company in the absence of large-scale complaints or reports. During the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material or large-scale complaint filed by any of our employees regarding the social insurance and housing provident fund. As advised by our PRC Legal Adviser, provided that there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund, and no major employee complaints, reports or related lawsuits/arbitrations are filed, we and our major subsidiaries in PRC face a remote risk of being subject to centralized collection of underpaid contributions or significant administrative penalties for above issues by the authorities overseeing social insurance and housing provident fund.

Furthermore, on July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Pursuant to the Article 19(1) of the New Judicial Interpretation, if

an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with the PRC Labor Contract Law, the court shall support such claims. See "Regulatory Overview — Laws and regulations on employment and social welfare — Insurance" for details.

As advised by our PRC Legal Adviser, the New Judicial Interpretation is not expected to have a material adverse effect on our financial condition and business based on that (i) the New Judicial Interpretation is not expected to increase the afore-mentioned estimated maximum potential penalty for the Company's shortfall of social insurance contributions during the Track Record Period, as the shortfall resulting from the employees' elections or mutual agreements have already been accounted for such calculation, and (ii) the Company undertakes that, in case that the Company is required by the competent authorities to make correction or payment within a prescribed time limit, or pay the shortfall of the social insurance, the Company will actively take relevant rectification measures and make the payments as required.

Remedial and Internal Control Measures

We have proactively maintained communication with local government authorities in relation to the implementation and interpretation of the relevant PRC laws and regulations. We will continue to seek and follow their guidances in relation to matters regarding social insurance and housing provident fund.

We have reviewed our practice and internal control measures and adopted or plan to adopt remedial measures, including:

- We have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund;
- We will keep abreast of the latest developments in PRC laws and regulations in relation to social insurance and housing provident funds;
- We will consult our PRC counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and
- We will provide trainings to our employees in relation to PRC laws and regulations on the social insurance and housing provident funds to improve their legal awareness.

We will make efforts to rectify such non-compliance by making full contribution of social insurance and housing provident funds for our employees by 2026, subject to any changes in applicable laws, regulations, or requirements of the competent authorities. We will actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing fund.

We will make contributions for our employees in a manner as required as soon as practicable once we receive the notification from the relevant government authorities, if any, to require us to make contribution for the shortfall of social insurance and housing provident funds contribution or to amend our policies or practice in this regard to avoid receiving administrative punishment from the relevant government authorities for the failure of making the contributions in time.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry in which we operate. See "Risk Factors" for a discussion of these risks.

The Board of Directors and our senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect us and to manage risks to be within our risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Risk management and internal control policies

We have implemented or will adopt upon the **[REDACTED]** a number of policies and measures to manage our risks and set up proper internal controls. These policies cover areas such as (i) the duties and roles of the Directors, the Board and our senior management; (ii) social and environmental matters, including policies on diversity; (iii) financial reporting; (iv) whistleblowing; (v) prevention of market misconduct and (vi) compliance with the Listing Rules.

Under our risk management and internal control policies, the Board oversees risk management and internal control systems on an ongoing basis and reviews the effectiveness of these systems.

In 2025, we engaged an independent consulting firm to perform a review over our internal control. The key areas of inspection include financial reporting and disclosure, research and development management, management policies over sales, trade receivables and payables management, production safety control, inventory management, intangible assets management, human resource and remuneration management, capital management, tax management, insurance management, contract control and information technology control.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

The table below sets forth our key licenses and permits. As of the Latest Practicable Date, the following licenses and permits were all valid.

Entity	Name of the License	Issuing Authority	Expiry Date
The Company	Pollutant Discharge Permit	Tongren Ecological Environment Bureau	December 1, 2029
	Hazardous Chemicals Operation License	Tongren Emergency Management Bureau	January 9, 2026

Entity	Name of the License	Issuing Authority	Expiry Date
Guizhou Zhongwei Resources Recycling	Work Safety License	Guizhou Emergency Management Department	May 6, 2028
	Hazardous Chemicals Operation License	Tongren Emergency Management Bureau	June 24, 2026
	Hazardous Chemicals Registration Certificate	Guizhou Hazardous Chemicals Registration Office, Emergency Management Department Chemicals Registration Center	February 16, 2028
	Hazardous Waste Operating Permit	Guizhou Ecological Environment Department	January 18, 2029
	Pollutant Discharge Permit	Tongren Ecological Environment Bureau	October 29, 2029
Hunan Zhongwei Zhengyuan	Hazardous Chemicals Operation License	Ningxiang Emergency Management Bureau	June 5, 2026
	Hazardous Chemicals Registration Certificate	Hunan Hazardous Chemicals Registration Office, Emergency Management Department Chemicals Registration Center	October 21, 2027
Hunan Zhongwei New Energy	Pollutant Discharge Permit	Changsha Ecological Environment Bureau	April 18, 2028
Guangxi Zhongwei New Energy	Hazardous Chemicals Operation License	Emergency Management Bureau of China (Guangxi) Free Trade Test Area Qinzhou Port Area	October 15, 2027
	Pollutant Discharge Permit	Qinzhou Ecological Environment Bureau	August 14, 2029
Guizhou Zhongwei Xingyang Mining Co., Ltd. (貴州中偉興陽礦業有限公司)	Mining Permit	Guizhou Natural Resources Department	December, 2034
Guangxi CNGR Zhengyuan Trading Co., Ltd. (廣西中偉正源貿易有限公司)	Hazardous Chemicals Operation License	Emergency Management Bureau of China (Guangxi) Free Trade Test Area Qinzhou Port Area	December 6, 2025
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited (貴州中偉興陽儲能科技有限公司)	Pollutant Discharge Permit	Guiyang Ecological Environment Bureau	October 16, 2029
	Hazardous Chemicals Operation License	Kaiyang Emergency Management Bureau	March 21, 2026

Entity	Name of the License	Issuing Authority	Expiry Date
Changsha Zhongwei Chuangyuan Trading Co., Ltd. (長沙中偉創源貿易有限公司)	Hazardous Chemicals Operation License	Changsha Emergency Management Bureau	December 7, 2025

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any accidents, fatalities, occupational safety and hazard issues and/or labor disputes related to our operations, nor our mineral resources, which could have a material and adverse effect on our financial condition or results of operations. During the same period, we did not provide or procure products or services to or from sanctioned countries/regions or customers/suppliers.

Insolvency of Delong Nickel

Background

In 2023, we, through our subsidiaries, and the platform for our employee stock ownership plan ("**ESOP platform**"), acquired 60% and 7% equity interests, respectively, in PT Nadesico Nickel Industry ("**NNI**") from Jiangsu Delong Nickel Industry Co., Ltd. ("**Delong Nickel**") and its affiliate. Delong Nickel, a manufacturer of nickel products and stainless steel, retained the remaining 33% equity interest, making it a minority shareholder in NNI. NNI currently operates our North Morowali production base.

Under the terms of the transaction agreements, Delong Nickel:

(i) agreed to construct the North Morowali production base for a fixed price of US$960 million, with any cost overruns to be absorbed by Delong Nickel; and

(ii) guaranteed that the production base would reach full production capacity by December 2023. Should this goal not be met, Delong Nickel committed to indemnifying us for any shortfall in returns resulting from the expected production of nickel products.

In connection with the acquisition, Delong Nickel also has several ancillary obligations to NNI and to us as NNI's shareholder, including providing shareholder loans to fund NNI's operations and offering a shareholder guarantee for NNI's loans. Additionally, NNI advanced tax on behalf of Delong Nickel.

The construction of our North Morowali production base has been completed but was delayed compared to the original plan. As of July 31, 2024, being the date immediately before the date of the court's ruling on reorganization of Delong Nickel, NNI had incurred approximately US$1.1 billion in construction costs and was expected to incur an additional US$127.6 million, exceeding the fixed price agreed with Delong Nickel. The delay also triggered Delong Nickel's indemnity obligations related to the shortfall in

expected nickel production returns, which amounted to US$82.0 million as of July 31, 2024. Additionally, NNI advanced approximately RMB66.3 million in taxes on behalf of Delong Nickel and its affiliate in connection with their transfer of NNI shares. Furthermore, we had several outstanding claims related to Delong Nickel's ancillary obligations.

Delong Nickel's financial condition has been deteriorating and in August 2024, a consolidated insolvency proceeding was initiated against Delong Nickel, which remains ongoing as of the Latest Practicable Date. We are unable to assure how much of the outstanding claims can be recover, if at all. Based on the analysis below, we are of the view that the insolvency of Delong Nickel, even if we are not able to collect on the claims in full, does not have a material and adverse effect on the business operations and financial condition of us.

Our claims in the insolvency proceeding

As of the Latest Practicable Date,

- production shortfall indemnity in the aggregate amount of RMB585.2 million had been accepted by the administrator, which was subject to ruling by the court. Construction cost overruns in the aggregate amount of RMB430.5 million has been accepted by the administrators which were subject to ruling by the court, with the RMB137.3 million in construction cost overruns pending recognition; and

- advanced tax, credit enhancement fees and breach penalty in the aggregate amount of RMB213.8 million has been accepted by the administrator and ruled in favor of us by the court, with the remaining RMB8.8 million (part of the credit enhancement fees) unaccepted.

Impact on our business operations

Based on the analysis below, we are of the view that Delong Nickel's insolvency has not and will not have a material adverse impact on the business or operations of us.

We control NNI, and Delong Nickel, as a minority shareholder of NNI, does not hold any special rights at the board level, in management, or in day-to-day operations. Other than the unfulfilled obligations discussed herein, Delong Nickel has met all its funding obligations to NNI. Furthermore, the capital expenditure phase of NNI has largely been completed, and we have sufficient financial resources to support NNI's operations. In addition, NNI's articles of association only require two-thirds of outstanding votes for ordinary corporate matters. We controlled 60% of the shareholdings, combined with the 7% held by the ESOP platform, which exceeds this threshold. Delong Nickel's shareholding in NNI will be treated as an asset in its insolvency proceedings. Pursuant to the share transfer agreement entered into between, among others, Delong Nickel and us, our prior consent is required for transfer of shares held by Delong Nickel in NNI. While the insolvency proceeding might trump this right and other parties might acquire Delong Nickel's shareholding in NNI, due to the corporate governance mechanisms mentioned above, the new shareholder will not have any extra power as compared with Delong Nickel that could affect the business and operations of NNI.

Impact on our financial condition

Based on the analysis below, we are of the view Delong Nickel's insolvency has not and will not result in any material adverse impact on its financial condition, considering our scale of business.

We recognized the advanced tax in the amount of RMB66.3 million as other receivables at the time of the advancement. We recognized impairment on such other receivables in accordance with our impairment policies as the receivables aged, and as of December 31, 2024, the carrying amount of such receivables was

RMB52.4 million. No other claims or liabilities related to Delong Nickel have been recognized. If Delong Nickel is unable to fulfill its obligations, we may be required to write off part or all of the other receivables in the amount of RMB66.3 million. The potential write-off and loss represent an immaterial portion of our overall financial position.

Additionally, if Delong Nickel is unable to meet its obligations, we may have to cover the construction overruns, which was expected to be US$127.6 million, that were originally borne by Delong Nickel. However, we believe our financial resources and operational stability its sufficient to absorb such impact without significant disruption.

Furthermore, we may not be able to receive any indemnity for the shortfall in returns from the expected production of nickel products. As this does not result in any liabilities on us, the inability to claim the indemnity will result in lower-than-budgeted investment return but will not result in a material and adverse effect on our results of operations or financial condition.

INTRA-GROUP TRANSACTIONS

In our ordinary course of business, we conduct certain intra-group transactions among our entities in different jurisdictions. In particular, we have major subsidiaries in mainland China, Hong Kong and Indonesia during the Track Record Period. The table below sets forth the amount of our intra-group transactions and arrangements for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB millions)				
				(unaudited)	
Raw materials sales	32,543	35,538	28,003	11,735	15,310
Finished products sales (cross border)	4,664	3,403	5,820	2,556	3,673
Finished products sales (within mainland China)	9,231	13,358	11,567	5,890	6,752

Types of Intra-Group Transactions

During the Track Record Period, we had three major types of intra-group transactions:

Raw materials sales

Overseas manufacturing entities→overseas trading entities (primarily Hong Kong)→mainland China trading entities→mainland China manufacturing entities

Finished products sales (cross border)

Mainland China manufacturing entities→mainland China trading entities→overseas trading entities (primarily Hong Kong)→overseas customers

Finished products sales (within mainland China)

Mainland China manufacturing entities→mainland China trading entities→mainland China customers

Risk Analysis of Our Intra-Group Transactions

We have engaged independent transfer pricing consultants to conduct reviews of our key intra-group transactions during the Track Record Period, with a focus on material and recurring transactions. The

consultants reviewed information provided by us, including financial figures and activities performed by relevant group entities, and performed benchmark studies. The consultants assessed the reasonableness of the relevant transfer pricing transactions and arrangements by applying appropriate transfer pricing methods primarily using the interquartile range approach. The objective was to evaluate whether the relevant pricing of intra-group transactions was in line with the arm's length principle and would not give rise to material tax exposure.

Based on the previous assessment conducted by our independent transfer pricing consultants, we believe that during the Track Record Period, our transfer pricing risks resulting from our intra-group transactions were relatively low, and our transfer pricing practice with respect to our intra-group transactions worldwide did not have any material compliance issues.

The independent transfer pricing consultants have reviewed and benchmarked these transactions and found that the operating profit margins of such sales were not lower than the interquartile range based on comparable benchmarks after taking into consideration the relevant functions of the various entities and the jurisdictions in which they were incorporated. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

Based on the above analysis, the Directors are of the view that, during the Track Record Period, the transfer pricing transactions and arrangements were generally consistent with the arm's length principle and our transfer pricing practice did not have any material compliance issues.

Although we cannot assure you that the Mainland China, Hong Kong and other jurisdictions tax authorities will not make any transfer pricing adjustments according to the relevant laws and regulations, the Directors (after consultation with our independent transfer pricing consultant) are of the view that the Group would have reasonable grounds of defense against possible challenges to the Group's transfer pricing arrangements for the Track Record Period.

TARIFF

We have a global operation, with production facilities in China, Indonesia, Morocco and South Korea, while our products are primarily sold in China, South Korea, Singapore, Indonesia and the United States. The production and sales of our products involve moving raw materials and products across borders, which could entail tariff.

The table below set forth the applicable tariffs on our major raw materials and products during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	As of the Latest Practicable Date
	2022	2023	2024	2025	
China—tariffs for raw materials					
Cobalt intermediates	0%	0%	0%	0%	0%
Nickel matte	0%	0%	0%	0%	0%
Nickel intermediates	0%	0%	0%	0%	0%
Cobalt sulfate	2%	2%	2%	2%	2%
Nickel sulfate	2%	2%	0%	0%	0%
South Korea—tariffs for products from China					
Nickel plate	0.8%	0.8%	0.8%	0.8%	0.8%
Nickel-based pCAM	0%	0%	0%	0%	0%
Cobalt-based pCAM	0%	0%	0%	0%	0%
FP	0%	0%	0%	0%	0%
LFP	0%	0%	0%	0%	0%
Singapore—tariffs for products from China					
Nickel plate	0%	0%	0%	0%	0%
Nickel-based pCAM	0%	0%	0%	0%	0%
Cobalt-based pCAM	0%	0%	0%	0%	0%
FP	0%	0%	0%	0%	0%
LFP	0%	0%	0%	0%	0%
Indonesia—tariffs for products from China					
Nickel plate	0%	0%	0%	0%	0%
Nickel-based pCAM	0%	0%	0%	0%	0%
Cobalt-based pCAM	0%	0%	0%	0%	0%
FP	0%	0%	0%	0%	0%
LFP	0%	0%	0%	0%	0%
United States—tariffs for products from China					
Nickel plate	0%	0%	0%	0%	0%
Nickel-based pCAM	3.7%	3.7%	3.7%	3.7%	3.7%
Cobalt-based pCAM	0.1%	0.1%	0.1%	0.1%	0.1%
FP	3.7%	3.7%	3.7%	3.7%	3.7%
LFP	4.1%	4.1%	4.1%	4.1%	4.1%

Recent Development on Tariff

In March 2025, the president of the United States imposed 20% tariffs on Chinese goods. On April 2, 2025, the president of the United States imposed a 10% across-the-board tariff on all imports from the U.S.'s trading partners, along with additional country-specific tariffs for various countries (the so-called "reciprocal tariffs", as adjusted from time to time, and, together with the above-mentioned tariffs, the "**Additional US Tariffs**"). On April 9, 2025, it was announced that the reciprocal tariffs would be paused for 90 days for all countries but China. On April 10, 2025, the reciprocal tariffs on China were raised to 125%. The United States and China are engaging in trade discussions, and on May 12, 2025, the United States stated that they would lower the reciprocal tariffs on China to 10% for 90 days, which was extended for another 90 days on August 11, 2025.

On May 28, 2025, the U.S. Court of International Trade ruled that the Additional US Tariffs exceeded the president's legal authority. The international tariff policies are rapidly evolving, and the final outcome, including whether the Current US Tariffs can be implemented as proposed, is highly uncertain.

Impact of Tariff on our Business

Our Directors believe that the Additional US Tariffs, including the corresponding tariff policies introduced by other countries, assuming they are enforced as proposed, will not have a material and adverse impact on our business, results of operations and expansion plan, on the bases that (i) we make very limited direct exports to the United States, and therefore has insignificant direct exposure to the tariffs imposed by the United States; (ii) downstream customers, who import the end products incorporating our products in the United States, are responsible for the tariffs; (iii) we do not intend to significantly increase our direct sales in the United States; and (iv) we do not source any major raw materials from the United States.

- **We make very limited direct exports to the United States**

  In 2024 and the six months ended June 30, 2025, our revenue generated from direct export to the United States accounted for 0.2% and 0.2% of our total revenue, respectively. Only direct export by us into the United States are subject to United States tariffs, including the Additional US Tariffs.

  - ***Reasons for limited direct sales to the United States***

    Our products are typically sold to cathode manufacturers, who are mostly based in China. In addition, while our largest customer during the Track Record Period is based in the United States, it is a multi-national corporation with a major production facility in China. As a result, we only generated an insignificant portion of revenue from direct export to the United States.

  - ***Direct export to the United States***

    In 2022, 2023 and 2024 and the six months ended June 30, 2025, our direct sales to the U.S. customers amounted to RMB6.3 million, RMB57.5 million, RMB48.3 million and RMB38.8 million, which only accounted for 0.0%, 0.2%, 0.2% and 0.2% of our total revenue for the respective years. These direct sales represent products delivered by us directly to locations within the United States. In terms of revenue from sales to customers with places of registration in the United States, we recorded RMB5.0 million, RMB57.5 million, RMB1,151.2 million and RMB1,626.2 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, which accounted for 0.0%, 0.2%, 2.9% and 7.6% of our total revenue in the corresponding year. Moreover, we do not set minimum purchase amount in the sales contracts with customers in the United States, and no extension of credit terms will be granted to customers in the United States unless approved by our management.

    Given that our revenue contribution from direct sales to the United States is very limited, even if we experience a decrease in our direct sales to the United States as a result of the Additional US Tariffs, it will not result in a material and adverse change in our business and results of operations as a whole.

- *Applicable tariff on direct export to the United States*

  The table below sets forth the applicable tariff on our direct export of major products to the United States as of the Latest Practicable Date:

Nickel plate	0.0%
Nickel-based pCAM	3.7%
Cobalt-based pCAM	0.1%
FP	3.7%
LFP	4.1%

- **Downstream customers who import the end products incorporating our products, are responsible for the tariffs**

  As explained above, we rarely export our products directly from China to the United States, and the downstream customers who import the end products into the United States are responsible to pay any tariffs imposed by the United States for importing goods into the United States.

  While a tariff on the end product may filter upstream or downstream, none of our current contracts with our customers allow for price adjustment due to tariffs payable by our customers. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse changes in our procurement costs, sales order volume, average selling price, customer payment or logistics arrangements or received any requests to cancel or suspend orders, or delay in settlement and/or default that had a material impact on our business due to the geopolitical tension. While this can change in the future, the factors we discuss here can effectively mitigate the uncertainty.

  To the best of our knowledge and according to Frost & Sullivan, as of the Latest Practicable Date, the majority of our downstream customers do not mainly sell their products to the United States since the wide variety of end-products incorporating our products are sold across the globe. As such, even if a tariff-driven price adjustment mechanism is agreed upon by us and our customers, only a limited portion of our sales will be impacted even if the proportion of products being imported into the United States from China by our customers remains at the level in 2024.

EXPORT CONTROL

On October 9, 2025, the Ministry of Commerce and the General Administration of Customs jointly released the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (Ministry of Commerce & General Administration of Customs Announcement [2025] No.58) (《公布對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》（商務部海關總署公告2025年第58號）) ("**Announcement No.58**"). The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced that the implementation of the Announcement No. 58 will be suspended for one year. Upon effect and implementation of the Announcement No. 58, specified items including certain cathode materials will become subject to export control. Among the products manufactured and sold by us during the Track Record Period and up to the Latest Practicable Date, part of the nickel-based materials (namely, nickel-cobalt-manganese hydroxide and nickel-cobalt-aluminium hydroxide) (the "**Controlled Nickel-based Materials**") and part of the phosphorus-based materials (namely, lithium iron phosphate) ("**Controlled Phosphorus-based Materials**") (collectively, the "**Controlled Items**") fall within the controlled items expressly listed in Announcement No. 58. As advised by the PRC Legal Adviser, we can continue to export the Controlled Items as usual without an export license until the effect and implementation of the Announcement No. 58. However, after the effect and implementation of the Announcement No. 58, any export of Controlled Items shall, on top of existing export procedures, comply with the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) and the Control List for the Export of Dual-Use Items and Technologies of the People's Republic of China (《中華人民共和國兩用物項出口管制條例》). According to the issued Announcement No. 58, there is no transitional arrangement after its effectiveness. We shall submit a written application for obtaining the "Dual-Use Items and Technologies Export License" to the Ministry of

Commerce, which shall contain the end-use certificates with the end-user information, such as their identities and purpose for procurements of relevant product. The application is subject to review and approval by the competent authorities, and we need to submit the export license to customs when going through export declaration procedures after the effect of Announcement No. 58.

Based on the followings, after discussion with the PRC Legal Adviser, our Directors are of the view that the implementation of Announcement No. 58 is not expected to have material adverse effect on our business, results of operations and financial condition:

(i) Apart from the Controlled Items, none of our other products falls within the scope of Announcement No. 58. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the revenue generated from exports of Controlled Nickel-based Materials amounted to approximately RMB4.8 billion, RMB5.6 billion, RMB2.7 billion and RMB0.6 billion, respectively, accounting for approximately 16%, 16%, 7% and 3% of our total revenue in the corresponding period. In the first half of 2025, we conducted trial production and customer verification process for the Controlled Phosphorus-based Materials, with revenue of around RMB0.1 million generated from export of such materials in the six months ended June 30, 2025. The decrease in revenue from export of Controlled Nickel-based Materials as a percentage of our total revenue from 16% in 2023 to 7% in 2024 and further to 3% in the six months ended June 30, 2025, primarily due to (i) the decrease in export of Controlled Nickel-based Materials primarily attributable to the gradual adoption of LFP batteries in mass market EV in overseas markets, and (ii) the overall decrease in revenue contribution from sales of nickel-based materials attributable to the significant increase in revenue from sales of new energy metal products since 2023;

(ii) According to consultations conducted by us with the commerce authorities of China, we shall take normal procedures to obtain export licenses for the Controlled Items, and we could proceed the export as normal after obtaining the required export licenses; and

(iii) To mitigate the impact of Announcement No. 58, we have taken or plan to take the following measures:

  (a) As of the Latest Practicable Date, our production lines for Controlled Nickel-based Materials in Morocco and Indonesia have been completed and possess the corresponding production capacity. In the most adverse circumstances, they can be sold by our overseas subsidiaries and are able to serve as effective supplements to, or substitutes for, exports of Controlled Nickel-based Materials from China;

  (b) We have prioritized the production and shipment of Controlled Items requiring export, and has coordinated domestic sales orders to give priority to fulfilling overseas customer demands. We plan to complete the delivery of existing export orders before the effect and implementation of the Announcement No. 58;

  (c) We have initiated preparations for the relevant license application and maintain close communication with the commerce authorities of Hunan and Guizhou provinces. As of the Latest Practicable Date, we had almost finished the preparation of application materials. We plan to submit export license application to the commerce authorities in time before the effect and implementation of the Announcement No. 58. According to the relevant laws and regulations and as advised by the PRC Legal Adviser, the competent authorities are expected to revert the review results and, if the application passes the review, issue the export license within 45 working days after receiving the application.; and

  (d) We plan to update our Export-Control Compliance Guidelines and other internal policies in line with Announcement No. 58 and applicable laws. Sales contracts with overseas

customers will be amended so that obtaining the relevant export license is a condition precedent, to ensure the compliance with relevant laws and regulations.

We will closely monitor the progress and implementation of Announcement No. 58 and continuously assess its impact. We will adjust those measures as necessary in time to ensure the compliance.

Save as disclosed above, the Directors are not aware of any other trade restrictions that would prohibit the export of our products to the United States or the sale of our products to U.S. companies within China under the laws and regulations of China and U.S., based on the following considerations: (i) following the discussion with our PRC Legal Adviser, save for the Controlled Items under Announcement No. 58 as disclosed above, we believe that our other products are not subject to the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) nor to the Control List for the Export of Dual-Use Items and Technologies of the People' Republic of China (《中華人民共和國兩用物項出口管制條例》), (ii) during the Track Record Period, none of our overseas customers. including those with place of registrations in the U.S. were listed on the Unreliable Entity List (《出口管制管控名單》) published by the Ministry of Commerce of the People's Republic of China, (iii) to the best knowledge of us, our customers in U.S. or China do not need to obtain licence under the U.S. Export Administration Regulation ("EAR") to procure or import products from us, and (iv) we have a historical record of exporting products to the U.S. without encountering relevant restrictions during the Track Record Period and up to the Latest Practicable Date. We will continue to closely monitor any developments in applicable laws and regulations concerning trade restrictions that may affect the export of our products to the U.S. or the sale of our products to U.S. companies in China. Where appropriate, we will seek advice and assistance from external experts to ensure continued compliance with all relevant legal requirements.

Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that contradicted the Directors' view on the trading restrictions that would prohibit the export of the Group's products to the United States or the sale of the Group's products to U.S. companies within China, or impact of the Additional US Tariffs on the Group's business in any material respects.

Changing industry landscape

The Additional US Tariffs have had a significant impact on the global industry landscape of new energy battery materials. On one hand, affected by these tariff measures, China's exports of new energy battery materials to the U.S. are expected to decline substantially, placing pressure on related enterprises in terms of rising export costs, order transfers, and shrinking market share. Meanwhile, the U.S. is accelerating the development of domestic production capacity and that of its allied countries in the battery materials sector. Enterprises in regions such as South Korea, Japan and Indonesia, which benefit from geopolitical advantages, are expected to receive more orders and policy support, thereby enhancing their competitiveness in the global market. On the other hand, some leading Chinese enterprises with overseas production capacity can mitigate trade barriers through localized manufacturing in non-tariff-sensitive regions, thus maintaining strong adaptability and market share amid the ongoing restructuring of the global supply chain. Overall, the Additional US Tariffs is expected to drive the global new energy battery materials industry to shift from a cost-efficiency-driven model to one increasingly shaped by geopolitical security considerations, resulting in greater regionalization and alliance-based development. Enterprises is expected to dynamically adjust their global strategies and trade arrangements to navigate an increasingly uncertain policy environment. However, according to the Frost & Sullivan, the impact of geopolitical tensions on both downstream and adjacent industries and customers remains relatively limited. While geopolitical uncertainties have raised concerns regarding supply security and potential cost fluctuations, the majority of global new energy battery materials supply chains continue to operate without major disruption. Key downstream sectors, including EV, ESS, and consumer electronics, have largely maintained growing production and procurement strategies, supported by diversified sourcing channels and long-term supply agreements. Although geopolitical tensions may heighten the risk of future volatility and could marginally increase transaction costs and, their current effect on production costs and end-market demand has not been significant. Furthermore, the strong momentum of global EV and renewable energy markets continues to drive steady demand. In this context, downstream enterprises are closely monitoring policy developments, but most adjustments have been precautionary rather than transformative. Overall, while geopolitical factors

represent potential risks, their immediate influence on value chain and related industries remains moderate and manageable.

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognitions we have received.

Year of award	Awards and Recognition	Issuing Authority
2019	National-level Ecological Civilization Construction Special Demonstration Unit (國家級生態文明建設專項示範單位)	National Development and Reform Commission of the PRC
2019	National Green Factory (國家綠色工廠)	Ministry of Industry and Information Technology of the PRC
2020	National Recognized Enterprise Technology Center (國家認定企業技術中心)	National Development and Reform Commission, Ministry of Science and Technology of the PRC, Ministry of Finance of the PRC, General Administration of Customs and State Administration of Taxation of the PRC
2021	2021 Global Top 500 New Energy Enterprises (2021全球新能源企業500強)	China Energy News
2021	2021 Hurun China 500 (2021胡潤中國500強)	Hurun China
2022	China Top 500 Manufacturing Enterprises (中國製造業企業500強)	China Enterprise Confederation and China Entrepreneurs Association
2022	National Technological Innovation Demonstration Enterprise (2022 年國家技術創新示範企業)	Ministry of Industry and Information Technology of the PRC
2022	Industrial Green Design Demonstration Enterprise (工業綠色設計示範企業)	Ministry of Industry and Information Technology of the PRC
2022	National Intellectual Property Advantage Enterprise (國家智慧財產權優勢企業)	National Intellectual Property Administration of the PRC
2023	Green and Sustainable Development Contribution Award (綠色可持續發展貢獻獎)	2023 International Green Zero-Carbon Festival
2023	Top 500 Listed Companies in China (中國上市公司500強)	Fortune Magazine
2023	Top 500 Companies in China (中國500強)	Fortune Magazine
2023	National Smart Manufacturing Demonstration Factory (國家級智慧製造示範工廠)	Ministry of Industry and Information Technology of the PRC
2024	Listed on China ESG Influence Ranking (中國ESG影響力榜)	Fortune Magazine
2024	2023 China Green Electricity (Green Certificate) Consumption TOP100 Enterprises (2023年中國綠色電力（綠證）消費 TOP100 企業)	China Electric Power Enterprise Federation， Beijing Power Trading Center， Guangzhou Power Trading Center and National Renewable Energy Information Management Center

Upon the **[REDACTED]**, certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

THE CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of business with the following connected persons, which will constitute continuing connected transactions upon the **[REDACTED]**:

Name	Connected Relationship
Mr. Deng	one of the Controlling Shareholders
Ms. Wu	one of the Controlling Shareholders
Zhongwei Holding	one of the Controlling Shareholders
Hunan Zhongxian Intelligence Technology Company Limited* (湖南中先智能科技有限公司) ("**Zhongxian Intelligence**")	As of the Latest Practicable Date, Zhongxian Intelligence was owned as to 96.65% by Hunan Zhongjia Intelligence Technology Company Limited* (湖南中稼智能科技有限公司), which was owned as to 70% by Mr. Deng, an executive Director and one of the Controlling Shareholders, and 30% by Ms. Wu, spouse of Mr. Deng and one of the Controlling Shareholders, respectively. Accordingly, Zhongxian Intelligence is an associate of both Mr. Deng and Ms. Wu and therefore constitutes a connected person of the Company under the Listing Rules.
Hunan Zhongwei Jinneng New Material Company Limited* (湖南中偉金能新材料有限責任公司) ("**Zhongwei Jinneng**") and its subsidiaries ("**Jinneng Group**")	As of the Latest Practicable Date, Zhongwei Jinneng was owned as to 70% by Mr. Deng Jing and as to 30% by Changsha Zhongwei High Tech Venture Capital Company Limited* (長沙中偉高新科技創業投資有限公司), which was further owned as to 80% by Mr. Deng Jing and 20% by Mr. Deng, respectively. Accordingly, Jinneng Group is an associate of Mr. Deng Jing and therefore constitutes a connected person of the Company under the Listing Rules.
Honglin Construction and Engineering Group Co., Ltd.* (宏林建設工程集團有限公司) ("**Honglin Construction**") and its subsidiaries ("**Honglin Group**")	As of the Latest Practicable Date, Honglin Construction was owned as to 50% by Mr. Li Boliang and 50% by Mr. Mo Mingkang, respectively, who are spouses of Mr. Deng's two sisters, respectively. Accordingly, Mr. Li Boliang and Mr. Mo Mingkang, and therefore Honglin Group constitute deemed connected persons of the Company under the Listing Rules.

SUMMARY OF THE CONTINUING CONNECTED TRANSACTIONS

No.	Nature of Transactions	Connected Party	Relevant Listing Rules	Waiver Sought
Fully-Exempt Continuing Connected Transactions				
1.	Zhongwei Holding Trademark License Agreement	Zhongwei Holding	14A.76(1)	N/A
2.	Provision of Guarantees by the Controlling Shareholders	Mr. Deng, Ms. Wu and/or Zhongwei Holding	14A.90	N/A
3.	Jinneng Group Comprehensive Procurement Framework Agreement	Jinneng Group	14A.76(1)	N/A
4.	Jinneng Group Comprehensive Services Supply Framework Agreement	Jinneng Group	14A.76(1)	N/A
Partially-Exempt Continuing Connected Transactions				
5.	Zhongxian Intelligence Comprehensive Procurement Framework Agreement	Zhongxian Intelligence	14A.76(2) 14A.105	Announcement
6.	Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement	Honglin Group	14A.76(2) 14A.105	Announcement
7.	Jinneng Group Comprehensive Products Supply Framework Agreement	Jinneng Group	14A.76(2) 14A.105	Announcement

Fully-Exempt Continuing Connected Transactions

I. Zhongwei Holding Trademark License Agreement

The Company, for itself and on behalf of its subsidiaries, has entered into a trademark license agreement with Zhongwei Holding on January 1, 2024 (the "**Zhongwei Holdong Trademark License Agreement**"), pursuant to which Zhongwei Holding agreed to grant to the Group a non-exclusive and royalty-free license of certain of its trademarks (the "**Licensed Trademarks**") for use in Hong Kong, Korea, Japan, the European Union, Singapore, Indonesia, Morocco and Congo on a permanent basis.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where nature of the transaction requires the agreement to be of a duration longer than three years. The Directors (including the independent non-executive Directors) are of the view that the Zhongwei Holding Trademark License Agreement was entered into on normal commercial terms and a longer duration of the agreement will avoid any unnecessary business interruption and help ensure the long-term stable business development and continuity, and it is normal business practice for a trademark license agreement of similar type to be entered into for such duration. The Directors (including the independent non-executive Directors) are of the view that it is in the interests of the Group and Shareholders as a whole to enter into the Zhongwei Holding Trademark License Agreement with a term longer than three years. The Joint Sponsors are of the view that it is in the normal business practice for this type of agreement to have a term longer than three years.

As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the aforementioned transaction, which is conducted on normal commercial terms or better, will be less than 0.1% on an annual basis, it will fall within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

II. Provision of Guarantees by the Controlling Shareholders

The Controlling Shareholders have provided guarantees in favor of us to secure certain credit facilities from various commercial banks and financial institutions. As of March 31, 2025, our credit facilities guaranteed by the Controlling Shareholders in aggregate amounted to RMB8,866.1 million. The relevant credit facilities guaranteed by the Controlling Shareholders will expire between 2025 to 2030, with annual interest rates ranging from 2.25% to 2.45%. As the early release of guarantees provided by the Controlling Shareholders is not in the best commercial interest of the Group and the Shareholders as a whole, we do not intend to discharge such guarantees prior to **[REDACTED]** and the guarantees will continue to be in effect immediately after the **[REDACTED]**.

Upon the completion of the **[REDACTED]**, such provision of guarantees by the Controlling Shareholders will constitute financial assistance from the Controlling Shareholders under Chapter 14A of the Listing Rules. However, as the financial assistance was provided for the benefit of the Group on normal commercial terms and no security over the assets of the Group was granted in respect of the financial assistance, pursuant to Rule 14A.90 of the Listing Rules, it will be exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

III. Jinneng Group Comprehensive Procurement Framework Agreement

The Company, for itself and on behalf of its subsidiaries, has entered into a framework agreement with Zhongwei Jinneng, for itself and on behalf of its subsidiaries, on [●] (the "**Jinneng Group Comprehensive Procurement Framework Agreement**"), pursuant to which the Group agreed to procure services, including, among others, metal testing services from Jinneng Group (collectively, "**Services from Jinneng Group**") as the Group may require from time to time.

The pricing of the Services from Jinneng Group is to be determined by the Group and Jinneng Group on normal commercial terms, negotiated on arm's length basis, subject to applicable laws and regulations and with reference to, among others, the costs, the quantities, quality and reliability of the Services from Jinneng Group, the prevailing market conditions and the principle of fairness.

The initial term of the Jinneng Group Comprehensive Procurement Framework Agreement will start from the **[REDACTED]** and will end on December 31, 2027 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the procurement of the Services from Jinneng Group by the Group were nil, nil, nil and RMB0.2 million as the Group started to procure the Services from Jinneng Group since 2025.

The following table sets forth the proposed annual caps for the transaction amounts to be paid by the Group to Jinneng Group under the Jinneng Comprehensive Procurement Framework Agreement:

	For the years ended December 31,		
	2025	2026	2027
	(*RMB in million*)		
Total prices to be paid by the Group to Jinneng Group	1.0	3.0	5.0

The proposed annual caps are determined based on:

(i) the existing contract value and the projected level of procurement of the Services from Jinneng Group to meet the Group's needs of future business development; and

(ii) other factors including but not limited to the expected market price of similar metal testing services on normal commercial terms and its future fluctuations, taking into account the costs and expenses relating to labor and market trends.

As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the aforementioned transaction, which is conducted on normal commercial terms or better, are expected to be less than 0.1% on an annual basis, it will fall within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

IV. Jinneng Group Comprehensive Services Supply Framework Agreement

The Company, for itself and on behalf of its subsidiaries, has entered into a framework agreement with Zhongwei Jinneng, for itself and on behalf of its subsidiaries, on [●] (the "**Jinneng Group Comprehensive Services Supply Framework Agreement**"), pursuant to which the Group agreed to supply a set of services, including, among others, leasing and related services to Jinneng Group (the "**Services to Jinneng Group**") as Jinneng Group may require from time to time.

The pricing of the Services to Jinneng Group is to be determined by the Group and Jinneng Group on normal commercial terms, negotiated on arm's length basis, subject to applicable laws and regulations and with reference to, among others, area leased, utilities expected to be used, the costs, the quantities, quality and reliability of the Services to Jinneng Group, the prevailing market conditions and the principle of fairness.

The initial term of the Jinneng Group Comprehensive Services Supply Framework Agreement will start from the **[REDACTED]** and end on December 31, 2027 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the supply of the Services to Jinneng Group by the Group were approximately nil, RMB2.6 million, RMB6.6 million and RMB2.8 million, respectively. The Group commenced the supply of Services to Jinneng Group in 2023. The increase from 2023 to 2024 was primarily attributable to Jinneng Group's expanded business scale, including its ongoing construction of the new production line for platinum-based catalysts, which resulted in higher consumption of water and electricity.

The following table sets forth the proposed annual caps for the transaction amounts to be paid by Jinneng Group to the Group under the Jinneng Group Comprehensive Services Supply Framework Agreement:

	For the years ended December 31,		
	2025	**2026**	**2027**
	(*RMB in million*)		
Total prices to be paid by Jinneng Group to the Group	7.0	9.0	13.0

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between the Group and Jinneng Group during the Track Record Period in respect of the supply of the Services to Jinneng Group;

(ii) the existing contract value and the projected level of supply of the Services to Jinneng Group to meet Jinneng Group's needs of future business development, taking into account Jinneng Group's continued efforts to ramp up its precious metal recycling business, including the construction of new production lines, to achieve economies of scale; and

(iii) the geographical locations of the leased properties and the prevailing rents in similar locations for properties of comparable size and quality.

As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the aforementioned transaction, which is conducted on normal commercial terms or better, are expected to be less than 0.1% on an annual basis, it will fall within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Partially-Exempt Continuing Connected Transactions

V. Zhongxian Intelligence Comprehensive Procurement Framework Agreement

The Company, for itself and on behalf of its subsidiaries, has entered into a framework agreement with Zhongxian Intelligence on [●] (the "**Zhongxian Intelligence Comprehensive Procurement Framework Agreement**"), pursuant to which the Group agreed to procure equipment, installation and other relevant services from Zhongxian Intelligence (the "**Products and Services from Zhongxian Intelligence**") as the Group may require from time to time.

The initial term of the Zhongxian Intelligence Comprehensive Procurement Framework Agreement will start from the **[REDACTED]** and will end on December 31, 2027 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations.

Reasons for the transaction

Zhongxian Intelligence is familiar with the Group's business needs, quality standards and operational requirements in respect of the Products and Services from Zhongxian Intelligence. Considering Zhongxian Intelligence's advantages in technology and our good coordination with Zhongxian Intelligence, the Directors believe that it will facilitate the Group's business operations to procure the Products and Services from Zhongxian Intelligence.

Consideration and pricing policies

The prices to be charged by the Group for the procurement of the Products and Services from Zhongxian Intelligence pursuant to the Zhongxian Intelligence Comprehensive Procurement Framework Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of equipment and installation services, transaction volume and the prices for the supply of equipment and installation services of similar nature, type and quality by other Independent Third Parties in the market to the Group at relevant time.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the procurement of the Products and Services from Zhongxian Intelligence by the Group were approximately RMB105.0 million, RMB1.0 million, RMB22.0 million and RMB0.3 million, respectively.

The relatively high procurement amount in 2022 was primarily attributable to the Group's expansion of production capacity for new energy battery materials, resulting in increased equipment procurement from Zhongxian Intelligence. The decrease from 2022 to 2023 reflected a strategic shift in the Group's investment focus toward overseas smelting capacity, which required equipment of different types from that supplied by Zhongxian Intelligence. The increase from 2023 to 2024 was primarily attributable to Zhongxian Intelligence's efforts to diversify its product and service offerings, including routine maintenance for production bases, supply of spare parts, and technological upgrades.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by the Group to Zhongxian Intelligence under the Zhongxian Intelligence Comprehensive Procurement Framework Agreement:

	For the years ended December 31,		
	2025	**2026**	**2027**
	(*RMB in million*)		
Total prices to be paid by the Group to Zhongxian Intelligence	50	50	50

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between the Group and Zhongxian Intelligence during the Track Record Period in respect of the procurement of the Products and Services from Zhongxian Intelligence;

(ii) the existing contract value of approximately over RMB40 million as of September 20, 2025, substantially all the payments under which are expected to be recognized in the remaining months of 2025 and the projected level of procurement of the Products and Services from Zhongxian Intelligence to meet the Group's needs of future business development, taking into account the Group's continued needs for routine maintenance services and supply of spare parts and the Group's efforts to expand its production capacity; and

(iii) other factors including but not limited to the expected market price of similar equipment and installation services on normal commercial terms and its future fluctuations, taking into account the costs and expenses relating to labor and market trends.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Zhongxian Intelligence Comprehensive Procurement Framework Agreement for each of the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5%, such transactions will, upon the **[REDACTED]**, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

VI. Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement

The Company, for itself and on behalf of its subsidiaries, has entered into a framework agreement with Honglin Construction, for itself and on behalf of its subsidiaries, on [●] (the "**Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement**"), pursuant to which the Group agreed to procure engineering and infrastructure construction services from Honglin Group (the "**Services from Honglin Group**") as the Group may require from time to time.

The initial term of the Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement will start from the **[REDACTED]** and will end on December 31, 2027 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations.

Reasons for the transaction

The Group has established a long-term and stable business relationship with Honglin Group, which is a reliable provider of engineering and infrastructure construction services with a proven track record of delivering high-quality services. Honglin Group is familiar with the Group's business needs, quality standards and operational requirements in respect of the Services from Honglin Group. The Directors believe that maintaining a stable and quality business relationship with Honglin Group will facilitate the Group's project construction.

Consideration and pricing policies

The prices to be charged by the Group for the procurement of the Services from Honglin Group pursuant to the Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of engineering and infrastructure construction services, transaction volume and the prices for the supply of engineering and infrastructure construction services of similar nature, type and quantity by other Independent Third Parties in the market to the Group at relevant time.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the procurement of the Services from Honglin Group by the Group were approximately nil, RMB78.7 million, RMB254.7 million and RMB53.6 million, respectively.

The Group commenced its procurement of the Services from Honglin Group in 2023. The increase from 2023 to 2024 was primarily attributable to the construction of various production bases.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by the Group to Honglin Group under the Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement:

	For the years ended December 31,		
	2025	**2026**	**2027**
	(*RMB in million*)		
Total prices to be paid by the Group to Honglin Group	100	100	100

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between the Group and Honglin Group during the Track Record Period in respect of the procurement of the Services from Honglin Group;

(ii) the existing contract value for the Group's production bases which are under construction of approximately over RMB45 million as of September 20, 2025, substantially all the payments under which are expected to be recognized in the remaining months of 2025 and the projected level of procurement of the Services from Honglin Group to meet the Group's needs of future business development, taking into account the Group's continued efforts to expand its production capacity; and

(iii) other factors including but not limited to the expected market price of similar engineering and infrastructure construction services on normal commercial terms and its future fluctuations, taking into account the costs and expenses relating to labor and market trends.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement for each of the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5%, such transactions will, upon the **[REDACTED]**, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

VII. Jinneng Group Comprehensive Products Supply Framework Agreement

The Company, for itself and on behalf of its subsidiaries, has entered into a framework agreement with Zhongwei Jinneng, for itself and on behalf of its subsidiaries, on [●] (the "**Jinneng Group Comprehensive Products Supply Framework Agreement**"), pursuant to which the Group agreed to supply materials, parts and accessories, to Jinneng Group (the "**Products to Jinneng Group**") as Jinneng Group may require from time to time.

The initial term of the Jinneng Group Comprehensive Products Supply Framework Agreement will start from the **[REDACTED]** and will end on December 31, 2027 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations.

Reasons for the transaction

By-products are generated in our production process, such as precious metals extracted from nickel lateritic ores and other chemical products, and hematite from the nickel extraction process, which could be further processed into precious metal compounds and catalysts and satisfy Jinneng Group's business needs and quality standards for its precious metal recycling business. The supply of the Products to Jinneng Group could help increase the sales scale and revenue of the Group. Specifically, the transaction allows the Group to monetise the by-products generated in its nickel production process, turning them into a consistent revenue stream. This maximises the economic value extracted from the Group's nickel laterite ores. A framework agreement would also reduce the need for the Group to constantly seek buyers in the open market for its by-products, which would reduce the associated sales and marketing expenses as well. The Directors believe that maintaining a stable business relationship with Jinneng Group will facilitate the Group's business growth. To the best knowledge of the Directors, Jinneng Group is not engaged in any competing business with the Group.

Consideration and pricing policies

The prices relating to the supply of the Products to Jinneng Group pursuant to the Jinneng Group Comprehensive Products Supply Framework Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the types of products, transaction volume and the prices for the supply of products of similar nature, type and quantity by the Group to other Independent Third Parties in the market at relevant time.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the supply of the Products to Jinneng Group by the Group were approximately nil, RMB2.0 million, RMB3.2 million and RMB1.4 million, respectively.

The Group commenced its supply of the Products to Jinneng Group in 2023. The increase from 2023 to 2024 was primarily attributable to Jinneng Group's expanded business scale, including its ongoing construction of the new production line for platinum-based catalysts.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid to the Group by Jinneng Group under the Jinneng Group Comprehensive Products Supply Framework Agreement:

	For the years ended December 31,		
	2025	**2026**	**2027**
	(*RMB in million*)		
Total prices to be paid to the Group by Jinneng Group	103	305	505

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between the Group and Jinneng Group during the Track Record Period in respect of the supply of the Products to Jinneng Group;

(ii) the existing contract value of approximately over RMB60 million as of September 20, 2025, substantially all the payments under which are expected to be recognized in the remaining months of 2025 and the projected level of supply of the Products to Jinneng Group to meet its needs of future business development, taking into account Jinneng Group's continued efforts to rapidly ramp up its precious metal recycling business, including the construction of new production lines, which is expected to be operational in 2026, with a designed annual production capacity of four tons of precious metal (net of impurities) and correspondingly, an expected annual consumption of raw materials (primarily consisting of hematite and other ores), representing a monetary value of approximately RMB300 million and RMB500 million in 2026 and 2027, respectively, to achieve economies of scale, and the expected portion of raw materials to be procured by Jinneng Group from the Group based on the Group's stable supply capacity and long-term, mutually beneficial business relationship with Jinneng Group; the expected output capacity of by-products generated in our production process is approximately 38,000 tons per year, which is based on our estimation of the amount of relevant metallic elements contained in the nickel intermediates involved in our production process, with reference to the total production capacity of our nickel products and nickel-based materials for the six months ended June 30, 2025. For details of the production capacity of our nickel products and nickel-based materials, see "Business — Production — Production capacity". Such output capacity represents

an estimated monetary value of approximately RMB1,100 million calculated based on current market price, which is much higher than the proposed annual caps under the Jinneng Group Comprehensive Products Supply Framework Agreement, securing the Group's stable supply of Products to Jingneng Group; and

(iii) other factors including but not limited to the expected market price of similar products on normal commercial terms and its future fluctuations, taking into account the costs and expenses relating to raw materials, labor and market trends.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Jinneng Group Comprehensive Products Supply Framework Agreement for each of the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5%, such transactions will, upon the **[REDACTED]**, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

MEASURES TO SAFEGUARD THE INTERESTS OF THE SHAREHOLDERS

The Group adopts the following internal control measures to ensure that the connected transactions will be carried out in accordance with the terms of the relevant agreements, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- we have adopted and implemented a management system on connected transactions. Under such system, the Audit Committee under the Board is responsible for the annual review on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction. In addition, the Audit Committee under the Board, the Board and various internal departments of the Company are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions;

- the Audit Committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements;

- the independent non-executive Directors will conduct annual review of the continuing connected transactions conducted by the Group and provide annual confirmation in accordance with Rule 14A.55 of the Listing Rules;

- the auditors will conduct annual review of the continuing connected transactions conducted by the Group and provide annual confirmation in accordance with Rule 14A.56 of the Listing Rules; and

- when considering the prices paid by us to the connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

WAIVER

In respect of the transactions as contemplated under the Zhongxian Intelligence Comprehensive Procurement Framework Agreement, the Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement and the Jinneng Group Comprehensive Products Supply Framework Agreement as described above, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and are fair and reasonable and in the interests of the Company and Shareholders as a whole; (ii) the proposed annual caps for those transactions are fair and reasonable and in the interests of the Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the above partially-exempt continuing connected transactions; (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) made reasonable enquiries in relation to the above partially-exempt continuing connected transactions.

Based on the above, the Joint Sponsors are of the view that the above partially-exempt continuing connected transactions of the Group, have been entered into in the ordinary and usual course of the business on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the proposed annual caps in respect of such partially-exempt continuing connected transactions are fair and reasonable and in the interests of the Company and Shareholders as a whole.

OVERVIEW

Our Board consists of ten Directors, including six executive Directors and four independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

DIRECTORS

The following table sets forth the information about our Directors:

Name	Age	Position	Duties and responsibilities	Date of appointment as Director	Time of joining our Group
Mr. Deng Weiming (鄧偉明)	56	Executive Director, chairman of the Board and president	Responsible for the overall development strategy, major decisions and general management of our Group	September 15, 2014	September 2014
Mr. Deng Jing (鄧競)	30	Executive Director	Responsible for the overall development strategy, major decisions and general management of our Group	March 30, 2023	May 2021
Mr. Tao Wu (陶吳)	42	Executive Director and executive vice president	Responsible for the market strategy, product sales, bulk procurement and ESG matters of our Group	May 20, 2019	March 2016
Mr. Liao Hengxing (廖恆星)	42	Executive Director and senior vice president	Responsible for managing our Group's operations in Indonesia	March 30, 2023	March 2017
Mr. Li Weihua (李衛華)	56	Executive Director, employee representative Director and chief expert	Responsible for the engineering design, construction and management of our Group and monitoring the performance of the Directors and senior management	March 30, 2023	February 2016
Mr. Liu Xingguo (劉興國)	46	Executive Director and vice president	Responsible for managing our Group's operations in China	March 30, 2023	November 2015
Mr. Cao Feng (曹豐先生)	39	Independent non-executive Director	Overseeing our Board and providing it with independent judgement	October 15, 2025	October 2025
Mr. Hong Yuan (洪源先生)	43	Independent non-executive Director	Overseeing our Board and providing it with independent judgement	October 15, 2025	October 2025
Mr. Jiang Liangxing (蔣良興)	42	Independent non-executive Director	Overseeing our Board and providing it with independent judgement	January 9, 2024	January 2024
Ms. Wong Sze Wing (黃斯穎)	46	Independent non-executive Director	Overseeing our Board and providing it with independent judgement	[●]	[●]

Executive Directors

Mr. Deng Weiming (鄧偉明), aged 56, is an executive Director, chairman of the Board, and president of our Company, responsible for the overall development strategy, major decisions and general management of our Group.

Mr. Deng has served as an executive director of Zhongwei Holding since August 2004. He has been an executive director of Hunan Zhongjia Intelligence Technology Company Limited* (湖南中稼智能科技有限公司) since July 2017, and chairman of Hunan Hanhua Jingdian Clean Energy Technology Company Limited* (湖南漢華京電清潔能源科技有限公司) from August 2017 to June 2024. He was an executive director and general manager of Guizhou Zhongwei Resources Recycling from October 2016 to April 2021; and an executive director and general manager of Hunan Zhongwei New Energy from December 2016 to September 2019. He has been a Director, chairman of the Board, and president of our Company since September 2014.

Mr. Deng obtained a diploma in organic chemistry from Taiyuan University of Science and Technology in June 1990.

Ruzhou Xinlong Coking Chemical Co., Ltd.* (汝州市鑫龍焦化有限公司) ("**Xinlong Coking**") was established in the PRC in June 2001. Hulunbuir Xinlong Silicon Industry Co., Ltd.* (呼倫貝爾鑫龍硅業有限責任公司) ("**Xinlong Silicon**") was established in the PRC in April 2004. Mr. Deng was the legal representative of Xinlong Coking, and the legal representative, director and manager of Xinlong Silicon. Since these two companies had no active business operations and they were not deregistered in a timely manner, the business license of each of Xinlong Coking and Xinlong Silicon was revoked by the local competent authorities on December 23, 2002 and November 29, 2005, respectively. As of the Latest Practicable Date, Mr. Deng is in the process of filing necessary documentation for the deregistration of Xinlong Coking and has completed the deregistration of Xinlong Silicon with the local competent authorities.

Mr. Deng Jing (鄧競), aged 30, is an executive Director of our Company, responsible for the overall development strategy, major decisions and general management of our Group.

Mr. Deng Jing served as the investment director of Legend Capital Co., Ltd.* (君聯資本管理股份有限公司) from June 2017 to June 2018 and the investment director of Jiaxing Qianji Investment Company Limited* (嘉興謙吉投資有限公司) from July 2018 to June 2021. He has been an executive director of Hunan Guruite Private Equity Fund Management Company Limited* (湖南古瑞特私募基金管理有限公司) since December 2022; a director of PT Zhongtsing, where led the construction of the Group's strategic production base in Indonesia, since May 2021; and a Director of our Company since March 2023.

Mr. Deng Jing obtained a degree of bachelor's degree from the University of California, San Diego in June 2017.

Mr. Tao Wu (陶吳), aged 42, is an executive Director and executive vice president of our Company, responsible for the market strategy, product sales, bulk procurement and ESG matters of our Group.

Mr. Tao Wu served as the general manager of operation centre of Zhongwei Holding from September 2013 to February 2016; general manager of the operation center of our Company from March 2016 to December 2019. He has been a Director of our Company since May 2019; executive vice president of our Company since December 2019; and director of PT Zhongtsing since June 2021.

Mr. Tao Wu obtained a bachelor's degree in electrical engineering and automation from Xi'an Jiaotong University in July 2005, a master's degree in insulating materials from Xi'an Jiaotong University in June 2008, and a master's degree in financial engineering from New York University in July 2013.

Mr. Liao Hengxing (廖恆星), aged 42, is an executive Director and senior vice president of our Company, responsible for managing our Group's operations in Indonesia.

Mr. Liao Hengxing served as audit lead at Hunan Diyang Certified Public Accountants* (湖南笛揚會計師事務所) from July 2001 to August 2007; senior auditor at Baker Tilly China Certified Public Accountants (天職國際會計師事務所) from September 2007 to May 2008; chief financial officer and assistant to the president of Zhongwei Holding from June 2008 to February 2017, assistant to the president of our Company from March 2017 to March 2022; and Board secretary of our Company from November 2019 to January 2025. He has been a senior vice president of our Company since March 2022 and a Director of our Company since March 2023.

Mr. Liao Hengxing obtained a diploma in accounting from Hunan University in June 2007. Mr. Liao Hengxing obtained the Certified Public Accountant qualification from the Chinese Institute of Certified Public Accountants in January 2005, the Certified Tax Agent qualification from the China Certified Tax Agents Association in October 2007.

Mr. Li Weihua (李衛華), aged 56, is an executive Director, employee representative Director and chief expert of our Company, responsible for the engineering design, construction and management of our Group and monitoring the performance of the Directors and senior management.

Mr. Li Weihua served as an assistant engineer at Shaoyang Boiler Manufacturing Factory Company Limited* (邵陽市鍋爐製造廠有限公司) from August 1991 to May 1992; an engineer in the design department of Guangdong Zhongshan Meilishi Toy Factory* (廣東省中山市美麗時玩具廠) from May 1992 to August 1994; manager of the development department of Shenzhen Bao'an Hengsheng Toys Co., Ltd.* (深圳市寶安恒生玩具有限公司) from August 1994 to March 1997; chief engineer of Zhongwei Holding from August 2004 to January 2016. He served as chief engineer of the research institute and general manager of the engineering center of our Company from February 2016 to March 2022. He has been chief expert and head of the design division of the general engineering institute of our Company since March 2022, and a Director of our Company since March 2023.

Mr. Li Weihua obtained a bachelor's degree in engineering thermophysics from Tianjin University in July 1991.

Mr. Liu Xingguo (劉興國), aged 46, is an executive Director and vice president of our Company, responsible for managing our Group's operations in China.

Mr. Liu Xingguo successively held various positions at Zhongwei Holding from December 2012 to October 2015, including director of general operations, assistant to the president, assistant to general manager of the construction division. He served as the head of our Company's Guizhou plant from November 2015 to November 2017; general manager of the operations center and general manager of the human resources center of our Company from November 2017 to May 2019; executive director and general manager of Zhongwei New Energy Technology from September 2019 to November 2021. He has been an executive director and general manager of Guizhou Zhongwei Xingyang since November 2021, vice president of our Company since March 2022, and a Director of our Company since March 2023.

Mr. Liu Xingguo obtained a bachelor's degree in marketing from Central South Forestry College (now known as Central South University of Forestry and Technology) in June 2001.

Independent Non-Executive Directors

Mr. Cao Feng (曹豐), aged 39, is an independent non-executive Director of our Company, responsible for overseeing our Board and providing it with independent judgement.

Mr. Cao Feng has been serving at Hunan University since June 2015, where he has successively held the positions of assistant professor, associate professor and professor of accounting department. He has been an independent director of China Railway Construction Heavy Industry Corporation Limited (中國鐵建重工集團股份有限公司) (SSE: 688425) since February 2023.

Mr. Cao Feng obtained a bachelor's degree in management and a bachelor's degree in computer science from Hubei University in June 2009, a master's degree in management from Hainan University in June 2012, and a doctoral degree in management from Renmin University of China in June 2015.

Mr. Hong Yuan (洪源), aged 43, is an independent non-executive Director of our Company, responsible for overseeing our Board and providing it with independent judgement.

Mr. Hong Yuan has been serving at Hunan University since July 2008, where he currently holds the positions of professor at the School of Economics and Trade and doctoral supervisor. He served as an independent director of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) (SZSE: 300187) from August 2017 to September 2023, and he has been an independent director of Huatian Hotel Group Co., Ltd. (華天酒店集團股份有限公司) (SZSE:000428) since June 2024.

Mr. Hong Yuan obtained a bachelor's degree in management from Hunan University of Technology and Business in June 2002, a master's degree in economics from Hunan University in June 2005, and a doctoral degree in economics from Zhongnan University of Economics and Law in June 2008.

Mr. Jiang Liangxing (蔣良興), aged 42, is an independent non-executive Director of our Company, responsible for overseeing our Board and providing it with independent judgement.

Mr. Jiang Liangxing has been a director of Shenzhen Boyue New Material Technology Co., Ltd. (深圳博粵新材料科技有限公司) since May 2022; an executive partner of Changsha Luxiang Technology Partnership (L.P.)* (長沙麓翔科技合夥企業(有限合夥)) since November 2023. He has served at Central South University since July 2012, where he has successively held the positions of lecturer, associate professor and professor. He has been an independent Director of our Company since January 2024.

Mr. Jiang Liangxing obtained a bachelor's degree in metallurgical engineering from Central South University in June 2005, and a doctoral degree in materials metallurgy from Central South University in December 2011.

Ms. Wong Sze Wing (黃斯穎), aged 46, is an independent non-executive Director of our Company, responsible for overseeing our Board and providing it with independent judgement.

Ms. Wong Sze Wing has served as chief financial officer and company secretary of Dynamic Gas Technology Limited (氣體動力科技有限公司) (formerly known as Yingde Gases Group Company Limited, which was previously listed on the Main Board of the Stock Exchange) since July 2010 and February 2009, respectively. Ms. Wong Sze Wing currently also serves as an independent non-executive director of several companies listed on the Main Board of the Stock Exchange, including REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司) (Stock Exchange: 00666) (since November 2022), Giant Biogene Holding Co., Ltd. (钜子生物控股有限公司) (Stock Exchange: 02367) (since April 2022), Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司) (Stock Exchange: 01526) (since June 2016), and Orange Sky Golden Harvest Entertainment (Holdings) Limited (橙天嘉禾娛樂集團（國際）控股有限公司) (Stock Exchange: 01132) (since April 2010). Ms. Wong Sze Wing also served as an independent non-executive director of Ganfeng Lithium Group Co., Ltd. (江西贛鋒鋰業股份有限公司) (a company listed on the Main Board of the Stock Exchange (Stock Exchange: 01772) and the Shenzhen Stock Exchange (SZSE: 002460)) from July 2018 to August 2024; an independent director of Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (SZSE: 002236)) from May 2017 to August 2020; and an independent director of Wangsu Science & Technology Co., Ltd. (網宿科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (SZSE: 300017)) from April 2017 to June 2023.

Ms. Wong Sze Wing obtained a bachelor's degree in business administration from the University of Hong Kong in November 2001, and an executive master's degree in business administration from China Europe International Business School in July 2012. Ms. Wong Sze Wing is a member of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

The following table sets forth the information about our senior management:

Name	Age	Position	Duties and responsibilities	Date of first appointment	Time of joining our Group
Mr. Deng Weiming (鄧偉明)	56	Executive Director, chairman of the Board and president	Responsible for the overall development strategy, major decisions and general management of our Group	September 15, 2014	September 2014
Mr. Tao Wu (陶吳)	42	Executive Director and executive vice president	Responsible for the market strategy, product sales, bulk procurement and ESG matters	May 20, 2019	March 2016
Mr. Zhu Zongyuan (朱宗元)	47	Chief financial officer and vice president	Responsible for matters relating to finance, accounting, taxation and funding of our Group, and our Group's operations in South Korea	January 1, 2018	January 2018
Mr. Tang Huateng (唐華騰)	35	Board secretary and joint company secretary	Responsible for corporate governance, information disclosure, and legal and compliance affairs of our Group	January 20, 2025	May 2021

For biographical details of Mr. Deng and Mr. Tao Wu, please refer to "— Directors" above.

Mr. Zhu Zongyuan (朱宗元), aged 47, is the chief financial officer and vice president of our Company, responsible for matters relating to finance, accounting, taxation and funding of our Group, and our Group's operations in South Korea.

Mr. Zhu Zongyuan served at Hunan Coal Group Company Limited* (湖南省煤業集團有限公司) from December 2016 to July 2017. He served as head of finance of Zhongwei Holding from July 2017 to December 2017; and general manager of the finance center of our Company from January 2018 to March 2022. He has been the chief financial officer of our Company since November 2019, and vice president of our Company since March 2022.

Mr. Zhu Zongyuan obtained a bachelor's degree in economics from Xiangtan University in July 1999, and a master's degree in business administration from Central South University in June 2006.

Mr. Tang Huateng (唐華騰), aged 35, is our Board secretary and joint company secretary, responsible for corporate governance, information disclosure, and legal and compliance affairs of our Group.

Mr. Tang Huateng served as assistant to the chairman of Xiaoxiang Capital Group Co., Ltd.* (瀟湘資本集團股份有限公司) from May 2018 to May 2021. He served as deputy director of the president's office of our Company from May 2021 to February 2024. He has been deputy director of the Board office of our Company since February 2024, the Board secretary of our Company since January 2025, and the joint company secretary of our Company since April 2025.

Mr. Tang Huateng obtained a bachelor's degree in e-finance from Xi'an Jiaotong-Liverpool University in July 2012, and a master's degree in business administration from Central European University in July 2016.

As of the Latest Practicable Date: (i) in accordance with Rule 8.10(2) of the Listing Rules, none of our Directors held any interest in any business which directly or indirectly competed or might compete with the business of the Company; (ii) save as Mr. Deng is Mr. Deng Jing's father and Mr. Deng is Mr. Tao Wu's brother-in-law, there was no relationship among any of our Directors and senior management of the Company; (iii) save as disclosed in the section headed "Statutory and General Information", none of our Directors and senior management held any interest in the Shares which was required to be disclosed under Part XV of the SFO; and (iv) save as disclosed above, there were no other matters concerning the appointment of Directors that needed to be brought to the attention of the Shareholders, nor were there any other particulars of our Directors that were required to be disclosed under Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Tang Huateng has been appointed as a joint company secretary of our Company. For biographical details of Mr. Tang Huateng, please refer to "— Senior Management" above.

Ms. Wong Wai Yee, Ella was appointed as a joint company secretary of the Company in April 2025. Ms. Wong is a director of corporate secretarial services at Tricor Services Limited. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Wong Wai Yee, Ella is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Wong is a holder of the Practitioner's Endorsement from The Hong Kong Chartered Governance Institute.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April 2025, and (ii) understands all the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer and the possible consequences of making a false statement or providing false information to the Hong Kong Stock Exchange.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she had no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there were no other factors that might affect his or her independence at the time of his or her appointment.

BOARD COMMITTEES

Our Company has established three committees under the Board, namely, the Audit Committee, the Nomination, Remuneration and Appraisal Committee, and the Strategy and ESG Committee in accordance with the relevant PRC laws and regulations, the Articles of Association and the Listing Rules.

Audit Committee

Our Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and oversee the financial reporting procedure and internal control system of our Group, review and approve connected transactions and provide advice and recommendations to our Board. The Audit Committee consists of three members, namely, Mr. Cao Feng, Ms. Wong Sze Wing and Mr. Hong Yuan. Mr. Cao Feng is the chairman of the Audit Committee. Mr. Cao Feng and Ms. Wong Sze Wing have the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination, Remuneration and Appraisal Committee

Our Company has established the Nomination, Remuneration and Appraisal Committee with written terms of reference in compliance with Rules 3.25 and 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination, Remuneration and Appraisal Committee are to formulate the selection criteria and procedures for Directors and senior management of our Company, to make recommendations to our Board on the appointment of Directors and Board succession planning, and to review the performance evaluation criteria and remuneration schemes of our Directors and senior management of our Company and make recommendations to our Board. The Nomination, Remuneration and Appraisal Committee consists of three members, namely, Mr. Hong Yuan, Mr. Cao Feng and Ms. Wong Sze Wing. Mr. Hong Yuan is the chairman of the Nomination, Remuneration and Appraisal Committee.

Strategy and ESG Committee

Our Company has established the Strategy and ESG Committee with written terms of reference. The primary duties of the Strategy and ESG Committee are to conduct research on and make recommendations to our Board in respect of the long-term strategic development plans of our Company, major investment and financing proposals, significant capital operations and asset operation projects, as well as to research and assess ESG governance of our Company and make recommendations to our Board. The Strategy and ESG Committee consists of three members, namely, Mr. Deng Weiming, Mr. Tao Wu, and Mr. Jiang Liangxing. Mr. Deng Weiming is the chairman of the Strategy and ESG Committee.

CORPORATE GOVERNANCE CODE

Our objective is to implement a high standard of corporate governance, which we believe is essential for safeguarding the interests of our Shareholders. To this end, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the **[REDACTED]**, save that, as described below, Mr. Deng will serve as both the chairman of the Board and president of our Company.

According to code provision C.2.1 of the Corporate Governance Code, companies listed on the Hong Kong Stock Exchange should comply with, but may choose to deviate from, the provision that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate roles for chairman of the Board and president of our Company, and Mr. Deng currently holds both roles. Our Board believes that having the same individual serve as both chairman of the Board and president of our Company ensures consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority under the current arrangement will not be impaired, and this structure will allow our Company to make and implement decisions promptly and effectively. Our Board will continue to review this arrangement and will separate the roles of chairman of the Board and president of our Company at an appropriate time having regard to the overall circumstances of our Group.

BOARD DIVERSITY

To enhance the efficiency of our Board and maintain a high standard of corporate governance, we consider various factors when selecting candidates for our Board, including but not limited to gender, skills, age, professional experience, cultural background, educational background, and years of service, to achieve diversity among Board members. The final decision on appointments will be based on the merits of the candidates and the contributions they will bring to our Board.

Our Board currently consists of one female Director and nine male Directors. Our Directors possess a balanced mix of knowledge and skills, including overall management and strategic development, finance, engineering, materials, investment, and accounting, as well as industry experience relevant to the operations and business of our Group. They hold degrees in various disciplines, including materials, metallurgy, accounting, and management. This diverse academic background enables our Board to address challenges and opportunities from multiple perspectives, fostering innovative solutions and formulating comprehensive strategies. We have four independent non-executive Directors with diverse industry backgrounds, accounting for more than one-third of our Board members. In addition, our Board demonstrates diversity in age and gender representation. Taking into account our current business model, specific needs, and the varied backgrounds of our Directors, the composition of our Board aligns with our Board diversity policy.

The Nomination, Remuneration and Appraisal Committee is responsible for reviewing the structure and diversity of our Board and selecting individuals to be nominated as Directors. The Nomination, Remuneration and Appraisal Committee will monitor and evaluate the implementation of the Board diversity policy from time to time to ensure its ongoing effectiveness, and will propose any necessary amendments as required, recommending such amendments to our Board for consideration and approval. The Nomination, Remuneration and Appraisal Committee will also include a summary of the Board diversity policy in the annual report.

REMUNERATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Our Company provides remuneration to our Directors and senior management in the form of salaries, allowances, and benefits in kind, as well as performance bonuses and contributions to pension schemes. Our independent non-executive Directors receive remuneration based on their respective positions and responsibilities.

For the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025, the total remuneration paid to Directors amounted to RMB8.4 million, RMB19.4 million, RMB26.3 million and RMB6.5 million, respectively.

For the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025, the total remuneration paid to the five highest-paid individuals (including Directors) amounted to RMB18.5 million, RMB17.8 million, RMB27.6 million and RMB9.3 million, respectively.

The remuneration of our Directors and senior management is determined with reference to industry salary levels, the responsibilities and performance of their respective roles, as well as the annual operating results of our Company. Under the arrangements currently in effect, our Company estimates that the total pre-tax remuneration payable to our Directors for the year ending December 31, 2025 will be approximately RMB26.3 million.

During the Track Record Period, no remuneration was paid to any Director or any of the five highest-paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any Director, former Director or any of the five highest-paid individuals for the loss of office as a director of any member of our Group or for the loss of any other office in connection with the management of the affairs of any member of our Group. During the Track Record

Period, no Director waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts were paid or payable by our Group to any Director or any of the five highest-paid individuals.

COMPLIANCE ADVISER

Our Company has appointed Somerley Capital Limited as its Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide guidance and advice to our Company on compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will provide advice to our Company in the following circumstances (among others):

(a) prior to the publication of any regulated announcement, circular or financial report;

(b) where a transaction (which may be a notifiable transaction or a connected transaction) is contemplated, including the issuance of shares, the sale or transfer of treasury shares, and the repurchase of shares;

(c) where our Company proposes to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this Document, or where the business activities, developments or performance of our Group differ from any forecast, estimate or other information contained in this Document; and

(d) when the Hong Kong Stock Exchange makes an enquiry pursuant to Rule 13.10 of the Listing Rules regarding unusual movements in the price or trading volume of our listed securities or any other matters.

The term of appointment of the Compliance Adviser shall commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the **[REDACTED]**. Such appointment may be extended by mutual agreement.

SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was **[REDACTED]** A Shares (including **[REDACTED]** repurchased A Shares as treasury shares) of nominal value of RMB1.00 each, which are all listed on the ChiNext Market of the Shenzhen Stock Exchange.

Upon the Completion of the [REDACTED]

Immediately following the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital following the [REDACTED]
A Shares in issue	938,028,458(1)	**[REDACTED]**%
H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	100.00%

Note:

(1) Including 29,832,872 repurchased A Shares which are held by our Company as treasury shares.

Immediately following the **[REDACTED]** (assuming that the **[REDACTED]** is exercised in full), the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital following the [REDACTED]
A Shares in issue	938,028,458(1)	**[REDACTED]**%
H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	100.00%

Note:

(1) Including 29,832,872 repurchased A Shares which are held by our Company as treasury shares.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

OUR SHARES

Our H Shares in issue following the completion of the **[REDACTED]**, and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be **[REDACTED]** for or **[REDACTED]** by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be **[REDACTED]** for and **[REDACTED]** by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the **[REDACTED]**. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to **[REDACTED]** H Shares and seek the **[REDACTED]** of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting of our Company held on April 17, 2025 and is subject to the following conditions:

(i) *Size of the* **[REDACTED]**. The proposed number of H Shares to be **[REDACTED]** shall not exceed 15% of the total issued share capital enlarged by the H Shares to be issued pursuant to the **[REDACTED]** (before the exercise of the **[REDACTED]**). The number of H Shares to be issued pursuant to the full exercise of the **[REDACTED]** shall not exceed 15% of the total number of H Shares to be **[REDACTED]** initially under the **[REDACTED]**.

(ii) *Method of* **[REDACTED]**. The method of **[REDACTED]** shall be by way of an **[REDACTED]** to qualified institutional investors and a public **[REDACTED]** for **[REDACTED]** in Hong Kong.

(iii) *Target investors*. The H Shares shall be **[REDACTED]** to public investors in Hong Kong under the **[REDACTED]** and international investors, qualified domestic institutional investors in mainland China and other investors who are approved by mainland Chinese regulatory bodies to invest abroad in **[REDACTED]**.

(iv) **[REDACTED]** *basis*. The **[REDACTED]** price of the H Shares will be determined, among others, after full consideration of the interests of existing shareholders of our Company, acceptance of investors and the risks related to the **[REDACTED]**, according to international practice, through the demands for orders and book building process, with reference to the domestic and overseas capital market conditions, the valuation level of comparable companies in the industry where the Company operates and the market subscription conditions.

(v) *Validity period*. The **[REDACTED]** of H Shares and **[REDACTED]** of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders' general meeting was held on April 17, 2025. If the Company has obtained the approval or filing notice from relevant regulatory authorities during the validity period, the validity period will be automatically extended to the later of the **[REDACTED]** and the completion date of the exercise of the **[REDACTED]** (if any).

There is no other approved **[REDACTED]** plan for our Shares except the **[REDACTED]**.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which the Shareholders' general meeting is required, see "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association."

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors as at the Latest Practicable Date, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**, the following person will have an interest and/or short position (as applicable) in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the shares of our Company or any other member of our Group:

				Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is fully exercised)	
Name of Shareholder	**Nature of Interest**	**Description of Shares**	**Number of Shares Held or Interested**	**Approximate percentage of shareholding in our A Shares**	**Approximate percentage of shareholding in the total share capital of our Company**	**Approximate percentage of shareholding in our A Shares**	**Approximate percentage of shareholding in the total share capital of our Company**
Mr. Deng	Beneficial owner	A Shares	29,570,194	3.15%	**[REDACTED]**%	3.15%	**[REDACTED]**%
	Interest in controlled corporations(1)(2)	A Shares	528,484,872	56.34%	**[REDACTED]**%	56.34%	**[REDACTED]**%
Ms. Wu	Interest of spouse(3)	A Shares	29,570,194	3.15%	**[REDACTED]**%	3.15%	**[REDACTED]**%
	Interest in controlled corporations(1)(2)	A Shares	528,484,872	56.34%	**[REDACTED]**%	56.34%	**[REDACTED]**%
Zhongwei Holding	Beneficial owner	A Shares	481,600,000	51.34%	**[REDACTED]**%	51.34%	**[REDACTED]**%

Note:

(1) As at the Latest Practicable Date, Zhongwei Holding was held by Mr. Deng as to 65% and by Ms. Wu as 35%, and Hongxin Chengda was owned as to 1% by Ms. Wu as the general partner and as to 99% by Mr. Deng as the limited partner. Zhongwei Holding directly held 481,600,000 A Shares and Hongxin Chengda directly held 17,052,000 A Shares. Therefore, each of Mr. Deng and Ms. Wu is deemed to be interested in all the A Shares held by Zhongwei Holding and Hongxin Chengda under the SFO, which is 498,652,000 A Shares in total.

(2) As at the Latest Practicable Date, there were 29,832,872 A Shares repurchased and held in the Company's stock repurchase account as treasury shares. Mr. Deng and Ms. Wu, through Zhongwei Holding and Hongxin Chengda, directly and indirectly controls more than one-third of the voting power at the general meetings of the Company and would be taken to have an interest in such repurchased A Shares held by the Company under the SFO.

(3) Ms. Wu is the wife of Mr. Deng. Ms. Wu is deemed to be interested in the same number of Shares in which Mr. Deng is interested under the SFO.

Save as disclosed above, the Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of the Company.

OVERVIEW

As at the Latest Practicable Date, Mr. Deng and Ms. Wu held an aggregate of approximately 56.31% of the total issued Shares, comprising approximately 3.15% direct interest held by Mr. Deng, approximately 51.34% indirect interest held by Zhongwei Holding, a company controlled by Mr. Deng and Ms. Wu, and approximately 1.82% indirect interest held by Hongxin Chengda, a limited partnership owned as to 1.00% by Ms. Wu as the general partner and as to 99.00% by Mr. Deng as the limited partner. Mr. Deng and Ms. Wu are husband and wife. See "History, Development and Corporate Structure" for the corporate structure of the Group. Each of Zhongwei Holding and Hongxin Chengda was primarily engaged in equity investment as of the Latest Practicable Date.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Deng and Ms. Wu will hold an aggregate of approximately **[REDACTED]**% of the total issued Shares, comprising approximately **[REDACTED]**% direct interest held by Mr. Deng, approximately **[REDACTED]**% indirect interest held by Zhongwei Holding and approximately **[REDACTED]**% indirect interest held by Hongxin Chengda. Therefore, Mr. Deng and Ms. Wu will control an aggregate of more than 30% of the voting rights in the Company. Accordingly, Mr. Deng, Ms. Wu, Zhongwei Holding and Hongxin Chengda are and will continue to be a group of Controlling Shareholders upon the **[REDACTED]**.

INDEPENDENCE OF THE GROUP FROM THE CONTROLLING SHAREHOLDERS

Taking into consideration the following factors, the Directors are of the view that the Group is able to carry on its business independently from the Controlling Shareholders and their respective close associates after the completion of the **[REDACTED]**.

Operational Independence

The Group operates independently from the Controlling Shareholders and their respective close associates.

The Group holds and enjoys the benefits of all material licenses necessary to carry out its business. The Group has obtained, among other things, all material qualifications and authorization, operational equipment, premises, intellectual properties and domain name that are needed for its business. The Group has sufficient capital, facilities, equipment and employees to operate its business independently from the Controlling Shareholders. The Group also has independent access to its customers and suppliers and an independent management team to operate its business.

Based on the above, the Directors are satisfied that the Group is able to operate independently from the Controlling Shareholders and their respective close associates.

Financial Independence

The Group is able to operate independently from the Controlling Shareholders and their respective close associates from the financial perspective.

The Group has established its own finance department responsible for the financial management, accounting and taxation in the ordinary and usual course of business of the Company. The Group also has its own risk management and internal control system, independent accounting and financial management system and independent management for cash receipts and payments. The Group's accounting and finance functions are independent from the Controlling Shareholder and their close associates. The Company opens accounts with banks independently and does not share any bank account with the Controlling Shareholders.

During the Track Record Period, the Controlling Shareholders provided guarantees for our credit facilities from different commercial banks and financial institutions. As of March 31, 2025, our credit

facilities guaranteed by the Controlling Shareholders in aggregate amounted to RMB8,866.1 million. See "Connected Transactions — Fully Exempt Continuing Connected Transactions" for further details of the Controlling Shareholders' guarantees.

We are of the view that the early release of all guarantees provided by the Controlling Shareholders prior to the **[REDACTED]** is not in the best commercial interests of the Company and its Shareholders as a whole, as the Group would need to go through the formalities for refinancing and incur unnecessary additional costs, expenses and time, and the Company has no intention to release all guarantees provided by the Controlling Shareholders prior to the **[REDACTED]**.

Notwithstanding the above, the Directors believe that the Group is capable of operating financially independently from the Controlling Shareholders and their close associates for the following reasons:

(i) as of March 31, 2025, without any guarantee from the Controlling Shareholders or their close associates, independent commercial banks and financial institutions have made binding commitments to provide us with credit facilities in the total amount of RMB79,370.3 million, which was significantly higher than the amount of credit facilities guaranteed by the Controlling Shareholders and demonstrated robust market confidence in the Company's own creditworthiness;

(ii) during the Track Record Period, in addition to the credit facilities guaranteed by the Controlling Shareholders, we have been able to obtain credit facilities from independent commercial banks and financial institutions without any guarantee from the Controlling Shareholders or their close associates;

(iii) as the credit facilities obtained by us which were guaranteed by the Controlling Shareholders were on normal commercial terms without more favorable interest rate terms as compared with other credit facilities obtained without the guarantee of the Controlling Shareholders, and the guarantees provided by the Controlling Shareholders were standard commercial credit enhancement requirements of certain commercial banks, we do not overly rely on the Controlling Shareholders; and

(iv) we are in a solid financial position. As of December 31, 2024, our cash and cash equivalents amounted to approximately RMB10,084.0 million, and such cash and cash equivalents are sufficient to fully repay the borrowings guaranteed by the Controlling Shareholders if needed.

Based on the above, the Directors are of the view that the Group is financially independent from the Controlling Shareholders and their respective close associates.

Management Independence

The Board consists of ten Directors, including six executive Directors and four independent non-executive Directors. See "Directors and Senior Management" for more information.

As of the Latest Practicable Date, except for the following Director, there was no other overlapping Director and senior management between the Group and the Controlling Shareholders and their close associates:

Name of Directors	Position held in the Company	Position held in the Controlling Shareholders and their close associates as of the Latest Practicable Date
Mr. Deng	Executive Director, chairman of the Board and president	Director of Zhongwei Holding

Hence, we have sufficient Board and senior management team members who do not hold any position in and are not the Controlling Shareholders and/or their respective close associates. We believe that the Directors and senior management of the Company are capable of performing their own duties in the Company independently from the Controlling Shareholders and the Company is capable of managing its business independently from the Controlling Shareholders for the following reasons:

(i) each of the Directors is aware of and understands the fiduciary duties which, among other things, requiring he/she to act in the best interests of the Company and its Shareholders as a whole;

(ii) the decision-making mechanism of our Board as specified in the Articles of Association has set out relevant provisions to avoid conflicts of interests, including requiring a Director to abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates have a material interest;

(iii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which the Company is engaged, and will therefore be able to make business decisions that are in the best interests of the Company;

(iv) save for Mr. Deng, none of our Directors and senior management hold any position in the Controlling Shareholders, and all of our Directors and senior management are able to devote sufficient time and efforts to manage the daily operations of the Group. In addition, the Company has four independent non-executive Directors who have extensive experiences in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of the independent non-executive Directors from different backgrounds provides a balance of views and opinions for our Board; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between the Group and the Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures" for more information.

COMPETING INTEREST

Apart from the business of our Company, the Controlling Shareholders have interest in control companies which primarily engage in (i) equity investment, (ii) research, development and manufacturing of intelligent equipment, (iii) design, manufacturing and sales of engineering equipment, and (iv) sales and trading.

Each of the Controlling Shareholders confirms that he/she/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete (directly or indirectly) with the Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of our Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete (directly or indirectly) with the Group's business.

NON-COMPETITION UNDERTAKINGS

The Controlling Shareholders have provided certain non-competition undertakings to the Company in December 2020, pursuant to which the Controlling Shareholders have undertaken, among other things, that:

(i) the Controlling Shareholders will procure that none of the companies, enterprises, or economic organizations controlled by the Controlling Shareholders, or affiliated enterprises of the

Controlling Shareholders, will directly or indirectly engage in any business that is identical or similar to, or constitutes or may constitute competition with, the Company's business, or own any interest in any economic entity, institution, or economic organization that competes with the Company, and the Controlling Shareholders will not conduct any other activities that would harm the legitimate rights and interests of the Company or other Shareholders;

(ii) if any other enterprises or economic organizations controlled by the Controlling Shareholders have any business opportunities to engage in any business that may compete with the Company's business, the Controlling Shareholders will, according to the request of the Company, give such business opportunities to the Company, allowing the Company to have the priority to acquire the assets or equity related to such business under the same conditions, in order to avoid competition with the Company; and

(iii) if the Controlling Shareholders violate the aforementioned statements and undertakings and cause economic losses to the Company, the Controlling Shareholders will compensate the Company for all losses incurred as a result.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, the Company will adopt the following corporate governance measures to manage any potential conflicts of interest with the Controlling Shareholders and their respective close associates:

(i) where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders or their respective associates will not vote on the resolutions and shall not be counted in the quorum in the voting;

(iii) as part of the preparation for the **[REDACTED]**, the Company has amended the Articles of Association to comply with the Listing Rules which will become effective upon the **[REDACTED]**. In particular, the Articles of Association will provide that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(iv) the Company has established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if the Company enters into connected transactions with the Controlling Shareholders or any of their associates, the Company will comply with the applicable requirements under the Listing Rules;

(v) the Company is committed that the Board shall include a balanced composition of executive Director and independent non-executive Directors. The Company has appointed four independent non-executive Directors, and believes that the independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere with the exercise of their independent judgment in any material manner, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

(vi) where the Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at the Company's expense; and

(vii) the Company has appointed Somerley Capital Limited as its compliance adviser, which will provide advice and guidance to the Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

The Directors consider that the above corporate governance measures are sufficient to manage potential conflict of interests between the Controlling Shareholders and the Group, and to protect the interests of the minority Shareholders.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this Document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2022, 2023 and 2024 refer to the years ended December 31, 2022, 2023 and 2024, respectively.

OVERVIEW

We are a new energy materials company. We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years since 2020. We focus on the R&D, production and sales of new energy battery materials and new energy metal products.

During the Track Record Period, we delivered solid growth and profit margins. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our revenue was RMB30,343.7 million, RMB34,273.2 million, RMB40,222.9 million, RMB20,086.2 million and RMB21,322.5 million, respectively, representing a year-over-year growth rate of 12.9% from 2022 to 2023, 17.4% from 2023 to 2024 and 6.2% from the six months ended June 30, 2024 to the six months ended June 30, 2025. Our net profit was also robust as we continued to execute on our integration and globalization strategies. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our net profit was RMB1,539.4 million, RMB2,100.5 million, RMB1,787.8 million, RMB1,155.8 million and RMB705.7 million, respectively. During the same period, our EBITDA (Non-IFRS measure) was RMB2,678.0 million, RMB3,903.7 million, RMB4,283.0 million, RMB2,342,8 million and RMB2,288.0 million, with EBITDA margin (Non-IFRS measure) of 8.8%, 11.4%, 10.6%, 11.7% and 10.7%, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the new energy battery materials and metal industries. These factors include macro-economic trends, industry development and competitive landscape in the market. Any adverse development can have a negative impact on our results of operations.

In addition to these general factors, our results of operations are affected by the following specific factors:

Market demand and customer orders

As a new energy materials company, we mainly offer new energy battery materials and new energy metal products that serve as essential raw materials to produce new energy batteries and other components or materials in the new energy industry. As such, the demand for our products is affected by the demand for end products of downstream markets. Robust growth in existing markets, such as EV, ESS and consumer electronics, as well as emerging high-potential markets, such as humanoid robotics and low-altitude aerial vehicles, is a key driver of demand for our new energy materials. According to Frost & Sullivan, global EV sales volume grew at a CAGR of 56.8% from 2020 to 2024, reaching 18.3 million units in 2024. This figure is

expected to rise to 57.1 million units by 2030, with a projected CAGR of 20.9% from 2024 to 2030. Similarly, global battery ESS shipments increased to 292.2 GWh in 2024, representing a CAGR of 87.4% from 2020, and are forecasted to grow to 1,391.3 GWh by 2030 at a CAGR of 29.7%. Consumer electronics shipments remained relatively stable, reaching 2,452.1 million units in 2024 and are expected to grow steadily to 2,842.9 million units by 2030. The global robotics market saw shipment volumes grow at a CAGR of 21.8% from 2020 to 2024, reaching 5.0 million units in 2024. This figure is projected to rise to 13.8 million units by 2030, with a CAGR of 18.3% from 2024 to 2030. Meanwhile, the sales volume of low-altitude aerial vehicles of drone is expected to increase from 33.8 million units in 2024 to 102.2 million units in 2030 at a CAGR of 20.3%, and the global eVTOL sales volume is expected to increase from 1,100 units in 2024 to 53,300 units in 2030, at a CAGR of 90.4%. However, any unfavorable shifts in the growth trends of these end markets could negatively impact customer demand for our products and materially affect our results of operations. See "Risk Factors - Our business is exposed to the supply-demand dynamics in the battery industry, and is affected by market demand for the end products where our new energy battery materials are used."

Despite the historical and projected growth of end markets, customer demand for our products has historically experienced, and may experience in the future, temporary downward trends due to changing supply and demand dynamics—driven by, among other factors, adjustments in the production plans and inventory levels of our customers. For example, while global EV sales grew from 14.6 million units in 2023 to 18.3 million units in 2024, and global shipments of ternary batteries increased from 448.6 GWh in 2023 to 522.0 GWh in 2024, the global shipment volume of nickel-based pCAM declined from 968,300 metric tons in 2023 to 961,500 metric tons in 2024. This was primarily due to production and inventory adjustments made by ternary battery manufacturers in response to the increasing adoption of LFP batteries in the mass-market EV segment.

Despite the foregoing, LFP batteries and ternary batteries possess distinct characteristics that make them suitable for different end-use applications. Due to their relatively higher energy density, ternary batteries are favored in applications such as premium EV, eVTOLs, electric vessels, and robotics, where compact size and high capacity are critical. In contrast, LFP batteries are more commonly used in mass-market EV and ESS, which prioritize a balanced trade-off between performance and cost. As a result, demand for nickel-based materials and phosphorus-based materials—the respective key raw materials for ternary and LFP batteries—is expected to increase significantly, driven by the growth of their respective end markets. According to Frost & Sullivan, global shipments of nickel-based pCAM are projected to grow from 961,500 metric tons in 2024 to 3,103,700 metric tons in 2030, at a CAGR of 21.6%. Meanwhile, global shipments of phosphorus-based pCAM are expected to rise from 2.2 million metric tons in 2024 to 8.4 million metric tons in 2030, at a CAGR of 24.9%. As innovative products, sodium-based materials and the corresponding sodium-ion batteries are still in a relatively early stage of development and currently have not yet generated significant downstream demand according to Frost & Sullivan.

Raw material costs and product pricing

Key metals involved in our new energy battery materials are nickel and cobalt. We primarily use the average LME/MB or SMM/SHFE prices over an agreed period as the metal pricing benchmark, applying negotiated discount rates to price our new energy battery materials. We also sell new energy metals, mainly nickel products, using LME/MB or SMM/SHFE prices as benchmark. See "Business – Our Business and Products – Product pricing." When sourcing metal raw materials, whether metal ores, intermediates or high-purity metals, we use similar pricing benchmarks, but the discount rates differ. Generally, from lowest to highest, the discount rate is the lowest for pricing our new energy battery materials, followed by the rates for sourcing high-purity metals, metal intermediates, and metal ores. The differences in discount rates reflect variations in metal content, and are influenced by changing supply and demand dynamics, which are beyond our control. While the discount rates for different products are primarily driven by industry factors, we still actively negotiate with our customers to obtain a more favorable discount rate within the industry norm. Typically, higher discount rates are applied when determining the selling prices for customers who maintain long-term business relationships with us and have substantial volume requirements.

As a result of such pricing mechanism, fluctuations in metal prices impact our revenue from the sale of new energy battery materials and new energy metals. According to Frost & Sullivan, the global yearly average price of nickel and cobalt decreased from RMB175,700 per metric ton in 2022 to RMB120,600 per metric ton in 2024, and RMB457,800 per metric ton in 2022 to RMB193,200 per metric ton in 2024, primarily due to the industry-wide supply and demand dynamics as a result of over-supplies due to the rapid expansion of upstream production capacity in previous years. As a result, the average selling price of our nickel-based materials and cobalt-based materials decreased from RMB123,100 per metric ton in 2022 to RMB82,900 per metric ton in 2024, and RMB327,900 per metric ton in 2022 to RMB106,600 per metric ton, which was in line with the downward trend of the prevailing market price during the same period.

On the other hand, our raw materials costs are also largely affected by the benchmark metal price, while profitability of our new energy battery materials is partially influenced by the difference in the discount rates applied to (i) the cost of sourcing metal raw materials, and (ii) the metal price used to price our finished products. As a result of the pricing mechanism discussed above, the fluctuation in prices of raw materials could be effectively reflected on the selling prices of our products and the raw material costs we procured. In particular, while a decrease in the benchmark price may result in a decrease in our revenue, our profitability may not necessarily decrease in tandem as our raw material cost would also decrease. For example, despite the decrease in selling prices of our new energy battery materials during the Track Record Period, the overall gross profit margin of our new energy battery materials increased from 11.7% in 2022 to 17.7% in 2024. In addition, to better reflect the underlying profitability of our new energy battery materials, we use gross profit per ton, a metric calculated by dividing gross profit from sales of new energy battery materials by the total volume (in metric tons) sold during the year.

Similarly, the profitability of our new energy metal, mainly nickel products, is impacted by the difference in discount rates applied to (i) the cost of sourcing metal ores and (ii) the pricing of our metal products.

The following sensitivity analysis illustrates the effects of hypothetical fluctuations in nickel on our gross profit for the periods indicated, assuming all other factors affecting our profitability had remained unchanged.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
		(in RMB thousands)		
Change in nickel prices				
+/- 5%	+/-10,579	+/-117,184	+/-268,579	+/-209,454
+/- 10%	+/-21,158	+/-234,367	+/-537,157	+/-418,908
+/- 15%	+/-31,736	+/-351,551	+/-805,736	+/-628,361

Our vertically integrated operations

We began as a pCAM specialist and have since evolved into a vertically-integrated global operation, spanning from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling. As we have further expanded our operations to integrate upstream resources, we are capable of self supplying nickel and a portion of cobalt raw materials for production of our new energy battery materials from our upstream smelting and refinery production facilities. As of June 30, 2025, we achieved a nickel primary smelting capacity of 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025.

We have been able to benefit from favorable difference in the discount rates applied to (i) the cost of sourcing metal raw materials and (ii) the metal price used to price our finished products, largely due to such integration efforts, which have allowed us to shift from sourcing high-purity metals or metal intermediates,

to metal ores that generally had a higher discount rate, and capture more value generated through processing metals within our integrated supply chain. Typically, the larger difference in discount rates we enjoyed along the industry value chain, the more value we may generate through processing metals within our supply chain, which can directly affect our profitability and results of operations.

Our grip on nickel resources and processing capabilities ensures supply chain security during shortages while maximizing profitability. Specifically, our integrated model gives us the flexibility to sell nickel intermediates, such as nickel matte and NPI, as nickel products, to the broader markets or utilize them as raw materials for manufacturing our new energy battery materials, depending on market conditions, price fluctuation and market demand of new energy battery materials and new energy metal products. When it is more economical to source alternative nickel materials for our new energy battery materials production, we sell those nickel products and buy such raw materials in the market to optimize our cost structure. In particular, we have the flexibility to choose to procure raw materials from external sources when selling nickel products generate more profit than the incremental profit from using them as raw materials in our production process. The new energy products we sell and the raw materials we use are different types of nickel products with different production processes as detailed in "—Production." As such, the profitability can be different as a result of the difference in prices and production costs.

Product mix

Our financial performance is affected by product mix, as our prices and gross profit margins vary across our product categories.

The gross margins of our new energy metal products are generally lower than those of our new energy battery materials, reflecting the value derived from our R&D and manufacturing efforts on new energy battery materials. Additionally, our nickel-based materials have higher gross margin than other categories of new energy battery materials, primarily due to the benefit from our integrated model. Similarly, among the nickel-based materials, advanced products with higher nickel content generally have a higher gross profit margin. The mix of new energy battery materials relative to new energy metal products is influenced by the supply and demand dynamics for each.

Our R&D capabilities and operational efficiency

Our ability to capitalize on vast end market opportunities depends on our ability to maintain and expand relationships with existing customers, as well as penetrate new markets and attract new customers. This, in turn, is dependent on our R&D capabilities to advance technologies and production techniques, enabling us to develop products tailored to our existing and new customers' needs in the end markets. We have integrated our R&D efforts with our customers to ensure our developments align with both their current and future battery technologies. This integrated R&D approach creates high switching costs for our customers and strong barriers to replication.

Additionally, our success will depend on our ability to continuously optimize operational efficiency, and to enhance our competitive advantage. Our operations are vertically integrated, and our ability to continuously improve operational efficiency is crucial to the success of our business. By optimizing our processes across the entire value chain, we can reduce costs, improve product quality, and accelerate production timelines, all of which directly impact our results of operations. We increase efficiency across all business functions through the adoption of advanced automation and digitalization technologies, including robotics, IoT and AI.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS effective

for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by us in the preparation of our historical financial information throughout the Track Record Period.

Our historical financial information has been prepared under the historical cost convention, except for derivative financial instruments and certain other non-current financial assets which have been measured at fair value.

See note 2.1 to "Appendix I — Accountants' Report" to this Document.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 2.3 to "Appendix I — Accountants' Report" to this Document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See note 3 to "Appendix I – Accountants' Report."

RESULTS OF OPERATIONS

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
Revenue	**30,343,742**	**100.0%**	**34,273,223**	**100.0%**	**40,222,890**	**100.0%**	**20,086,186**	**100.0%**	**21,322,547**	**100.0%**
Cost of sales	(26,963,139)	(88.9)%	(29,696,767)	(86.6)%	(35,380,773)	(88.0)%	(17,517,858)	(87.2)%	(18,780,024)	(88.1)%
Gross profit	**3,380,603**	**11.1%**	**4,576,456**	**13.4%**	**4,842,117**	**12.0%**	**2,568,328**	12.8%	**2,542,523**	11.9%
Other income and gains	636,747	2.1%	901,809	2.6%	733,599	1.8%	368,718	1.8%	267,119	1.3%
Selling and marketing expenses	(56,277)	(0.2)%	(86,695)	(0.3)%	(111,487)	(0.3)%	(50,134)	(0.2)%	(48,043)	(0.2)%
Administrative expenses	(686,513)	(2.3)%	(999,593)	(2.9)%	(1,156,896)	(2.9)%	(570,950)	(2.8)%	(636,726)	(3.0)%
Research and development costs	(929,164)	(3.1)%	(1,055,686)	(3.1)%	(1,109,313)	(2.8)%	(450,535)	(2.2)%	(544,764)	(2.6)%
Other expenses	(112,843)	(0.4)%	(98,221)	(0.3)%	(188,393)	(0.5)%	(68,386)	(0.3)%	(238,587)	(1.1)%
Finance costs	(538,914)	(1.8)%	(841,226)	(2.5)%	(1,037,366)	(2.6)%	(495,398)	(2.5)%	(521,081)	(2.4)%
Share of profits and losses of:										
Joint ventures	133	0.0%	(17,951)	(0.1)%	39,701	0.1%	19,836	0.1%	3,673	0.0%
Associates	(782)	0.0%	2,006	0.0%	10,582	0.0%	(12,133)	(0.1)%	2,939	0.0%
Profit before tax	**1,692,990**	**5.6%**	**2,380,899**	**6.9%**	**2,022,544**	**5.0%**	**1,309,346**	**6.5%**	**827,053**	**3.9%**
Income tax expense	(153,564)	(0.5)%	(280,410)	(0.8)%	(234,789)	(0.6)%	(153,514)	(0.8)%	(121,403)	(0.6)%
Profit for the year/ period	1,539,426	5.1%	2,100,489	6.1%	1,787,755	4.4%	1,155,832	5.8%	705,650	3.3%

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
Profit attributable to:										
Owners of the parent	1,548,644	5.1%	1,947,559	5.7%	1,467,224	3.6%	863,235	4.3%	735,192	3.4%
Non-controlling interests	(9,218)	0.0%	152,930	0.4%	320,531	0.8%	292,597	1.5%	(29,542)	(0.1)%

NON-IFRS MEASURES

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use non-IFRS measures, including EBITDA (Non-IFRS Measure) and EBITDA margin (Non-IFRS Measure), as additional financial metrics, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of EBITDA (Non-IFRS Measure) and EBITDA margin (Non-IFRS Measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define EBITDA (Non-IFRS Measure) as profit for the year adjusted for interest income, income tax expense, finance costs and depreciation and amortization. We define EBITDA margin (Non-IFRS Measure) as EBITDA (Non-IFRS Measure) as a percentage of our total revenue.

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands, except for percentages)			*(unaudited)*	
Profit for the year/period	1,539,426	2,100,489	1,787,755	1,155,832	705,650
adjusted for:					
Interest income	(89,933)	(218,289)	(221,627)	(104,159)	(79,019)
Income tax expense	153,564	280,410	234,789	153,514	121,403
Finance costs	538,914	841,226	1,037,366	495,398	521,081
Depreciation and amortization	536,013	899,844	1,444,696	642,185	1,018,875
EBITDA (Non-IFRS Measure)	**2,677,984**	**3,903,680**	**4,282,979**	**2,342,770**	**2,287,990**
EBITDA margin (Non-IFRS Measure)	*8.8%*	*11.4%*	*10.6%*	*11.7%*	*10.7%*

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily generated revenue from (i) the sales of new energy battery materials, including four main categories based on the primary metal or chemical element, namely, nickel-based materials, cobalt-based materials, phosphorus-based materials and other innovative materials, (ii) sales of new energy metal products, substantially all of which were nickel products consisting of nickel intermediates and electrolytic nickel, with the remainder being cobalt and copper products, (iii) metals trading, (iv) resales of raw materials, and (v) others, which mainly include revenue from contract manufacturing services. See "Business – Our Business and Products."

By products

The table below sets forth the breakdown of our revenue by products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
New energy battery materials										
Nickel-based materials	24,627,656	81.2%	21,733,466	63.4%	16,163,302	40.2%	8,830,575	44.0%	7,490,866	35.1%
Cobalt-based materials	3,194,732	10.5%	2,957,722	8.6%	2,244,581	5.6%	1,078,274	5.4%	1,451,943	6.8%
Phosphorus-based materials	661	0.0%	327,722	1.0%	679,644	1.7%	246,692	1.2%	670,075	3.1%
pCAM	661	0.0%	327,722	1.0%	679,610	1.7%	246,692	1.2%	669,947	3.1%
CAM	–	–	–	–	34	0.0%	–	0.0%	128	0.0%
Other innovative materials[1]	–	–	–	–	9,869	0.0%	2,922	0.0%	19,368	0.1%
Sub-total	**27,823,049**	**91.7%**	**25,018,910**	**73.0%**	**19,097,396**	**47.5%**	**10,158,463**	**50.6%**	**9,632,252**	**45.2%**
New energy metal products	–	–	3,388,015	9.9%	13,483,103	33.5%	6,439,175	32.1%	9,272,895	43.5%
Metals trading	9,881	0.0%	749,037	2.2%	4,355,858	10.8%	1,969,857	9.8%	546,540	2.6%
Resales of raw materials	1,888,469	6.2%	4,011,372	11.7%	1,829,391	4.5%	836,199	4.2%	1,249,179	5.9%
Others[2]	622,342	2.1%	1,105,889	3.2%	1,457,142	3.6%	682,493	3.4%	621,681	2.9%
Total	**30,343,742**	**100.0%**	**34,273,223**	**100.0%**	**40,222,890**	**100.0%**	**20,086,186**	**100.0%**	**21,322,547**	**100.0%**

Note:

(1) Other innovative materials mainly include sodium-based and manganese-based pCAM.
(2) Others mainly include revenue from contract manufacturing services.

During the Track Record Period, substantially all of our new energy battery materials are pCAM, with all nickel-based and cobalt-based materials being pCAM.

The table below sets forth the sales volume and average selling price of the main categories of our new energy battery materials and the nickel products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Sales volume[1]	Average selling price[2]	Sales volume	Average selling price[2]	Sales volume	Average selling price[2]	Sales volume	Average selling price[2]	Sales volume	Average selling price[2]
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials										
Nickel-based materials	200.0	123.1	211.3	102.9	194.9	82.9	101.2	87.3	97.8	76.6
Cobalt-based materials	9.7	327.9	19.0	155.8	21.1	106.6	9.5	113.7	11.7	124.3
Phosphorus-based materials	0.1	14.3	31.9	10.3	77.9	8.7	28.2	8.8	73.0	9.2
New energy metal products										
Nickel products[3]	–	–	30.6	109.8	124.6	102.2	59.2	104.0	89.8	93.9
Metals trading										
Electrolytic nickel	0.1	166.5	2.9	124.2	26.4	118.2	14.8	122.6	1.9	112.7

Note:

(1) Excluding the volume from our contract manufacturing services, revenue from which is recorded under "others" in our revenue.
(2) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year, which represented the average price at which our products were sold to our customers.
(3) The sales volume of nickel products was calculated based on the metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte, high grade nickel matte, and other nickel products, such as electrolytic nickel.

During the Track Record Period, we generated a majority of our revenue from the sales of new energy battery materials and new energy metal products, which accounted for over 80% of our total revenue during each year of 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025. Our revenue from sales of nickel-based materials during the Track Record Period decreased, primarily due to the decrease in selling prices as a result of the decrease in nickel prices. Our revenue from sales of cobalt-based materials decreased from 2022 to 2024, primarily due to the decrease in selling prices as a result of the decrease in cobalt price, while our revenue from sales of cobalt-based materials increased from the six months ended June 30, 2024 to the six months ended June 30, 2025, primarily due to the increase in cobalt prices. We started to generate revenue from new energy metals in 2023, which increased in 2024 with the expansion of our nickel production.

By geographical location

The table below sets forth the breakdown of our revenue by geographical location for the periods indicated. Geographical location is solely based on the places of registration of our direct customers, which may not align with the delivery destinations or end markets of our products for the periods indicated. During the Track Record Period, we sold our products to customers with places of registration in 22 countries or regions in aggregate.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(unaudited)			
Mainland China	20,124,343	66.3%	20,200,092	58.9%	22,339,155	55.5%	10,961,315	54.6%	10,538,496	49.4%
Overseas	10,219,399	33.7%	14,073,131	41.1%	17,883,735	44.5%	9,124,871	45.4%	10,784,051	50.6%
South Korea	4,603,070	15.2%	6,962,064	20.3%	5,197,928	12.9%	2,948,612	14.7%	2,066,557	9.7%
the Netherlands	4,662,696	15.4%	3,458,181	10.1%	176,866	0.4%	176,339	0.9%	—	—
Singapore	289,223	1.0%	224,527	0.7%	2,883,438	7.2%	1,439,692	7.2%	1,476,789	6.9%
Indonesia	12,180	0.0%	1,383,876	4.0%	3,774,712	9.4%	1,749,464	8.7%	1,588,753	7.5%
United States	5,044	0.0%	57,510	0.2%	1,151,151	2.9%	769,652	3.8%	1,626,226	7.6%
Hong Kong	—	—	555,973	1.6%	2,292,402	5.7%	671,949	3.3%	2,175,620	10.2%
Others[1]	647,185	2.1%	1,431,000	4.2%	2,407,238	6.0%	1,369,162	6.8%	1,850,107	8.7%
Total	**30,343,742**	**100.0%**	**34,273,223**	**100.0%**	**40,222,890**	**100.0%**	**20,086,186**	**100.0%**	**21,322,547**	**100.0%**

Note:

(1) Mainly include the Switzerland, United Kingdom and Luxembourg.

During the Track Record Period, a majority of our revenue was from Mainland China, while the revenue contribution from overseas continuously increased primarily due to our continuous efforts in penetrating overseas markets and improvement of global presence. As a result of our globalization strategy, we expect that the overseas market will continue to account for a substantial portion of our total revenue in the future.

In particular, the revenue from sales to customers of South Korea decreased from RMB6,962.1 million in 2023 to RMB5,197.9 million in 2024, and further decreased from RMB2,948.6 million in the six months ended June 30, 2024 to RMB2,066.6 million in the six months ended June 30, 2025. The revenue contribution

from those customers decreased from 20.3% in 2023 to 12.9% in 2024, which further decreased from 14.7% in the six months ended June 30, 2024 and 9.7% in the six months ended June 30, 2025. Such decrease was primarily due to the decrease in selling prices of nickel prices as a result of the decrease in nickel price and the decrease in sales volume of nickel-based materials in South Korea, and the increase in our total revenue primarily attributable to the increase in revenue from sales of new energy metal products.

The revenue from sales to customers with place of registration in the Netherlands decreased from RMB3,458.2 million in 2023 to RMB176.9 million in 2024, and further decreased from RMB176.3 million in the six months ended June 30, 2024 to nil in the six months ended June 30, 2025, primarily due to the fact that the Customer A changed its transaction entities for part of the orders from its subsidiaries in the Netherlands to the United States in 2024 and the six months ended June 30, 2025.

The revenue from sales to customers of Singapore increased from RMB224.5 million in 2023 to RMB2,883.4 million in 2024, with revenue contribution increased from 0.7% in 2023 to 7.2% in 2024, primarily due to the significant increase in sales of new energy metal products to customers with places of registration in Singapore. We started to produce nickel products in Indonesia since 2023, and several of our customers for these nickel products are registered in Singapore.

The revenue from sales to customers with place of registration in Indonesia increased from RMB12.2 million in 2022 to RMB3,774.7 million in 2024, with revenue contribution increasing from 0.0% in 2022 to 9.4% in 2024, primarily due to the increase in our sales of new energy metal products in Indonesia as we started our production of nickel products in Indonesia since 2023.

The revenue from sales to customers with place of registration in the United States increased from RMB57.5 million in 2023 to RMB1,151.2 million in 2024, and further increased from RMB769.7 million in the six months ended June 30, 2024 to RMB1,626.2 million in the six months ended June 30, 2025. The revenue contribution from those customers increased from 0.2% in 2023 to 2.9% in 2024, and further increased from 3.8% in the six months ended June 30, 2024 to 7.6% in the six months ended June 30, 2025. Such increase was primarily due to the fact that the Customer A changed its transaction entities for part of the orders from its subsidiaries in the Netherlands and Shanghai to the United States in 2024 and the six months ended June 30, 2025.

The revenue from sales to customers with place of registration in Hong Kong increased from nil in 2022 to RMB2,292.4 million in 2024, and further increased from RMB671.9 million in the six months ended June 30, 2024 to RMB2,175.6 million in the six months ended June 30, 2025, primarily due to the increase in our sales of new energy metal products to customers with place of registration in Hong Kong. We started to produce nickel products in Indonesia since 2023, and several of our customers for these nickel products are registered in Hong Kong.

Cost of sales

Our cost of sales primarily consists of (i) cost of raw material, mainly including nickel ores, nickel and cobalt intermediates, and other auxiliary materials such as sulfuric acid and sodium hydroxide, (ii) manufacturing costs and others, mainly including transportation costs, and (iii) labor costs.

The table below sets forth the breakdown of our cost of sales for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
Raw materials	25,286,442	93.8%	26,791,120	90.2%	29,647,385	83.8%	14,936,613	85.2%	14,542,891	77.4%
Manufacturing costs and others	1,365,823	5.1%	2,501,073	8.4%	4,946,355	14.0%	2,219,742	12.7%	3,733,167	19.9%
Labor	310,874	1.1%	404,574	1.4%	787,033	2.2%	361,503	2.1%	503,966	2.7%
Total	**26,963,139**	**100.0%**	**29,696,767**	**100.0%**	**35,380,773**	**100.0%**	**17,517,858**	**100.0%**	**18,780,024**	**100.0%**

During the Track Record Period, cost of raw material, mainly metal cost, was the largest component of our cost of sales, accounting for over 80% in each year.

Gross profit and gross profit margin

By products

The table below sets forth the breakdown of our gross profit and the gross profit margin by business nature for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)						*(unaudited)*			
New energy battery materials										
Nickel-based materials	3,070,332	12.5%	3,772,716	17.4%	3,209,255	19.9%	1,625,101	18.4%	1,334,942	17.8%
Cobalt-based materials	182,548	5.7%	243,331	8.2%	238,618	10.6%	96,465	8.9%	375,877	25.9%
Phosphorus-based materials	70	10.6%	(26,932)	(8.2)%	(70,902)	(10.4)%	(4,122)	(1.7)%	(70,199)	(10.5)%
pCAM	70	10.6%	(26,932)	(8.2)%	(70,910)	(10.4)%	(4,122)	(1.7)%	(70,231)	(10.5)%
CAM	–	–	–	–	8	23.6%	–	–	32	24.9%
Other innovative materials	–	–	–	–	(2,110)	(21.4)%	446	15.3%	(9,072)	(46.8)%
Sub-total	**3,252,950**	**11.7%**	**3,989,115**	**15.9%**	**3,374,861**	**17.7%**	**1,717,890**	**16.9%**	**1,631,548**	**16.9%**
New energy metal products	–	–	301,192	8.9%	1,016,899	7.5%	676,018	10.5%	690,171	7.4%
Metals trading	143	1.4%	1,125	0.2%	37,916	0.9%	837	0.0%	13,557	2.5%
Resales of raw materials	49,694	2.6%	154,782	3.9%	89,231	5.0%	1,446	0.2%	29,276	2.3%
Others	77,816	12.5%	130,241	11.8%	323,210	22.3%	172,137	25.3%	177,971	28.6%
Total	**3,380,603**	**11.1%**	**4,576,456**	**13.4%**	**4,842,117**	**12.0%**	**2,568,328**	**12.8%**	**2,542,523**	**11.9%**
Gross profit per ton[(1)]										
Nickel-based materials	**15.3**		**17.9**		**16.5**		**16.1**		**13.6**	
Cobalt-based materials	**18.7**		**12.8**		**11.3**		**10.2**		**32.2**	

Note:

(1) calculated by dividing gross profit from sales of new energy battery materials by the total volume (in metric tons) sold during the year.

During the Track Record Period, our gross profit margin was primarily affected by our product mix and raw material prices. Notably, the gross profit margin for our nickel-based materials improved from 12.5% in 2022 to 17.4% in 2023, while gross profit per ton increased from approximately RMB15,300 to RMB17,900. This increase in gross profit per ton was mainly driven by the lower cost per ton. Such decrease in cost was resulted from the more favorable difference in the discount rates applied to (i) the cost of sourcing metal raw materials and (ii) the metal price used to price our finished products, which reflects the value we created through processing metals within our integrated supply chain, supported by the commencement of our nickel production. Typically, the larger difference in discount rates we enjoyed along the industry value chain, the more value we may generate through processing metals within our supply chain, which can directly affect our profitability and results of operations. The improvement in gross profit margin in 2023 was a result of the higher gross profit per ton and a decline in the average selling price of our nickel-based materials due to a drop in benchmark nickel prices.

In 2024, the gross profit margin for our nickel-based materials further improved to 19.9%, although gross profit per ton declined to approximately RMB16,500. The decrease in gross profit per ton was mainly due to decline in the benchmark price of nickel while the difference in the discount rates remained at similar level. Nevertheless, our gross profit margin improved in 2024 because the average selling price of our nickel-based materials declined at a sharper rate than the decrease in our gross profit per ton due to the value we created through development and manufacturing of nickel-based materials.

During the Track Record Period, the gross profit margin for our cobalt-based materials increased from 5.7% in 2022 to 10.6% in 2024, while the gross profit per ton decreased from approximately RMB18,700 in 2022 to RMB11,300 in 2024. The decrease in gross profit per ton was mainly due to decline in benchmark cobalt prices. Nevertheless our gross profit margin of our cobalt-based materials improved from 2022 to 2024 because the average selling price of our cobalt-based materials declined at a sharper rate than the decrease in our gross profit per ton. The slower decline in gross profit per ton was supported by the value we created through the development and manufacturing of cobalt-based materials.

The gross profit margin for our phosphorus-based materials decreased from 10.6% in 2022 to negative gross profit margin of 8.2% in 2023. Such negative gross profit margin increased from 8.2% in 2023 to 10.4% in 2024. Such decrease in gross profit margin was primarily due to the decrease in selling prices of phosphorus-based materials as affected by intensified competition resulting from the over-supplies in the market, while the raw materials did not decrease to the same extent as compared to the selling prices. Our negative gross profit margin increased from 1.7% in the six months ended June 30, 2024 to 10.5% in the six months ended June 30, 2025, primarily because we recorded less depreciation costs related to the production facilities of phosphorus-based materials in the six months ended June 30, 2024 as those production facilities were still undergoing frequent adjustment before recognized as our assets during that period.

The gross profit margin of new energy metal products decreased in 2024, due to the overall decrease in prevailing market prices of nickel products in 2024, while sourcing costs remained high due to mining production quotas, which restrained supply of lateritic nickel ores.

By geographical location

The table below sets forth the breakdown of our gross profit and the gross profit margin by business nature for the periods indicated. Geographical location is solely based on the places of registration of our direct customers, which may not align with the delivery destinations or end markets of our products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)						*(unaudited)*			
Mainland China ...	1,817,630	9.0%	2,325,643	11.5%	2,383,233	10.7%	1,328,189	12.1%	1,401,750	13.3%
Overseas[(1)] .	1,562,973	15.3%	2,250,813	16.0%	2,458,884	13.7%	1,240,139	13.6%	1,140,773	10.6%
Total	**3,380,603**	**11.1%**	**4,576,456**	**13.4%**	**4,842,117**	**12.0%**	**2,568,328**	**12.8%**	**2,542,523**	**11.9%**

Note:

(1) Mainly include South Korea, Singapore, Indonesia, the Netherlands and Hong Kong.

Typically, the gross profit margin for our new energy battery materials from overseas customers was higher than that of the customers in Mainland China, primarily because the products demanded by our

overseas customers are more advanced and high-end compared to those preferred by domestic customers, who tend to be more cost-sensitive. Therefore, the overall gross profit margin from overseas customers was higher than that of the customers in China from 2022 to 2024, as a greater mix of advanced products, such as high- and ultra-high nickel pCAM, which generally have higher gross profit margin, were sold to our overseas customers. However, the overall gross profit margin from overseas decreased from 13.6% in the six months ended June 30, 2024 to 10.6% in the six months ended June 30, 2025, primarily due to the decrease in nickel price which resulted in a lower gross profit margin of our nickel products sold in overseas. The increase in our gross profit margin in Mainland China increased from 12.1% in the six months ended June 30, 2024 to 13.3% in the six months ended June 30, 2025, primarily due to the increase in gross profit margin for our cobalt-based materials which were mainly sold in Mainland China.

Selling and marketing expenses

Our selling and marketing expenses primarily include (i) salaries, compensations and benefits for our selling and marketing employees, (ii) consulting fees mainly for commissions for product promotion activities, (iii) traveling expenses, and (iv) business development expenses.

The table below sets forth the breakdown of our selling and marketing expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
Salaries, compensations and benefits	31,535	56.1%	52,164	60.2%	68,159	61.1%	33,420	66.7%	27,463	57.2%
Consulting fees	8,440	15.0%	6,331	7.3%	12,953	11.6%	2,932	5.8%	4,829	10.1%
Traveling expenses	5,146	9.1%	10,410	12.0%	9,648	8.7%	4,813	9.6%	4,152	8.6%
Business development expenses	2,551	4.5%	9,136	10.5%	6,316	5.7%	3,027	6.0%	3,340	7.0%
Others[(1)]	8,605	15.3%	8,654	10.0%	14,411	12.9%	5,942	11.9%	8,259	17.2%
Total	**56,277**	**100.0%**	**86,695**	**100.0%**	**111,487**	**100.0%**	**50,134**	**100.0%**	**48,043**	**100.0%**
As a percentage of total revenue		*0.2%*		*0.3%*		*0.3%*		*0.2%*		*0.2%*

Note:

(1) Mainly including other marketing expenses, rentals and depreciation and amortization.

During the Track Record Period, the absolute amount of our selling and marketing expenses increased in line with our continuous business growth. The selling and marketing expenses as a percentage of our total revenue remained relatively stable at 0.2%, 0.3%, 0.3%, 0.2% and 0.2% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

Administrative expenses

Our administrative expenses primarily comprise (i) salaries, compensations and benefits for our employees in administrative functions, (ii) professional service fees primarily related to overseas investments, acquisitions, and mineral resource exploration, (iii) depreciation and amortization, (iv) traveling, business development and office expenses, and (v) taxes, stamp duties and surcharges (vi) finance expenses for bank charges.

The table below sets forth the breakdown of the administrative expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
Salaries, compensations and benefits	365,286	53.2%	542,899	54.3%	540,484	46.7%	299,842	52.5%	311,277	48.9%
Professional service fees	35,933	5.2%	52,913	5.3%	157,854	13.6%	57,549	10.1%	51,960	8.2%
Depreciation and amortization	56,639	8.3%	98,926	9.9%	108,210	9.4%	64,565	11.3%	62,562	9.8%
Traveling, business development and office expenses	41,968	6.1%	68,884	6.9%	104,063	9.0%	38,092	6.7%	43,339	6.8%
Taxes, stamp duties and surcharges	99,853	14.5%	119,866	12.0%	114,339	9.9%	59,380	10.4%	55,264	8.7%
Finance expenses	31,243	4.6%	30,496	3.1%	25,250	2.2%	10,982	1.9%	30,230	4.7%
Others[(1)]	55,591	8.1%	85,609	8.6%	106,696	9.2%	40,540	7.1%	82,095	12.9%
Total	**686,513**	**100.0%**	**999,593**	**100.0%**	**1,156,896**	**100.0%**	**570,950**	**100.0%**	**636,726**	**100.0%**
As a percentage of total revenue		*2.3%*		*2.9%*		*2.9%*		*2.8%*		*3.0%*

Note:

(1) Mainly including property management fees, training expenses and recruitment expenses.

During the Track Record Period, the absolute amount of our administrative expenses increased in line with our continuous business growth. The administrative expenses as a percentage of our total revenue remained relatively stable at 2.3%, 2.9%, 2.9%, 2.8% and 3.0% in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

Research and development expenses

Our research and development expenses primarily comprise (i) salaries, compensations and benefits for our research and development employees, (ii) raw materials consumed during the research and development process, mainly include nickel and cobalt materials, and (iii) depreciation and amortization for equipment associated with our research and development activities.

The table below sets forth the breakdown of the research and development expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(unaudited)*			
Salaries, compensations and benefits	166,439	17.9%	249,897	23.7%	412,237	37.2%	146,608	32.5%	260,003	47.7%
Raw materials	691,447	74.4%	725,825	68.8%	588,773	53.1%	250,035	55.5%	234,819	43.1%
Depreciation and amortization	24,314	2.6%	54,622	5.2%	76,697	6.9%	38,492	8.5%	41,932	7.7%
Others[(1)]	46,964	5.1%	25,342	2.4%	31,606	2.8%	15,400	3.4%	8,010	1.5%
Total	**929,164**	**100.0%**	**1,055,686**	**100.0%**	**1,109,313**	**100.0%**	**450,535**	**100.0%**	**544,764**	**100.0%**
As a percentage of total revenue		*3.1%*		*3.1%*		*2.8%*		*2.2%*		*2.6%*

Note:

(1) Mainly including traveling and office expenses.

During the Track Record Period, the absolute amount of our research and development expenses increased as our continuous business grew. The research and development expenses as a percentage of our total revenue remained relatively stable at 3.1%, 3.1%, 2.8%, 2.2% and 2.6% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

Other income and gains

Our other income and gains primarily include (i) government grants and (ii) bank interest income for our deposits in banks. Our government grants mainly represent incentives received from governments, including non-recurring grants such as industry development support funds, export and import subsidies, and electricity cost subsidies, as well as recurring VAT deductions. There are no unfulfilled conditions or contingencies relating to these grants.

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our total other income and gains were RMB636.7 million, RMB901.8 million, RMB733.6 million, RMB368.7 million and RMB267.1 million. During the same years, the government grants we received and recognized in profit or loss were RMB518.2 million, RMB579.7 million, RMB438.0 million, RMB231.5 million and RMB133.1 million, respectively.

Other expenses

Our other expenses primarily include (i) the expenses relating to factoring, and (ii) the expenses unrelated to our operations.

In 2022, 2023, and 2024 and the six months ended June 30, 2024 and 2025, our other expenses amounted to RMB112.8 million, RMB98.2 million, RMB188.4 million, RMB68.4 million and RMB238.6 million, representing 0.3%, 0.3%, 0.5%, 0.3% and 1.1% of our total revenue for the respective periods.

Financial costs

Our financial costs mainly comprise interest on bank and other borrowings, which include bonds payables, interest on lease liabilities and other finance expenses.

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands)				
				(*unaudited*)	
Interest on bank and other borrowings (including bonds payable)	604,162	960,032	1,201,046	532,924	581,249
Interest on lease liabilities	1,561	3,008	2,059	1,011	871
Total interest expenses on financial liabilities not at fair value through profit or loss	605,723	963,040	1,203,105	533,935	582,120
Less: interest capitalized	(77,951)	(179,040)	(192,532)	(51,471)	(70,988)
Subtotal	527,772	784,000	1,010,573	482,464	511,132
Other finance costs	11,142	57,226	26,793	12,934	9,949
Total	538,914	841,226	1,037,366	495,398	521,081

During the Track Record Period, the continuous increase in our finance costs was primarily due to the increase in interest-bearing bank borrowings and bonds payable to fund our operations.

Income tax expenses

Our income tax expenses comprise current tax and deferred tax. See note 10 to "Appendix I — Accountants' Report" to this Document. We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of our Group are domiciled and operate.

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in mainland China was calculated at the statutory tax rate of 25% on the estimated assessable profits during the Track Record Period. Several of our subsidiaries in mainland China qualified as high-tech enterprises, and several subsidiaries' operations fell within the scope of China's Western Development Program. Accordingly, they enjoyed a preferential income tax rate of 15% for the Track Record Period. Several subsidiaries in PRC were qualified as small and micro-sized enterprises, which also enjoyed preferential tax rates.

The income tax rate for companies incorporated in Indonesia is generally 22%, except those which are subject to tax concession.

See note 10 to "Appendix I — Accountants' Report" to this Document.

As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2025 compared to six months ended June 30, 2024

Revenue by product

	Six Months Ended June 30,		
	2024	2025	% Change
	(in RMB thousands, except for percentages) *(unaudited)*		
New energy battery materials			
Nickel-based materials	8,830,575	7,490,866	(15.2)%
Cobalt-based materials	1,078,274	1,451,943	34.7%
Phosphorus-based materials	246,692	670,075	171.6%
pCAM	246,692	669,947	171.6%
CAM	–	128	–
Other innovative materials	2,922	19,368	562.8%
Sub-total	10,158,463	9,632,252	(5.2)%
New energy metal products	6,439,175	9,272,895	44.0%
Metals trading	1,969,857	546,540	(72.3)%
Resales of raw materials	836,199	1,249,179	49.4%
Others	682,493	621,681	(8.9)%
Total	**20,086,186**	**21,322,547**	**6.2%**

Sales volume and average selling prices

	Six Months Ended June 30,			
	2024		2025	
	Sales volume	Average selling price[(1)]	Sales volume	Average selling price[(1)]
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials				
Nickel-based materials	101.2	87.3	97.8	76.6
Cobalt-based materials	9.5	113.7	11.7	124.3
Phosphorus-based materials	28.2	8.8	73.0	9.2
New energy metal products				
Nickel products	59.2	104.0	89.8	93.9
Metals trading				
Electrolytic nickel	14.8	122.6	1.9	112.7

Our revenue increased by 6.2% from RMB20,086.2 million in the six months ended June 30, 2024 to RMB21,322.5 million in the six months ended June 30, 2025, primarily due to an increase in revenue from sales of new energy metal products, which was partially offset by a decrease in revenue from sales of new energy battery materials and metals trading.

New energy battery materials

Our revenue from new energy battery materials decreased by 5.2% from RMB10,158.5 million for the six months ended June 30, 2024 to RMB9,632.3 million in the six months ended June 30, 2025, primarily due to a 15.2% decrease in revenue from sales of nickel-based materials, which was partially offset by (i) a

34.7% increase in revenue from sales of cobalt-based materials, and (ii) a 171.6% increase in phosphorus-based materials.

Nickel-based materials

Our revenue from nickel-based materials decreased by 15.2% from RMB8,830.6 million for the six months ended June 30, 2024 to RMB7,490.9 million in the six months ended June 30, 2025, primarily due to a 12.3% decrease in average selling price from RMB87,300 per metric ton in the six months ended June 30, 2024 to RMB76,600 per metric ton in the six months ended June 30, 2025, which was primarily attributable to decrease in nickel prices and was in line with the downward trend in prevailing market price of nickel-based materials during the same period.

Cobalt-based materials

Our revenue from cobalt-based materials increased by 34.7% from RMB1,078.3 million for the six months ended June 30, 2024 to RMB1,451.9 million in the six months ended June 30, 2025, primarily due to (i) a 23.2% increase in sales volume from 9,500 metric ton in the six months ended June 30, 2024 to 11,700 metric ton in the six months ended June 30, 2025, as a result of growth in consumer electronics and robotics industries, and (ii) a 9.3% increase in average selling price of our cobalt-based products from RMB113,700 per metric ton in the six months ended June 30, 2024 to RMB124,300 per metric ton in the six months ended June 30, 2025, which was primarily attributable to the increase in cobalt prices.

Phosphorus-based materials

Our revenue from phosphorus-based materials increased by 171.6% from RMB246.7 million for the six months ended June 30, 2024 to RMB670.1 million in the six months ended June 30, 2025, primarily due to (i) a 158.9% increase in sales volume from 28,200 metric ton in the six months ended June 30, 2024 to 73,000 metric ton in the six months ended June 30, 2025, and (ii) a 4.5% increase in selling prices primarily attributable to the improved product quality.

Other innovative materials

Our revenue from other innovative materials increased by 562.8% from RMB2.9 million for the six months ended June 30, 2024 to RMB19.4 million in the six months ended June 30, 2025, primarily due to an increase in sales of sodium-based materials.

New energy metal products

Our revenue from sales of new energy metal products increased by 44.0% from RMB6,439.2 million in the six months ended June 30, 2024 to RMB9,272.9 million in the six months ended June 30, 2025, primarily due to a 52.0% increase in sales volume of nickel products from 59,200 ton in the six months ended June 30, 2024 to 89,800 ton in six months ended June 30, 2025, which was partially offset by a 9.7% decrease in selling prices as a result of the decreased nickel price in the market.

Metals trading

Our revenue from metals trading decreased by 72.3% from RMB1,969.9 million in the six months ended June 30, 2024 to RMB546.5 million in the six months ended June 30, 2025, primarily due to a significant decrease in sales volume of electrolytic nickel from 14,800 ton in the six months ended June 30, 2024 to 1,900 ton in the six months ended June 30, 2025. The decline in sales volume was primarily due to the fewer trading opportunities to earn price differentials on metal commodities, as identified through our ongoing assessment of market conditions and price fluctuations in the six months ended June 30, 2025. The actual trading volumes in any given year may fluctuate based on prevailing market dynamics and may not

always meet the targets previously established. Nevertheless, we will continue to closely monitor market developments and trading opportunities, and will adjust our trading strategies as appropriate in response to future market conditions.

Resales of raw materials

Our revenue from resales of raw materials increased by 49.4% from RMB836.2 million in the six months ended June 30, 2024 to RMB1,249.2 million in the six months ended June 30, 2025, primarily due to the increased sales volume of previously procured raw materials to optimize our inventory level.

Others

Our revenue from others decreased by 8.9% from RMB682.5 million in the six months ended June 30, 2024 to RMB621.7 million for the six months ended June 30, 2025, primarily due to a decreased in revenue from contract manufacturing and sales of by-products of our production processes.

Cost of Sales

	Six Months Ended June 30,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
	(unaudited)		
Raw materials	14,936,613	14,542,891	(2.6)%
Manufacturing costs and others	2,219,742	3,733,167	68.2%
Labor	361,503	503,966	39.4%
Total	**17,517,858**	**18,780,024**	**7.2%**
as % of total revenue	*87.2%*	*88.1%*	

Our cost of sales increased by 7.2% from RMB17,517.9 million in the six months ended June 30, 2024 to RMB18,780.0 million in the six months ended June 30, 2025, primarily due to a 68.2% increase in manufacturing costs and others and a 39.4% increase in labor costs driven by increase in sales volume of new energy metal products, which was partially offset by a 2.6% decrease in raw materials due to the decrease in nickel price.

Gross Profit and Gross Profit Margin

	Six Months Ended June 30,				
	2024		2025		% Change
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	
	(in RMB thousands, except for percentages)				
	(unaudited)				
New energy battery materials					
Nickel-based materials	1,625,101	18.4%	1,334,942	17.8%	(17.9)%
Cobalt-based materials	96,465	8.9%	375,877	25.9%	289.7%
Phosphorus-based materials	(4,122)	(1.7)%	(70,199)	(10.5)%	1,603.0%
pCAM	(4,122)	(1.7)%	(70,231)	(10.5)%	1,603.8%
CAM	–	–	32	24.9%	N/A
Other innovative materials	446	15.3%	(9,072)	(46.8)%	(2,134.1)%
Sub-total	**1,717,890**	**16.9%**	**1,631,548**	**16.9%**	**(5.0)%**
New energy metal products	676,019	10.5%	690,171	7.4%	2.1%
Metals trading	837	0.0%	13,557	2.5%	1,520.5%
Resales of raw materials	1,446	0.3%	29,276	2.3%	1,924.6%
Others	172,137	25.3%	177,971	28.6%	3.4%
Total	**2,568,328**	**12.8%**	**2,542,523**	**11.9%**	**(1.0)%**
Gross profit per ton					
Nickel-based materials	16.1		**13.6**		(15.5)%
Cobalt-based materials	10.2		**32.2**		215.7%

Our gross profit decreased by 1.0% from RMB2,568.3 million in the six months ended June 30, 2024 to RMB2,542.5 million in the six months ended June 30, 2025, primarily due to a decrease in gross profit from sales of new energy battery materials, which was partially offset by an increase in gross profit from sales of new energy metal products. Our gross profit margin decreased from 12.8% in the six months ended June 30, 2024 to 11.9% in the six months ended June 30, 2025, primarily due to the increase in revenue contribution from new energy metal products, which have lower gross profit margin as compared to our new energy battery materials, and the decrease in gross profit margin of new energy metal products.

New energy battery materials

Our gross profit from new energy battery materials decreased by 5.0% from RMB1,717.9 million in the six months ended June 30, 2024 to RMB1,631.5 million in the six months ended June 30, 2025, primarily due to a 17.9% decrease in gross profit from nickel-based materials, which was partially offset by a 289.7% increase in gross profit from cobalt-based materials. Our gross profit margin from new energy battery materials remained stable at 16.9% in the six months ended June 30, 2024 and 2025, respectively.

Nickel-based materials

Our gross profit from nickel-based materials decreased by 17.9% from RMB1,625.1 million in the six months ended June 30, 2024 to RMB1,334.9 million in the six months ended June 30, 2025, primarily due to a 15.2% decrease in revenue from RMB8,830.6 million in the six months ended June 30, 2024 to RMB7,490.9 million in the six months ended June 30, 2025, while the gross profit margin remained relatively stable at 18.4% and 17.8% during the same periods. The gross profit per ton decreased from RMB16,100 in the six months ended June 30, 2024 to 13,600 in the six months ended June 30, 2025. Such decrease in gross profit margin and gross profit per ton was primarily due to the decrease in the benchmark price of nickel while the difference in the discounts rates remained at similar level.

Cobalt-based materials

Our gross profit from cobalt-based materials increased by 289.7% from RMB96.5 million in the six months ended June 30, 2024 to RMB375.9 million in the six months ended June 30, 2025, primarily due to (i) a 34.7% increase in revenue from sales of cobalt-based materials, and (ii) an increase in gross profit margin from 8.9% in the six months ended June 30, 2024 to 25.9% in the six months ended June 30, 2025. The gross profit per ton increased from RMB10,200 in the six months ended June 30, 2024 to RMB32,200 in the six months ended June 30, 2025. Such increase in gross profit margin and gross profit per ton for our cobalt-based materials was primarily due to (i) an increase in selling prices of cobalt-based materials as a result of the increased benchmark price of cobalt which was primarily attributable to the increase in cobalt prices resulting from supply disruptions caused by the export suspension of a major cobalt-producing country since February 2025, and (ii) the use of raw materials that were procured earlier at lower prices when cobalt prices were lower.

Phosphorus-based materials

Our gross loss from phosphorus-based materials increased from RMB4.1 million in the six months ended June 30, 2024 to RMB70.2 million in the six months ended June 30, 2025, which was primarily due to (i) a 171.6% increase in revenue from sales of phosphorus-based materials, and (ii) an increase in negative gross profit margin from 1.7% to 10.5%. Such increase in negative gross profit margin for our phosphorus-based materials was primarily due to the fact that we recorded less depreciation costs related to the production facilities of phosphorus-based materials in the six months ended June 30, 2024 as those production facilities were still undergoing frequent adjustment before being recognized as our assets during that period, and had been subsequently recognized as our assets in the six months ended June 30, 2025.

Other innovative materials

We recorded gross loss from other innovative materials of RMB9.1 million with negative gross profit margin of 46.8% in the six months ended June 30, 2025, while we recorded gross profit of RMB0.4 million with gross profit margin of 15.3% in the six months ended June 30, 2024. Such change was primarily due to those products are still in the R&D and trial production phase.

New energy metal products

Our gross profit from new energy metal increased by 2.1% from RMB676.0 million in the six months ended June 30, 2024 to RMB690.2 million in the six months ended June 30, 2025, primarily due to a 44.0% increase in revenue from sales of new energy metal products, which was partially offset by a decrease in gross profit margin from 10.5% to 7.4% during the same period. Such decrease in gross profit margin was primarily due to the continuous decrease in the nickel prices.

Metals trading

Our gross profit from metals trading increased significantly from RMB0.1 million in the six months ended June 30, 2024 to RMB13.6 million in the six months ended June 30, 2025, primarily due to the increased gross profit margin from 0.0% to 2.5% during the same periods as we adopted a more cautious approach to conduct metals trading.

Resales of raw materials

Our gross profit from resales of raw materials increased by 1,924.4% from RMB1.4 million in the six months ended June 30, 2024 to RMB29.3 million in the six months ended June 30, 2025, primarily due to (i) an increase in revenue from resales of raw materials from RMB836.2 million in the six months ended June 30, 2024 to RMB1,249.2 million in the six months ended June 30, 2025, and (ii) an increase in gross

profit margin from 0.3% to 2.3% during the same periods. Such change in gross profit margin was primarily due to the fact that the resale of raw materials serves as an adjustment and supplement to daily production and procurement plans, with its gross profit margin varying alongside market conditions.

Others

Our gross profit from others increased by 3.4% from RMB172.1 million in the six months ended June 30, 2024 to RMB178.0 million in the six months ended June 30, 2025. Our gross profit margin from others increased from 25.3% in the six months ended June 30, 2024 to 28.6% in the six months ended June 30, 2025, primarily due to the increase in revenue from providing thermal coal processing services to Weda Bay Industry Park, which were of a relatively higher gross profit margin.

Selling and marketing expenses

	Six Months Ended June 30		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
	(unaudited)		
Selling and marketing expenses	50,134	48,043	(4.2)%
as % of total revenue	*0.2%*	*0.2%*	

Our selling and marketing expenses decreased by 4.2% from RMB50.1 million in the six months ended June 30, 2024 to RMB48.0 million in the six months ended June 30, 2025, primarily due to a decrease in salaries, compensations and benefits of RMB6.0 million, primarily attributable to the decrease in bonus and decrease in selling and marketing personnel, which was partially offset by an increase in consulting fees and others of RMB1.9 million, primarily attributable to an increase in rental expenses and conference expenses. The selling and marketing expenses as a percentage of our total revenue remained stable at 0.2% in the six months ended June 30, 2024 and 2025.

Administrative expenses

	Six Months Ended June 30,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
	(unaudited)		
Administrative expenses	570,950	636,726	11.5%
as % of total revenue	*2.8%*	*3.0%*	

Our administrative expenses increased by 11.5% from RMB571.0 million in the six months ended June 30, 2024 to RMB636.7 million in the six months ended June 30, 2025, primarily due to (i) an increase in salaries, compensations and benefits of RMB11.4 million, primarily attributable to an increase in administrative personnel, and (ii) an increase on others of RMB41.6 million, primarily attributable to the property management and insurance fees for the production facilities that were put into operation in the six months ended June 30, 2025. The administrative expenses as a percentage of our total revenue remained relatively stable at 2.8% and 3.0% in the six months ended June 30, 2024 and 2025, respectively.

Research and development expenses

	Six Months Ended June 30,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
	(unaudited)		
Research and development expenses	450,535	544,764	20.9%
as % of total revenue	*2.2%*	*2.6%*	

Our research and development expenses increased by 20.9% from RMB450.5 million in the six months ended June 30, 2024 to RMB544.8 million in the six months ended June 30, 2025, primarily due to an increase in salaries, compensations and benefits of RMB113.4 million, primarily attributable to an increase in number of R&D personnel, which was partially offset by a decrease in raw materials of RMB15.2 million primarily attributable to the decrease in nickel prices. As such, the R&D expenses as a percentage of our total revenue increased from 2.2% in the six months ended June 30, 2024 to 2.6% in the six months ended June 30, 2024 and 2025, respectively.

Other income and gains

Other income and gains decreased by 27.6% from RMB368.7 million in the six months ended June 30, 2024 to RMB267.1 million in the six months ended June 30, 2025, primarily due to a decrease in government grants of RMB98.4 million. Most of the government grants we received were non-recurring, leading to year-over-year fluctuations.

Other expenses

Other expenses increased by 248.9% from RMB68.4 million in the six months ended June 30, 2024 to RMB238.6 million in the six months ended June 30, 2025, primarily due to an increase in exchange losses mainly caused by the fluctuation in exchange rates of US dollar.

Financial costs

Our financial costs increased by 5.2% from RMB495.4 million for the six months ended June 30, 2024 to RMB521.1 million for the six months ended June 30, 2025, primarily due to an increase in interest on bank and other borrowings of RMB48.3 million primarily attributable to the increase in the amount of borrowings for the expanding our production facilities.

Profit for the period

As a result of the foregoing, our profit for the period decreased by 38.9% from RMB1,155.8 million for the six months ended June 30, 2024 to RMB705.7 million for the six months ended June 30, 2025.

2024 compared to 2023

Revenue by product

	Year Ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
New energy battery materials			
Nickel-based materials	21,733,466	16,163,302	(25.6)%
Cobalt-based materials	2,957,722	2,244,581	(24.1)%
Phosphorus-based materials	327,722	679,644	107.4%
pCAM	327,722	679,610	107.4%
CAM	–	34	N/A
Other innovative materials	–	9,869	
Sub-total	**25,018,910**	**19,097,396**	(23.7)%
New energy metal products	3,388,015	13,483,103	298.0%
Metals trading	749,037	4,355,858	481.5%
Resales of raw materials	4,011,372	1,829,391	(54.4)%
Others	1,105,889	1,457,142	31.8%
Total	**34,273,223**	**40,222,890**	**17.4%**

Sales volume and average selling prices

	Year Ended December 31,			
	2023		2024	
	Sales volume	Average selling price[1]	Sales volume	Average selling price[1]
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials				
Nickel-based materials	211.3	102.9	194.9	82.9
Cobalt-based materials	19.0	155.8	21.1	106.6
Phosphorus-based materials	31.9	10.3	77.9	8.7
New energy metal products				
Nickel products	30.6	109.8	124.6	102.2
Metals trading				
Electrolytic nickel	2.9	124.2	26.4	118.2

Our revenue increased by 17.4% from RMB34,273.2 million in 2023 to RMB40,222.9 million in 2024, primarily due to an increase in revenue from sales of new energy metal products, which was partially offset by a decrease in revenue from sales of nickel-based materials and cobalt-based materials.

New energy battery materials

Our revenue from new energy battery materials decreased by 23.7% from RMB25,018.9 million in 2023 to RMB19,097.4 million in 2024, primarily due to (i) a 25.6% decrease in revenue from sales of nickel based materials, and (ii) a 24.1% decrease in revenue from sales of cobalt-based materials.

Nickel-based materials

Our revenue from nickel-based materials decreased by 25.6% from RMB21,733.5 million in 2023 to RMB16,163.3 million in 2024, primarily due to (i) a 19.4% decrease in average selling price from RMB102,900 per metric ton in 2023 to RMB82,900 per metric ton in 2024, which was primarily attributable to decreases in nickel and cobalt prices and was in line with the downward trend in prevailing market price of nickel-based materials during the same period. The average selling price of our nickel-based materials in 2024 was higher than the market price of nickel-based pCAM in 2024, RMB68,600 per metric ton, primarily due to the higher portion in sales of high- and ultra-high nickel products than the industry level, which generally had higher selling prices than mid-nickel products. Nevertheless, as an offsetting factor, revenue from higher-priced high- and ultra-high nickel products as a percentage of nickel-based materials revenue increased from 68% in 2023 to 77% in 2024, primarily due to its greater penetration into premium EV battery market; and (ii) a 7.8% decrease in its sales volume from approximately 211,300 metric tons in 2023 to approximately 194,900 metric tons in 2024 as a result of the intensified competition in overseas markets for the gradual adoption of LFP batteries in the mass market EV, which was in line with the market trend. According to Frost & Sullivan, the global shipment volume of nickel-based pCAM decreased from 968,300 tons in 2023 to 961,500 tons in 2024.

Cobalt-based materials

Our revenue from cobalt-based materials decreased by 24.1% from RMB2,957.7 million in 2023 to RMB2,244.6 million in 2024, primarily due to a 31.5% decrease in average selling price of our cobalt-based products from RMB155,800 per metric ton in 2023 to RMB106,600 per metric ton in 2024 primarily as a result of the decrease in cobalt price. Such decrease in selling price was in line with the downward trend in prevailing market price of cobalt-based materials during the same period. Such decrease in selling prices of our cobalt-based materials was partially offset by a 10.9% increase in its sales volume from approximately

19,000 metric tons in 2023 to approximately 21,100 metric tons in 2024 as a result of growth in consumer electronics and robotics industries. Such increase in sales volume was in line with the upward trend of the global shipment volume of cobalt-based pCAM during the same period.

Phosphorus-based materials

Our revenue from phosphorus-based materials increased by 107.4% from RMB327.7 million in 2023 to RMB679.6 million in 2024, primarily due to a 143.9% increase in sales volume from approximately 31,900 metric tons in 2023 to approximately 77,900 metric tons in 2024 as we ramped up production of LFP pCAM launched in 2022 and started production of LFP to capture the growth in demand for LFP batteries. Such increase was partially offset by a 15% decrease in average selling price from RMB10,300 per metric ton in 2023 to RMB8,700 per metric ton in 2024, due to industry-wide supply and demand dynamics as a result of over-supply of LFP and LFP pCAM in the market during such period.

Other innovative materials

We recorded revenue from sales of other innovative materials of RMB9.9 million in 2024 mainly including sales of sodium-based materials.

New energy metal products

Our revenue from sales of new energy metal products increased by 298.0% from RMB3,388.0 million in 2023 to RMB13,483.1 million in 2024, primarily due to a 307.2% increase in sales volume of new energy metal products, as we strategically sold more nickel products to the broader market amid the expansion of our nickel production, enabled by the flexibility of our integrated operation and more economical sourcing of alternative raw materials.

Metals trading

Our revenue from metals trading increased by 481.5% from RMB749.0 million in 2023 to RMB4,355.9 million in 2024, primarily due to the increase in trading volume of nickel products from 2,900 ton in 2023 to 26,400 ton in 2024, as we leveraged our expertise to scale our metals trading business to increase our profit.

Resales of raw materials

Our revenue from resales of raw materials decreased by 54.4% from RMB4,011.4 million in 2023 to RMB1,829.4 million in 2024. Such decrease was primarily due to the decrease in the sales volume of our externally sourced nickel raw materials in 2024, as we have sold a large amount of such externally sourced materials in 2023 to optimize our inventory level.

Others

Our revenue from others increased by 31.8% from RMB1,105.9 million in 2023 to RMB1,457.1 million in 2024, primarily due to an increase in sales of by products and revenue from providing thermal coal processing services to Weda Bay industry park.

Cost of Sales

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Raw materials	26,791,120	29,647,385	10.7%
Manufacturing costs and others	2,501,073	4,946,355	97.8%
Labor	404,574	787,033	94.5%
Total	**29,696,767**	**35,380,773**	**19.1%**
as % of total revenue	*86.6%*	*88.0%*	

Our cost of sales increased by 19.1% from RMB29,696.8 million in 2023 to RMB35,380.8 million in 2024, primarily due to a 10.7% increase in raw materials and a 97.8% increase in manufacturing costs and others, driven by increase in sales volume of new energy metal products in 2024.

Gross Profit and Gross Profit Margin

	Year Ended December 31,				
	2023		2024		% Change
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	
	(in RMB thousands, except for percentages)				
New energy battery materials					
Nickel-based materials	3,772,716	17.4%	3,209,255	19.9%	(14.9)%
Cobalt-based materials	243,331	8.2%	238,618	10.6%	(1.9)%
Phosphorus-based materials	(26,932)	(8.2)%	(70,902)	(10.4)%	163.3%
pCAM	(26,932)	(8.2)%	(70,910)	(10.4)%	163.3%
CAM	–	–	8	23.6%	N/A
Other innovative materials	–	–	(2,110)	(21.4)%	N/A
Sub-total	**3,989,115**	**15.9%**	**3,374,861**	**17.7%**	**(15.4)%**
New energy metal products	301,192	8.9%	1,016,899	7.5%	237.6%
Metals trading	1,125	0.2%	37,916	0.9%	3,270.3%
Resales of raw materials	154,782	3.9%	89,231	5.0%	(42.4)%
Others	130,241	11.8%	323,210	22.3%	148.2%
Total	**4,576,456**	**13.4%**	**4,842,117**	**12.0%**	**5.8%**
Gross profit per ton					
Nickel-based materials	**17.9**		**16.5**		(7.8)%
Cobalt-based materials	**12.8**		**11.3**		(11.5)%

Our gross profit increased by 5.8% from RMB4,576.5 million in 2023 to RMB4,842.1 million in 2024, primarily due to an increase in gross profit from sales of new energy metal products, which was partially offset by a decrease in gross profit from sales of new energy battery materials. Our gross profit margin decreased from 13.4% in 2023 to 12.0% in 2024, primarily due to the significant increase in revenue contribution from of new energy metal products, which have lower gross profit margin as compared to our new energy battery materials.

New energy battery materials

Our gross profit from new energy battery materials decreased by 15.4% from RMB3,989.1 million in 2023 to RMB3,374.9 million in 2024, primarily due to (i) a 14.9% decrease in gross profit from sales of nickel-based materials, and (ii) a 1.9% decrease in gross profit from sales of cobalt-based materials. Our gross profit margin from new energy battery materials increased from 15.9% in 2023 to 17.7% in 2024.

Nickel-based materials

Our gross profit from nickel-based materials decreased by 14.9% from RMB3,772.7 million in 2023 to RMB3,209.3 million in 2024, primarily due to a 7.8% decrease in sales volume and a 19.4% decrease in average selling price. The gross profit margin for our nickel-based materials further improved to 19.9% in 2024 from 17.4% in 2023, although gross profit per ton declined to approximately RMB16,500 in 2024 from RMB17,900 in 2023.

The decrease in gross profit per ton was mainly due to decline in the benchmark price of nickel while the difference in the discount rates remained at similar level. Nevertheless, our gross profit margin improved in 2024 because the cost per ton decreased at a sharper rate than the decrease in our average selling price, benefiting from the value we created through development and manufacturing of nickel-based materials.

Cobalt-based materials

Our gross profit from cobalt-based materials decreased by 1.9% from RMB243.3 million in 2023 to RMB238.6 million in 2024, primarily due to a 31.5% decrease in average selling price of our cobalt-based materials, which was partially offset by a 10.9% increase in its sales volume. Our gross profit margin from sales of cobalt-based materials remained relatively stable at 8.2% and 10.6% in 2023 and 2024, respectively.

The gross profit per ton for cobalt-based materials decreased to approximately RMB11,300 in 2024 from RMB12,800 in 2023, primarily due to the decrease in cobalt price. Nevertheless, our gross profit margin improved in 2024 because the cost per ton decreased at a sharper rate than the decrease in our average selling price. The slower decline in gross profit per ton was supported by the value we created through the development and manufacturing of cobalt-based materials.

Phosphorus-based materials

We recorded gross loss of RMB26.9 million with negative gross profit margin of 8.2% from phosphorus-based materials in 2023, which turned into gross loss of RMB70.9 million with negative gross margin of 10.4% in 2024, primarily attributable to a decrease in average selling price as a result of the intensified market competition resulted from the industry-wide, due to industry-wide over-supply of LFP and LFP pCAM, while the raw material costs did not decrease to the same extent during such period, which was line with the industry trending according to the Frost & Sullivan.

Other innovative materials

We recorded gross loss of RMB2.1 million in 2024 from sales of our other innovative materials, mainly include sodium-based materials, primarily due to that the sodium-based materials were at trial production stage in 2024 with relatively higher unit labor and manufacturing costs.

New energy metal products

Our gross profit from new energy metal products increased by 237.6% from RMB301.2 million in 2023 to RMB1,016.9 million in 2024, primarily due to a 307.2% increase in sales volume of nickel

products. Our gross profit margin from sales of new energy metal products decreased from 8.9% in 2023 to 7.5% in 2024, primarily due to the overall decrease in prevailing market prices of nickel products in 2024, while sourcing costs remained high due to mining production quotas, which restrained the supply of lateritic nickel ores.

Metals trading

Our gross profit from metals trading increase significantly from RMB1.1 million in 2023 to RMB37.9 million in 2024, primarily attributable to an increase in trading volume of nickel products from 2,900 ton in 2023 to 26,400 ton in 2024, as well as an increase in gross profit margin from 0.2% in 2023 to 0.9% in 2024. The increase in gross profit margin from metals trading was benefited from our deep industry insights gained over years in relation to the price fluctuation in new energy metal market.

Resales of raw materials

Our gross profit from resales of raw materials decreased by 42.4% from RMB154.8 million in 2023 to RMB89.2 million in 2024, primarily due to the decrease in sales volume of our externally procured nickel raw materials. Our gross profit margin from resales of raw materials remained relatively stable at 3.9% in 2023 to 5.0% in 2024.

Others

Our gross profit from others increased by 148.2% from RMB130.2 million in 2023 to RMB323.2 million in 2024, primarily due to (i) an increase in revenue from others from RMB1,105.9 million in 2023 to RMB1,457.1 million in 2024, and (ii) an increase in gross profit from 11.8% in 2023 to 22.3% in 2024. Such increase in gross profit margin was primarily due to the increase in revenue contribution from our thermal coal processing services to Weda Bay industry park in Indonesia in 2024, which was of higher gross profit margin.

Selling and marketing expenses

	Year Ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Selling and marketing expenses	86,695	111,487	28.6%
as % of total revenue	*0.3%*	*0.3%*	

Our selling and marketing expenses increased by 28.6% from RMB86.7 million in the year ended December 31, 2023 to RMB111.5 million in the year ended December 31, 2024, primarily due to (i) an increase in salaries, compensations and benefits of RMB16.0 million, which was primarily attributable to an increase in the number of selling and marketing employees for the business development in overseas markets, and (ii) an increase in consulting fees of RMB6.6 million for enhanced product promotion activities for our business expansion in overseas markets. The selling and marketing expenses as a percentage of our total revenue remained stable at 0.3% in 2023 and 2024.

Administrative expenses

	Year Ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Administrative expenses	999,593	1,156,896	15.7%
as % of total revenue	*2.9%*	*2.9%*	

Our administrative expenses increased by 15.74% from RMB999.6 million in the year ended December 31, 2023 to RMB1,156.9 million in the year ended December 31, 2024, primarily due to (i) an increase in professional service fees of RMB104.9 million, primarily related to consultation fees for our overseas business expansion through overseas investments and acquisitions, as well as initiatives to extend into the upstream of the industry and (ii) an increase in traveling, business development and office expense of RMB35.2 million, primarily due to expansion of overseas operations. The administrative expenses as a percentage of our total revenue remained relatively stable at 2.9% in 2023 and 2024.

Research and development expenses

	Year Ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Research and development expenses	1,055,686	1,109,313	5.1%
as % of total revenue	*3.1%*	*2.8%*	

Our research and development expenses increased by 5.1% from RMB1,055.7 million in the year ended December 31, 2023 to RMB1,109.3 million in the year ended December 31, 2024, primarily due to an increase in salaries, compensations and benefits of RMB162.3 million, which was primarily attributable to an increase in number and average salaries of research and development employees, as we continued to strengthen our R&D capabilities, which was partially offset by a decrease in costs of materials by RMB137.1 million primarily attributable to the decrease in raw material prices and reduced raw material usage through optimization of R&D processes. The R&D expenses as a percentage of our total revenue remained relatively stable at 3.1% and 2.8% in 2023 and 2024, respectively.

Other income and gains

Other income and gains decreased by 18.7% from RMB901.8 million in 2023 to RMB733.6 million in 2024, primarily due to a decrease in government grants of RMB141.7 million. Most of the government grants we received were non-recurring, leading to year-over-year fluctuations.

Other expenses

Other expenses increased by 91.8% from RMB98.2 million in 2023 to RMB188.4 million in 2024, primarily due to an increase in factoring expenses.

Financial costs

Our financial costs increased by 23.3% from RMB841.2 million in 2023 to RMB1,037.4 million in 2024, primarily due to an increase in interest on bank and other borrowings as a result of higher level of our interest-bearing bank borrowings.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 14.9% from RMB2,100.5 million in 2023 to RMB1,787.8 million in 2024.

2023 compared to 2022

Revenue by product

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
New energy battery materials			
Nickel-based materials	24,627,656	21,733,466	(11.8)%
Cobalt-based materials	3,194,732	2,957,722	(7.4)%
Phosphorus-based materials	661	327,722	49,479.7%
pCAM	661	327,722	49,479.7%
CAM	–	–	N/A
Other innovative materials	–	–	N/A
Sub-total	**27,823,049**	**25,018,910**	**(10.1)%**
New energy metal products	–	3,388,015	N/A
Metals trading	9,881	749,037	7,480.6%
Resales of raw materials	1,888,469	4,011,372	112.4%
Others	622,342	1,105,889	77.7%
Total	**30,343,742**	**34,273,223**	**12.9%**

Sales volume and average selling prices

	Year Ended December 31,			
	2022		**2023**	
	Sales volume	**Average selling price[(1)]**	**Sales volume**	**Average selling price[(1)]**
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials				
Nickel-based materials	200.0	123.1	211.3	102.9
Cobalt-based materials	9.7	327.9	19.0	155.8
Phosphorus-based materials	0.1	14.3	31.9	10.3
New energy metal products				
Nickel products	–	–	30.6	109.8
Metals trading				
Electrolytic nickel	0.1	166.5	2.9	124.2

Note:

(1) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year, which represented the average price at which our products were sold to our customers.

Our revenue increased by 12.9% from RMB30,343.7 million in 2022 to RMB34,273.2 million in 2023, primarily due to revenue from sales of new energy metal products, which were not present in 2022, partially offset by a decrease in revenue from sales of new energy battery materials.

New energy battery materials

Our revenue from new energy battery materials decreased by 10.1% from RMB27,823.0 million in 2022 to RMB25,018.9 million in 2023, primarily due to (i) a 11.8% decrease in revenue from sales of nickel-based materials, and (ii) a 7.4% decrease cobalt-based materials, which was partially offset by a significant increase in revenue from sales of phosphorus-based materials.

Nickel-based materials

Our revenue from nickel-based materials decreased by 11.8% from RMB24,627.7 million in 2022 to RMB21,733.5 million in 2023, primarily due to a 16.5% decrease in average selling price from RMB123,100 per metric ton in 2022 to RMB102,900 per metric ton in 2023, which was primarily attributable to a decrease in nickel and cobalt prices and was in line with the downward trend in prevailing market price of nickel-based materials during the same period. The average selling prices of our nickel-based materials in 2022 and 2023 were slightly lower than the average industry price primarily due to the competitive prices we offered to the market, which was in turn benefited from our ability to utilize nickel matte and MHP to produce nickel-based materials instead of relying on external procured nickel sulfate. Such decrease was partially offset by a 5.6% increase in sales volume from approximately 200,000 metric tons in 2022 to approximately 211,300 metric tons in 2023. Despite the downward trend in global shipment of nickel-based materials from 1,006,000 metric ton in 2022 to 968,300 metric ton in 2023, our sales volume of nickel-based materials increased primarily due to our continuous efforts in promotion of our products and the relatively stable customer base.

Cobalt-based materials

Our revenue from cobalt-based materials decreased by 7.4% from RMB3,194.7 million in 2022 to RMB2,957.7 million in 2023, primarily due to a 52.5% decrease in average selling price from RMB327,900 per metric tons in 2022 to RMB155,800 per metric ton in 2023 of our cobalt-based materials, which was primarily attributable to a decrease in cobalt price and was in line with the downward trend in prevailing market price of nickel-based materials during the same period. Such decrease was partially offset by a 94.9% increase in sales volume from approximately 9,700 metric tons in 2022 to approximately 19,000 metric tons in 2023, primarily due to the launch and customer adoption of new high-voltage products and growth in consumer electronics industry.

Phosphorus-based materials

Our revenue from phosphorus-based materials increased significantly from RMB0.7 million in 2022 to RMB327.7 million in 2023, primarily due to the increase in sales volume from approximately 50 metric tons in 2022 to approximately 31,900 metric tons in 2023 as we realized commercial production of pCAM launched in 2022 to capture growth in installation of LFP batteries. Such increase was partially offset by a 28.3% decrease in average selling price from RMB14,300 per metric ton in 2022 to RMB10,300 per metric ton in 2023, due to industry-wide supply and demand dynamics as a result of over-supply of LFP and LFP pCAM in the market during such period.

New energy metal products

We started to offer new energy metal products in 2023 to the broader market amid commencement of our nickel production in Indonesia, as sourcing raw materials in the market became more economical due to the market dynamics. Our revenue from new energy metal products was RMB3,388.0 million, which accounted for 9.9% of our total revenue during the same year.

Metals Trading

Our revenue from metals trading increase significantly from RMB9.9 million in 2022 to RMB749.0 million in 2023, primarily due to a significant increase in trading volume from 100 ton in 2022 to 2,900 ton in 2023, as we leveraged our expertise to scale our metals trading business to increase our profit.

Resales of raw materials

Our revenue from resales of raw materials increased by 112.4% from RMB1,888.5 million in 2022 to RMB4,011.4 million in the 2023, primarily due to an increase in resales of externally sourced nickel raw materials, as we leveraged our nickel production capabilities to maintain an optimal inventory level.

Others

Our revenue from others increased by 77.7% from RMB622.3 million in 2022 to RMB1,105.9 million in 2023, primarily due to an increase in sales of by products and revenue from providing thermal coal processing services to Weda Bay industry park. Benefiting from our strategic relationship with the Weda Bay industry park, Weda Bay industry park engaged us to process thermal coal since 2023 in view of the large energy demand in the industry park.

Cost of Sales

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
Raw materials	25,286,442	26,791,120	6.0%
Manufacturing costs	1,365,823	2,501,073	83.1%
Labor	310,874	404,574	30.1%
Total	**26,963,139**	**29,696,767**	**10.1%**
as % of total revenue	*88.9%*	*86.6%*	

Our cost of sales increased by 10.1% from RMB26,963.1 million in 2022 to RMB29,696.8 million 2023, primarily due to a 6.0% increase in raw materials and a 83.1% increase in manufacturing costs and others, driven by the increase in sales volume of our cobalt-based materials and new energy metal products.

Gross Profit and Gross Profit Margin

	Year Ended December 31,				
	2022		**2023**		**% Change**
	Gross Profit	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	
	(in RMB thousands, except for percentages)				
New energy battery materials					
Nickel-based materials	3,070,332	12.5%	3,772,716	17.4%	22.9%
Cobalt-based materials	182,548	5.7%	243,331	8.2%	33.3%
Phosphorus-based materials	70	10.6%	(26,932)	(8.2)%	N/A
pCAM	70	10.6%	(26,932)	(8.2)%	N/A
CAM	–	–	–	–	–
Other innovative materials	–	–	–	–	–
Sub-total	**3,252,950**	**11.7%**	**3,989,115**	**15.9%**	**22.6%**
New energy metal products	–	–	301,192	8.9%	N/A
Metals trading	143	1.4%	1,125	0.2%	686.7%
Resales of raw materials	49,694	2.6%	154,782	3.9%	211.5%
Others	77,816	12.5%	130,241	11.8%	67.4%
Total	**3,380,603**	**11.1%**	**4,576,456**	**13.4%**	**35.4%**
Gross profit per ton					
Nickel-based materials	**15.3**		**17.9**		16.3%
Cobalt-based materials	**18.7**		**12.8**		(31.6)%

Our gross profit increased by 35.4% from RMB3,380.6 million in 2022 to RMB4,576.5 million in 2023, primarily due to an increase in gross profit from sales of new energy battery materials and the addition of gross profit we recorded from sales of new energy metal products. Our gross profit margin

increased from 11.1% in 2022 to 13.4% in 2023, primarily due to the increase in gross profit from sales of new energy battery materials.

New energy battery materials

Our gross profit from new energy battery materials increased by 22.6% from RMB3,253.0 million in 2022 to RMB3,989.1 million in 2023, primarily due to an increase in gross profit from sales of nickel-based materials. Our gross profit margin from sales of new energy battery materials increased from 11.7% in 2022 to 15.9% in 2023, primarily due to an increase in gross profit margin from sale of nickel-based materials and cobalt-based materials.

Nickel-based materials

Our gross profit from nickel-based materials increased by 22.9% from RMB3,070.3 million in 2022 to RMB3,772.7 million in 2023, primarily due to (i) a 5.7% increase in sales volume from approximately 200,000 metric tons in 2022 to approximately 211,300 metric tons in 2023, and (ii) an increase in gross profit margin from sales of nickel-based materials. Our gross profit margin for sales of nickel-based materials increased from 12.5% in 2022 to 17.4% in 2023, and gross profit per ton increased from approximately RMB15,300 to RMB17,900. This increase in gross profit per ton and gross profit margin was mainly driven by the lower cost per ton benefited from the value we created through processing metals within our integrated supply chain, supported by the commencement of our nickel production.

Cobalt-based materials

Our gross profit from cobalt-based materials increased by 33.3% from RMB182.5 million in 2022 to RMB243.3 million in 2023, primarily attributable to a 95.9% increase in sales volume from approximately 9,700 metric tons in 2022 to approximately 19,000 metric tons in 2023, which was partially offset by a 52.5% decrease in average selling price for the decrease in cobalt price. Our gross profit margin for sales of cobalt-based materials increased from 5.7% in 2022 to 8.2% in 2023.

The gross profit per ton for cobalt-based materials decreased to approximately RMB12,800 in 2023 from RMB18,700 in 2022, primarily due to the decrease in cobalt price. Nevertheless, our gross profit margin improved in 2023 because the cost per ton decreased at a sharper rate than the decrease in our average selling price. The slower decline in gross profit per ton was supported by the value we created through the development and manufacturing of cobalt-based materials.

Phosphorus-based materials

Our gross profit from phosphorus-based materials increased significantly from RMB0.1 million in 2022 to negative gross profit RMB26.9 million in 2023, primarily attributable to our increase in sales volume of phosphorus-based materials as we increased production of LFP pCAM in 2023. Our gross profit margin from phosphorus-based materials decreased from 10.6% in 2022 to negative gross profit margin of 8.2% in 2023, primarily due to a decrease in average selling price. Such decrease was primarily due to industry-wide over-supply of LFP and LFP pCAM in the market, while the raw material costs did not decrease to the same extent during such period, which was line with the industry trending according to the Frost & Sullivan.

New energy metal products

In 2023, we recorded gross profit from sales of new energy metal products of RMB301.2 million, with gross profit margin of 8.9%.

Metals Trading

Our gross profit from metals trading increased significantly from RMB0.1 million in 2022 to RMB1.1 million in 2023, primarily due to a significant increase in trading volume from 100 ton in 2022 to 2,900 ton in 2023, as we leveraged our expertise to scale our metals trading business to increase our profit. We recorded gross profit margin of 1.4% and 0.2% in 2022 and 2023 for the metals trading, respectively.

Resales of raw materials

Our gross profit from resales of raw materials increased by 211.5% from RMB49.7 million in 2022 to RMB154.8 million in 2023, primarily due to (i) an increase in revenue from resales of raw materials of RMB1,888.5 million in 2022 to RMB4,011.4 million in 2024, and (ii) an increase in gross profit margin from 2.6% in 2022 to 3.9% in 2023. Such change in gross profit margin was primarily due to the fact that the resale of raw materials serves as an adjustment and supplement to daily production and procurement plans, with its gross profit margin varying alongside market conditions.

Others

Our gross profit from others increased by 67.4% from RMB77.8 million in 2022 to RMB130.2 million in 2023, primarily due to (i) an increase in revenue from others from RMB622.3 million in 2022 to RMB1,105.9 million in 2023, and (ii) the gross profit margin remained relatively stable at 12.5% and 11.8% during the same periods.

Selling and marketing expenses

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
Selling and marketing expenses	56,277	86,695	54.1%
as % of total revenue	*0.2%*	*0.3%*	

Our selling and marketing expenses increased by 54.1% from RMB56.3 million in the year ended December 31, 2022 to RMB86.7 million in the year ended December 31, 2023, primarily due to an increase in salaries, compensations and benefits of RMB20.6 million, which was primarily attributable to an increase in selling and marketing employees for the business development in overseas regions. The selling and marketing expenses as a percentage of our total revenue remained relatively stable at 0.2% and 0.3% in 2022 and 2023, respectively.

Administrative expenses

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
Administrative expenses	686,513	999,593	45.6%
as % of total revenue	*2.3%*	*2.9%*	

Our administrative expenses increased by 45.6% from RMB686.5 million in the year ended December 31, 2022 to RMB999.6 million in the year ended December 31, 2023, primarily due to (i) an increase in salaries, compensation and benefits of RMB177.6 million, which was primarily attributable to an increase in administrative employees, and (ii) an increase in depreciation and amortization of RMB42.3 million, due to expansion of our overseas operations. As such, the administrative expenses as a percentage of our total revenue increased from 2.3% in 2022 to 2.9% in 2023.

Research and development expenses

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
Research and development expenses	929,164	1,055,686	13.6%
as % of total revenue	*3.1%*	*3.1%*	

Our research and development expenses increased by 13.6% from RMB929.2 million in the year ended December 31, 2022 to RMB1,055.7 million in the year ended December 31, 2023, primarily due to an increase in salaries, compensations and benefits of RMB83.5 million, which was primarily attributable to an increase in research and development employees.

Other income and gains

Other income and gains increased by 41.6% from RMB636.7 million in the year ended December 31, 2022 to RMB901.8 million in the year ended December 31, 2023, primarily due to (i) an increase in bank interest income of RMB128.4 million which was primarily attributable to more bank deposits and optimized cash management, and (ii) an increase in government grants of RMB61.5 million.

Other expenses

Other expenses decreased by 13.0% from RMB112.8 million in the year ended December 31, 2022 to RMB98.2 million in the year ended December 31, 2023, primarily due to the decrease in expenses in relation to factoring.

Financial costs

Our financial costs increased from RMB538.9 million in 2022 to RMB841.2 million in 2023, primarily due to an increase in interest on bank and other borrowings.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB1,539.4 million in 2022 to RMB2,100.5 million in 2023.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities, proceeds from issuing of bonds and banking facilities. As of June 30, 2025 and September 30, 2025, we had cash and cash equivalents of RMB9,645.3 million and RMB8,273.7 million, respectively.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from our operating activities, bank facilities and net **[REDACTED]** from the **[REDACTED]**.

Taking into account the net **[REDACTED]** from the **[REDACTED]** and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this Document.

Net current assets

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30
	2022	2023	2024	2025	2025
			(in RMB thousands)		
					(unaudited)
Current assets:					
Inventories	9,620,205	7,929,073	9,826,364	10,226,751	11,140,724
Trade and bills receivables	5,077,452	5,139,838	5,105,812	5,659,409	6,091,655
Prepayments, deposits and other receivables	2,639,591	5,335,833	5,436,560	6,226,233	6,791,500
Derivative financial instruments	4,247	122,462	148,554	133,275	45,886
Financial assets at fair value through profit or loss	–	–	2,012,154	1,133,019	1,270,858
Pledged deposits and restricted cash	2,269,615	1,041,977	1,105,032	900,791	1,078,725
Cash and cash equivalents	12,979,249	10,397,466	10,083,956	9,645,273	8,273,668
Total current assets	**32,590,359**	**29,966,649**	**33,718,432**	**33,924,751**	**34,693,016**
Current liabilities:					
Trade and bills payables	8,722,936	8,593,538	10,249,416	13,100,673	13,464,644
Derivative financial instruments	459,526	1,655	100,497	15,539	6,792
Interest-bearing bank borrowings	7,328,377	6,360,841	10,539,073	10,551,047	12,046,140
Bonds payable	–	–	1,024,764	1,021,076	–
Other payables and accruals	967,036	1,375,971	1,992,824	1,691,925	2,044,072
Tax payables	94,392	139,631	114,000	91,244	125,592
Lease liabilities	18,394	10,565	18,893	15,808	7,979
Total current liabilities	**17,590,661**	**16,482,201**	**24,039,467**	**26,487,312**	**27,695,219**
Net current assets	**14,999,698**	**13,484,448**	**9,678,965**	**7,437,439**	**6,997,797**

Comparison between September 30 , 2025 and June 30, 2025

Our net current assets decreased from RMB7,437.4 million as of June 30, 2025 to RMB6,997.8 million as of September 30, 2025, primarily due to an increase in current liabilities, mainly including (i) an increase in interest-bearing bank borrowings of RMB1,494.1 million, which was partially offset by a decrease in bonds payables of RMB1,021.1 million primarily due to the repayment of bonds.

Comparison between June 30, 2025 and December 31, 2024

Our net current assets decreased from RMB9,679.0 million as of December 31, 2024 to RMB7,437.4 million as of June 30, 2025, primarily due to an increase in total current liabilities, mainly including (i) an increase in trade and bills payables of RMB2,851.3 million and (ii) an increase in interest bearing bank borrowings of RMB12.0 million. Such increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase in prepayments, deposits and other receivables of RMB789.7 million, (ii) an increase in trade and bills receivables of RMB553.6 million and (iii) an increase in inventories of RMB400.4 million. See "— Selected Balance Sheet Items" for further details.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB13,484.4 million as of December 31, 2023 to RMB9,679.0 million as of December 31, 2024, primarily due to an increase in total current liabilities,

mainly including (i) an increase in trade and bills payable of RMB1,655.9 million, (ii) an increase in interest-bearing bank borrowings of RMB4,178.2 million for capital expenditure and operational purposes, and (iii) an increase in bonds payables of RMB1,024.8 million. Such increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase in inventories of RMB1,897.3 million, and (ii) an increase in financial assets at fair value through profit or loss of RMB2,012.2 million. See " — Selected Balance Sheet Items" for further details.

Comparison between December 31, 2023 and December 31, 2022

Our net current assets decreased from RMB14,999.7 million as of December 31, 2022 to RMB13,484.4 million as of December 31, 2023, primarily due to a decrease in total current assets, mainly including (i) a decrease in inventories of RMB1,691.1 million primarily, (ii) a decrease in pledged deposits of RMB1,227.6 million, primarily attributable to the decrease in deposits for the bills, and (iii) a decrease in cash and cash equivalents of RMB2,581.8 million primarily attributable to less cash generated from financing activities, which was partially offset by an increase in prepayments, deposits and other receivables of RMB2,696.2 million. Such decrease in total current assets was partially offset by a decrease in total current liabilities, mainly including (i) a decrease in trade and bills payables of RMB129.4 million, (ii) a decrease in derivative financial instructions of RMB457.9 million, and (iii) a decrease in interest-bearing bank borrowings of RMB967.5 million primarily attributable to repayments, which was partially offset by an increase in other payables and accruals of RMB408.9 million. See " — Selected Balance Sheet Items" for further details.

SELECTED BALANCE SHEET ITEMS

Inventories

Our inventories include finished goods, raw materials and goods in transit. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Raw materials	3,565,356	4,260,057	4,622,549	4,837,524
Work in progress	2,546,575	1,794,045	2,802,259	3,258,627
Finished goods	3,282,594	1,776,956	1,833,106	2,014,640
Goods in transit	225,680	98,015	568,450	115,960
Total	**9,620,205**	**7,929,073**	**9,826,364**	10,226,751

We manage our inventory level and plans our procurement mainly based on our forecast orders and production plans. See "Business — Inventory Management."

Our inventories decreased from RMB9,620.2 million as of December 31, 2022 to RMB7,929.1 million as of December 31, 2023, primarily due to a decrease in work in process of RMB752.5 million and a decrease in finished goods of RMB1,505.6 million primarily attributable to (i) a decrease in prices of direct raw materials such as nickel and cobalt, which in turn resulted in a decrease in prices of our finished products such as nickel-based materials and cobalt-based materials, and (ii) improved inventory management. Such decrease was partially offset by an increase in raw materials of RMB694.7 million primarily attributable to our expansion into upstream industry value chain in 2023.

Our inventories increased from RMB7,929.1 million as of December 31, 2023 to RMB9,826.4 million as of December 31, 2024, primarily due to an increase in work in progress of RMB1,008.2 million, primarily attributable to the continued build-out of our upstream expansion to ramp up production capacity in 2024, which resulted in a higher volume of work-in-progress at the end of 2024.

Our inventories increased from RMB9,826.4 million as of December 31, 2024 to RMB10,226.8 million as of June 30, 2025, primarily due to an increase in work in progress of RMB456.4 million and finished goods of RMB181.5 million, primarily attributable to our expanded production capacity.

Turnover days

The table below sets forth the turnover days of our inventories for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Overall inventory turnover days[(1)]	98	109	92	96

Note:

(1) Inventory turnover days for each year/period equals the average of the beginning and ending balances of inventory for that period divided by cost of sales for that year/period and multiplied by 365 days for the year ended December 31, and 180 days for the six months ended June 30.

Our inventory turnover days increased from 98 days in 2022 to 109 days in 2023, primarily as we expanded upstream, which resulted in longer production cycle. Our inventory turnover days decreased from 109 days in 2023 to 92 days in 2024, primarily due to (i) our continuous improvement of inventory management based on our order forecast and production plan, and (ii) an increase in portion of inventories for new energy metal and metal products for trading in 2023 and 2024, which generally have a faster inventory turnover rate as compared to our new energy battery materials which involved longer production processes. Our inventory turnover days increased from 92 days in 2024 to 96 days for the six months ended June 30, 2025, primarily due to the decrease in transaction volume of our metals trading.

Subsequent utilization

As of September 30, 2025, 84.9% of our total inventories as of June 30, 2025 or RMB8,677.5 million, were utilized or sold.

Aging analysis

	As of December 31,			As of June 30,
	2022	2023	2024	2025
		(in RMB thousands)		
Within three months	9,436,346	7,059,995	8,676,357	8,371,588
Four to six months	196,879	499,483	644,005	1,305,961
Seven to twelve months	67,772	417,775	277,590	272,576
Over one year	24,308	77,533	266,639	318,593
Total	**9,725,305**	**8,054,786**	**9,864,591**	**10,268,718**

The inventories aging within three months accounted for a substantial majority of our total inventories, being 97.0%, 87.6%, 88.0% and 81.5% as of December 31, 2022, 2023 and 2024 and June 30, 2025. We believe that sufficient provision has been made to the inventories.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recorded provision for impairment losses of our inventories of RMB105.1 million, RMB125.7 million, RMB38.2 million and RMB42.0 million, respectively.

Trade and bills receivables

Our trade receivables mainly arise from the provision of new energy battery materials. We typically provide credit terms of around one to two months to our customers for new energy battery materials. We periodically conduct credit evaluations of customers who trade on credit. Based on the results of the credit evaluations, we select to transact with approved and creditworthy customers and monitor their receivable balances to ensure that we are not exposed to significant credit risk. No collateral is required as we only deal with approved and creditworthy third parties. Credit risk concentration is managed on a customer-by-customer basis. Our trade receivables are non-interest-bearing. See note 24 to "Appendix I — Accountants' Report."

The table below sets forth the breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Trade receivables	4,491,262	3,797,813	4,384,307	5,241,214
Bills receivables	641,264	1,386,945	773,085	490,170
Less: impairment	(55,074)	(44,920)	(51,580)	(71,975)
Total	**5,077,452**	**5,139,838**	**5,105,812**	5,659,409

Our trade and bills receivables remained relatively stable at RMB5,077.5 million, RMB5,139.8 million and RMB5,105.8 million as of December 31, 2022, 2023 and 2024, respectively. Our trade and bills receivables increased from RMB5,105.8 million as of December 31, 2024 to RMB5,659.4 million as of June 30, 2025, primarily due to an increase in trade receivables of RMB856.9 million, primarily attributable to the increase in our sales of new energy metal products.

During the Track Record Period, we were engaged in certain factoring arrangements with domestic commercial banks or other qualified institutions. Under such arrangement, we, as the seller, transferred a portion of our trade receivables arising from the sale of goods to the commercial banks or other qualified institutions, which then provided factoring payments to us based on the eligible receivables acquired. Such factoring arrangements can reduce our cost of trade receivable management, shorten the collection period, accelerate capital turnover, improve the efficiency of fund utilization, enable timely cash recovery and enhance both the asset-liability structure and operating cash flow. In 2023, 2024 and the six months ended June 30, 2025, we factored trade receivables of RMB453.9 million, RMB1,347.7 million and RMB0.8 million, respectively.

Aging analysis and impairment

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Within 3 months	4,246,148	3,649,669	4,171,727	4,798,869
4 to 12 months	189,363	102,213	156,272	357,629
1 to 2 years	603	635	4,682	10,753
2 to 3 years	74	376	46	1,988
Total	**4,436,188**	**3,752,893**	**4,332,727**	5,169,239

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our allowance for impairment of trade receivables remained relatively stable as well at RMB55.1 million, RMB44.9 million, RMB51.6 million and RMB72.0 million, respectively.

Turnover Days

The table below sets forth the turnover days of our trade and bills receivables for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Trade and bills receivables turnover days[(1)]	62	54	46	45

Note:

(1) Trade and bill receivables turnover days for each year/period equals the average of the beginning and ending balances of trade and bills receivables for that year/period divided by revenue for that period and multiplied by 365 days for the year ended December 31, and 180 days for the six months ended June 30.

Our trade and bills receivables turnover days decreased from 62 days in 2022 to 54 days in 2023, and further decreased to 46 days in 2024, primarily due to an increase in sales of new energy metal products and metals trading, for which we generally receive prepayment from customers in advance of or upon shipment. Our trade and bills turnover days remained relatively stable at 45 days for the six months ended June 30, 2025

Subsequent settlement

As of September 30, 2025, 88.3% of our total trade and bills receivables as of June 30, 2025, or RMB4,995.3 million, were settled.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables primarily includes (i) prepayments mainly for raw materials for our new energy battery materials, (ii) deposits and other receivables, mainly including the receivables from our affiliates for our loans to those affiliates, and (iii) tax receivables for input tax associated with the construction and establishment of production bases, which were expected to be recovered in the future.

The table below sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Prepayments	823,642	1,921,202	1,800,338	2,030,219
Deposits and other receivables	107,935	728,157	750,963	1,225,096
Tax recoverable	1,712,704	2,717,992	2,924,047	3,004,489
[REDACTED]	–	–	–	**[REDACTED]**
Less: Impairment allowance	(4,690)	(31,518)	(38,788)	(54,676)
Total	**2,639,591**	**5,335,833**	**5,436,560**	**6,226,233**

Our prepayments, deposits and other receivables increased from RMB2,639.6 million as of December 31, 2022 to RMB5,335.8 million as of December 31, 2023, primarily due to (i) an increase in prepayments of RMB1,097.6 million primarily attributable to an increase in procurement of nickel intermediates, which typically require prepayment, (ii) an increase in deposits and other receivables of RMB620.2 million primarily attributable to an increase in loans to our affiliates for establishment of overseas production bases, and (iii) an increase in tax recoverable of RMB1,005.3 million primarily attributable to an increase in input tax associated with our construction and establishment of overseas production bases.

Our prepayments, deposits and other receivables remained relatively stable at RMB5,335.8 million and RMB5,436.6 million as of December 31, 2023 and 2024, respectively.

Our prepayments, deposits and other receivables increased from RMB5,436.6 million as of December 31, 2024 to RMB6,226.2 million as of June 30, 2025, primarily due to (i) an increase in prepayments of RMB229.9 million, primarily attributable to an increase in procurement of raw materials, and (ii) an increase in deposits and other receivables of RMB474.1 million primarily attributable to an increase in loans to our affiliates for establishment of overseas production bases.

Subsequent utilization

As of September 30, 2025, 62.4% of our prepayment, deposits and other receivables as of June 30, 2025, or RMB3,887.1 million, were utilized.

Financial assets at fair value through profit or loss

The table below sets forth our current portion of financial assets at fair value through profit or loss, which mainly include cash management products, as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Current portion:				
Financial assets at fair value through profit or loss	–	–	2,012,154	1,133,019

As of December 31, 2024, we had current portion of financial assets at fair value through profit or loss, which consisted of structured deposits of RMB2,012.2 million. Our financial assets at fair value through profit or loss decreased from RMB2,012.2 million as of December 31, 2024 to RMB1,133.0 million as of June 30, 2025, primarily due to the redemption of our cash management products. We form our portfolio of financial assets with the view of achieving (i) a relatively low level of risk, (ii) good liquidity and (iii) an enhanced yield. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment, and the expected returns and potential risks of such investment.

We have also established internal policy to safeguard our exposure to investment risks in connection with the purchase of cash management products. Such measures include that: (i) our investment amount limit in financial assets shall be approved by the Boards, which will authorize chairman of the Board or other authorized persons to enter into relevant contracts and deal with relevant matters; (ii) we will strictly adhere to the principle of prudent investment and select low-risk investment products. Our financial department responsible for implementation will closely monitor and analyze the investment directions and progress of financial products in real-time. If any factors are identified or anticipated that may affect the

returns of financial products, our financial department will promptly report to our management and take appropriate protective measures to minimize investment risks and ensure the security of funds; and (iii) the use of financial investment funds shall be subject to daily supervision by the internal audit department, which will conduct periodic audits and verifications of fund usage as needed.

After **[REDACTED]**, we intend to continue our investments in the financial assets strictly in accordance with our internal policies and measures and the requirements under Chapter 14 of the Listing Rules.

Property, plant and equipment

The table below sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Buildings	3,442,538	5,281,312	8,400,069	8,428,761
Leasehold improvements	23,979	14,703	21,246	50,720
Machinery	4,376,068	8,246,983	14,791,327	14,836,661
Vehicles	192,551	223,527	337,344	371,481
Office devices and others	103,921	230,645	226,248	226,712
Construction in progress	6,657,478	10,077,628	5,217,157	6,082,209
Total	**14,796,535**	**24,074,798**	**28,993,391**	**29,996,544**

Our property, plant and equipment increased from RMB14,796.5 million as of December 31, 2022 to RMB24,074.8 million as of December 31, 2023, primarily due to an increase in buildings of RMB1,838.8 million, an increase in machinery of RMB3,870.9 million and an increase in construction in progress of RMB3,420.2 million, primarily attributable to our continuous expansion of our production bases in 2023.

Our property, plant and equipment increased from RMB24,074.8 million as of December 31, 2023 to RMB28,993.4 million as of December 31, 2024, primarily due to an increase in buildings of RMB3,118.8 million and an increase in machinery of RMB6,544.3 million primarily attributable to our continuous expansion of our production bases, which was partially offset by a decrease in construction in progress of RMB4,860.5 million, as we finished construction of certain production bases in 2024.

Our property, plant and equipment increased from RMB28,993.4 million as of December 31, 2024 to RMB29,996.5 million as of June 30, 2025, primarily due to an increase in construction in progress of RMB865.1 million primarily attributable to our continuous expansion of our overseas production bases in the six months ended June 30, 2025.

Goodwill

The table below sets forth the movement of our goodwill as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
At beginning of year				
Cost	–	1,325,781	1,348,262	1,424,799
Accumulated impairment	–	–	–	–
Net carrying amount	–	1,325,781	1,348,262	1,424,799
Net of accumulated impairment	–	1,325,781	1,348,262	1,424,799
Acquisition of subsidiaries	1,283,731	–	55,932	–
Exchange realignment	42,050	22,481	20,605	(5,906)
At end of year	1,325,781	1,348,262	1,424,799	1,418,893

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recorded goodwill of RMB1,325.8 million, RMB1,348.3 million, RMB1,424.8 million and RMB1,418.9 million, respectively.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the PT Debonair Nickel Indonesia cash-generating unit, PT Jade Bay Metal Industry cash-generating unit and FINO Inc. cash-generating unit. See note 15 to "Appendix I — Accountants' Report."

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
PT Debonair Nickel Indonesia	1,052,997	1,070,853	1,086,834	1,082,329
PT Jade Bay Metal Industry	272,784	277,409	281,549	280,382
FINO Inc.	–	–	56,416	56,182
Total	**1,325,781**	**1,348,262**	**1,424,799**	**1,418,893**

PT Debonair Nickel Indonesia cash-generating unit

The recoverable amount of the industrial products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 14.48%, 12.70%, 12.36% and 12.63% as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 0%, 0%, 0% and 0%, at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The historical year-over-year growth rate applied in extrapolating the cash flows of the industrial products unit is negative 2.85% from the six months ended June 30, 2024 to the six months ended June 30, 2025. Given that the cash-generating unit started to realise revenue in 2024, the growth rate is not applicable from 2022 to 2024. Senior management of the PT Debonair Nickel Indonesia unit believes that this growth rate is justified, given the new technology internally developed by the Group during the year. We are the pioneer of such technology which has reduced the cost and time of production, and these industrial products qualify for a major product of us.

PT Jade Bay Metal Industry cash-generating unit

In 2023, the recoverable amount of the PT Jade Bay Metal Industry cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 16.15%, 12.95%, 12.85% and 12.52% as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively and cash flows beyond the five-year period were extrapolated using a growth rate of 0%, 0%, 0% and 0% as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, which was the same as the long term average growth rate of the electronic products industry. The historical year-over-year growth rate applied in extrapolating the cash flows of the industrial products unit is 6.67% from 2023 to 2024 and negative 9.29% from the six months ended June 30, 2024 to the six months ended June 30, 2025. Given that the cash-generating unit started to realise revenue in 2023, the growth rate is not applicable from 2022 to 2023.

Assumptions were used in the value in use calculation of the Debonair Holdings Private Limited and PT Jade Bay Metal Industry cash generating units for December 31, 2022, 2023 and 2024 and June 30, 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, increased for management's expectation of the future market.

Gross margin — The basis used to determine with reference to the average gross margin achieved in the year before the budget year, increased for management's expectation of the future market.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development of industrial products and electronic products industries and discount rates are consistent with external information sources.

Impact of possible changes in key assumptions

PT Debonair Nickel Indonesia cash-generating unit

Impairment review on the goodwill of us has been conducted by management as of December 31, 2022, 2023 and 2024 and June 30, 2025 according to IAS 36 "Impairment of assets". The headroom measured by the excess of the recoverable amount over the carrying amount of the industrial products cash-generating unit was RMB355,728,000, RMB122,414,000, RMB75,421,000 and RMB50,037,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Based on the results of the impairment assessments, no impairment-loss on the goodwill relating to the industrial products cash-generating unit was recognised as at December 31, 2022, 2023 and 2024 and June 30, 2025.

We performed the sensitivity analysis based on the assumption that the compound growth rate of revenue, gross margin and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to 0.27%, 0.08%, 0.05% and 0.01%, gross margin reduced 6.42%, 2.00%, 1.78% and 0.40% or discount rate increased 1.20%, 0.29%, 0.23% and 1.20%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, our Directors believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

PT Jade Bay Metal Industry cash-generating unit

Impairment review on the goodwill of the Group has been conducted by management as of December 31, 2022, 2023 and 2024 and June 30, 2025 according to IAS 36 "Impairment of assets". The headroom measured by the excess of the recoverable amount over the carrying amount of the industrial products cash-generating unit was RMB882,297,000, RMB520,838,000, RMB86,659,000 and RMB72,119,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to the industrial products cash-generating unit was recognised as at December 31, 2022, 2023 and 2024 and June 30, 2025.

We performed the sensitivity analysis based on the assumption that the compound growth rate of revenue, gross margin and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to 1.01%, 0.57%, 0.08% and 0.04%, gross margin reduced 24.25%, 16.65%, 4.50% and 2.50% or discount rate increased 6.77%, 3.03%, 0.59% and 1.30%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the Directors believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

Investment in Joint Ventures

The table below sets forth the investment in joint ventures as of the dates indicated.

	As of December 31,			As of June 30,
	2022	**2023**	**2024**	**2025**
	(in RMB thousands)			
Share of net assets	206,290	1,978,467	2,354,322	2,382,782
Goodwill on acquisition	–	–	–	–
Total	**206,290**	**1,978,467**	**2,354,322**	**2,382,782**

Our shareholdings in the joint venture are all held by the Company indirectly. Our investment in joint ventures increased from RMB206.3 million as of December 31, 2022 to RMB1,978.5 million as of December 31, 2023 as we entered into a joint venture agreement with AL MADA to collaborate on establishment of Morocco production base, upon which we held 50.03% of the equity interest. See note 16 to "Appendix I — Accountants' Report."

Investment in Subsidiaries and Associates

During the Track Record Period, we have made significant investment in our subsidiaries and associates. Our investment costs in subsidiaries amounted to RMB16,997.7 million, RMB17,667.6 million, RMB18,698.0 million and RMB19,760.2 million in 2022, 2023 and 2024 and the six months ended June 30, 2025. Our investment in associated amounted to RMB63.7 million, RMB197.2 million, RMB1,707.4 million and RMB1,760.4 million as of December 31, 2022, 2023 and 2024 and June 30, 2025.

Our investment in associates increased from RMB197.2 million in as of December 31, 2023 to RMB1,707.4 million as of December 31, 2024, primarily due to our investment in nickel mines in Indonesia. See note 17 to "Appendix I — Accountants' Report."

Trade and bills payables

Our trade and bills payables primarily comprise our payables for construction, equipment and raw materials. Our trade and bill payables are non-interest-bearing. The settlement period for our trade and bills payables typically ranges from one to two months.

The table below sets forth our trade and bills payables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Trade and bills payables	8,722,936	8,593,538	10,249,416	13,100,673

Our trade and bills payable remained relative stable at RMB8,722.9 million and RMB8,593.5 million as of December 31, 2022 and 2023, respectively, which increased to RMB10,249.4 million as of December 31, 2024 and RMB13,100.7 million as June 30, 2025, primarily due to an increase in use of bills payables for raw materials and equipment.

Aging analysis

The table below sets forth the breakdown of the aging analysis of the trade and bills payables.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Within 1 year	8,513,547	7,952,415	9,359,024	12,102,552
1 to 2 years	186,688	525,766	620,861	709,471
2 to 3 years	5,455	102,405	164,368	157,894
Over 3 years	17,246	12,952	105,163	130,756
Total	**8,722,936**	**8,593,538**	**10,249,416**	**13,100,673**

Turnover days

The table below sets forth the turnover days for the trade and bills payables for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Trade and bills payables turnover days[(1)]	127	106	97	112

Note:

(1) Trade and bills payables turnover days for each year/period equals the average of the beginning and ending balances of trade and bills payables for that year/period divided by cost of sales for that year/period and multiplied by 365 days for the year ended December 31, and 180 days for the three months ended June 30.

Our trade and bills payables turnover days decreased from 127 days in 2022 to 106 days in 2023 and further to 97 days in 2024, primarily due to the increase in procurement of nickel intermediates, the suppliers of which typically require us to make prepayment. Our trade and bills payables turnover days increased from 97 days in 2024 to 112 days for the six months ended June 30, 2025, primarily due to the increase in use of bills to settle with our suppliers.

Subsequent settlement

As of September 30, 2025, 58.4% of our total trade and bills payables as of June 30, 2025, or RMB7,657.1 million, were settled.

Other payables and accruals

The current portion of our other payables and accruals primarily comprises (i) contract liabilities primarily including short-term advances from customers for our products, (ii) payroll and welfare payables, (iii) amounts due to non-controlling shareholders for advances from non-controlling shareholders to our subsidiaries, which is interest-bearing, (iv) other payables, (v) other tax payables, and (vi) other current liabilities mainly for endorsed and unmatured bank bills.

The table below sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Contract liabilities	86,424	169,248	586,567	280,635
Payroll and welfare payable	203,713	293,598	343,956	254,909
Amount due to non-controlling shareholders	–	367,708	428,829	216,635
Other payables	438,680	273,832	292,020	394,581
Other tax payables	38,300	58,720	56,711	69,506
Other current liabilities	199,919	212,865	284,741	475,659
Total	**967,036**	**1,375,971**	**1,992,824**	**1,691,925**

Our other payables and accruals increased from RMB967.0 million as of December 31, 2022 to RMB1,376.0 million as of December 31, 2023, primarily due to an increase in the advances from non-controlling shareholders to our subsidiaries, which was mainly used as capital expenditure and working capital for our production bases under construction. See note 28 to the "Appendix I — Accountants' Report" to this Document.

Our other payables and accruals increased from RMB1,376.0 million as of December 31, 2023 to RMB1,992.8 million as of December 31, 2024, primarily due to an increase in contract liabilities of RMB417.3 million primarily attributable to an increase in advances from our customers for the new energy metal products.

Our other payables and accruals decreased from RMB1,992.8 million as of December 31, 2024 to RMB1,691.9 million as of June 30, 2025, primarily due to (i) a decrease in contract liabilities of RMB305.9 million primarily attributable to the subsequent settlement with our customers, and (ii) a decrease in amount due to non-controlling shareholders of RMB212.2 million primarily attributable to recognition of a portion of the amount due to non-controlling shareholders as non-current liabilities, as it relates to renewals of advances from those non-controlling shareholders extending beyond one year.

Derivative financial instruments

Our derivative financial instruments primarily comprise commodity futures and cross currency swaps, which was mainly for the hedging purpose. See "Business — Inventory Management — Hedging." The table below sets forth the breakdown of our derivative financial instruments as of dates indicated.

	As of December 31,						As of June 30,	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(in RMB thousands)							
Derivatives financial assets designated as hedging relationships:								
Commodity futures	–	459,526	117,168	–	135,342	–	58,269	–
Derivative financial assets without designated hedging relationships:								
Cross currency swaps ..	4,247	–	5,294	–	13,212	–	19,154	–
Others[(1)]	–	–	–	1,655	–	100,497	55,852	15,539
Total	**4,247**	**459,526**	**122,462**	**1,655**	**148,554**	**100,497**	**133,275**	**15,539**

Note:

(1) Mainly including deferred pricing contract.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the notional value of our hedging instruments amounted to RMB3,507.3 million, RMB6,379.6 million, RMB10,642.6 million and RMB14,341.0 million. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of our hedging instruments and the hedged items are both affected by changes in metal prices, and the impact of price changes is opposite. The fair value of our commodity futures turned into assets of RMB117.2 million as of December 31, 2023 from liabilities of RMB459.5 million as of December 31, 2022, primarily due to the decrease in metal prices, which resulted in unrealized gains on the held futures derivatives position. The fair value of our commodity futures increased from RMB117.2 million as of December 31, 2023 to RMB135.3 million as of December 31, 2024, primarily due to the decrease in metal prices, which resulted in unrealized gains on the held futures derivatives position, which decreased to RMB58.3 million as of June 30, 2025 primarily due to the fact that the metal prices decreased to a lesser extent, which resulted in less unrealizable profit on the held future derivatives position.

Note 29 the "Appendix I — Accountants' Report" to this Document.

CASH FLOWS

The table below sets forth our cash flows for the periods indicated.

	Year Ended December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Operating profit before working capital changes	2,878,055	4,169,086	4,334,955	2,346,284
Changes in working capital	(7,688,240)	399,780	(120,126)	(731,011)
Income tax paid	(143,382)	(183,677)	(271,866)	(139,632)
Net cash flows (used in)/from operating activities	(4,953,567)	4,385,189	3,942,963	1,475,641
Net cash flows used in investing activities	(11,775,398)	(9,644,253)	(9,972,453)	(2,536,487)
Net cash flows from financing activities	23,392,695	2,519,319	5,556,277	745,285
Net increase in cash and cash equivalents	**6,663,730**	**(2,739,745)**	**(473,213)**	**(315,561)**
Cash and cash equivalents at beginning of the year	6,337,216	12,979,249	10,397,466	10,083,956
Effects of foreign exchange rate changes, net	(21,697)	157,962	159,703	(123,122)
Cash and cash equivalents at end of the year	**12,979,249**	**10,397,466**	**10,083,956**	**9,645,273**

Operating activities

In the six months ended June 30, 2025, we had net cash generated from operating activities of RMB1,475.6 million, which was primarily due to our profit before tax of RMB827.1 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) depreciation of property, plant and equipment of RMB1,018.9 million, and (b) finance costs of RMB521.1 million, and (ii) changes in working capital, which primarily comprised (a) an increase in trade and bill receivables of RMB536.9 million, (b) an increase in inventories of RMB441.0 million, which was partially offset by an increase in trade and bills payables of RMB677.5 million.

In 2024, we had net cash generated from operating activities of RMB3,943.0 million, which was primarily due to our profit before tax of RMB2,022.5 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) finance costs of RMB1,037.4 million, and (b) depreciation of property, plant and equipment of RMB1,391.6 million, and (ii) changes in working capital, which primarily comprised (a) an increase in inventories of RMB1,882.2 million, and (b) an increase in trade receivables of RMB185.3 million, which was partially offset by an increase in trade and bills payables of RMB1,047.8 million.

In 2023, we had net cash generated from operating activities of RMB4,385.2 million, which was primarily due to our profit before tax of RMB2,380.9 million, as adjusted for the items including (i) certain non-cash and non-operating items, primarily comprising (a) finance costs of RMB841.2 million, (b) depreciation of property, plant and equipment of RMB843.6 million, and (c) write-down of inventories to net realizable value of RMB202.7 million, and (ii) changes in working capital, which primarily comprised (a) a decrease in inventories of RMB1,488.5 million, (b) a decrease in pledged deposits of RMB971.4 million, (c) an increase in trade and bills payables of RMB1,821.4 million, which was partially offset by (a) an increase in trade receivables of RMB1,853.7 million, and (b) an increase in prepayment and other assets of RMB1,523.7 million.

In 2022, we had net cash used in operating activities of RMB4,953.6 million, which primarily due to our profit before tax of RMB1,693.0 million, as adjusted for the items including (i) certain non-cash and non-operating items, primarily comprising (a) finance costs of RMB538.9 million, (b) depreciation of property, plant and equipment of RMB497.5 million, and (c) write-down of inventories to net realizable value of RMB122.9 million, and (ii) changes in working capital, which primarily comprised (a) an increase in inventories of RMB4,883.9 million, primarily to support our business expansion, (b) an increase in trade receivables of RMB1,744.7 million, and (c) an increase in prepayments and other assets of RMB1,116.2 million, which was partially offset by an increase in derivative financial instruments of RMB423.2 million.

Investing activities

In the six months ended June 30, 2025, we had net cash used in investing activities of RMB2,536.5 million, primarily due to (i) purchases of financial assets at fair value through profit or loss of RMB6,974.6 million, (ii) purchases of items of property, plant and equipment of RMB1,535.0 million, (iii) advances of loans to joint ventures and associates of RMB809.6 million , (iv) prepayment for equity investment of RMB848.2 million, and (v) acquisition of subsidiaries of RMB417.7 million, which was partially offset by withdrawal of financial assets at fair value through profit or loss of RMB7,853.2 million.

In 2024, we had net cash used in investing activities of RMB9,972.5 million, primarily due to (i) the purchase of items of property, plant and equipment of RMB6,466.2 million, (ii) purchase of equity investment in joint ventures and associates of RMB1,359.8 million, and (iii) purchase of financial assets at fair value through profit or loss of RMB6,128.0 million.

In 2023, we had net cash used in investing activities of RMB9,644.3 million, primarily due to (i) purchase of items of property, plant and equipment of RMB6,914.5 million, (ii) prepayments for equity investments of RMB490.3 million, (iii) acquisition of subsidiaries of RMB1,400.6 million, and (iv) loans to joint ventures and associates of RMB468.7 million.

In 2022, we had net cash used in investing activities of RMB11,775.4 million, primarily due to (i) purchases of items of property, plant and equipment of RMB9,534.7 million, (ii) acquisition of subsidiaries of RMB957.5 million, and (iii) purchases of equity investments designated at fair value through other comprehensive income of RMB524.0 million.

Financing activities

In the six months ended June 30, 2025, we had net cash generated from financing activities of RMB745.3 million, primarily due to (i) repayment of bank loans of RMB8,912.0 million, (ii) repurchase of shares of RMB621.8 million and (iii) interest paid of RMB425.4 million, partially offset by (i) new bank loans of RMB8,666.0 million, and (ii) capital contribution of non-controlling interests of RMB600.0 million.

In 2024, we had net cash generated from financing activities of RMB5,556.3 million, primarily due to (i) new bank loans of RMB15,598.7 million, (ii) new other borrowing of RMB2,983.8 million and (iii) capital contribution of non-controlling interest of RMB2,338.4 million, partially offset by (i) repayment of bank loans of RMB9,547.8 million, (ii) interest paid of RMB1,315.3 million.

In 2023, we had net cash generated from financing activities of RMB2,519.3 million, primarily due to (i) new bank loans of RMB13,257.0 million, and (ii) capital contribution of non-controlling interests of RMB4,418.6 million, which was partially offset by (i) repayment of bank loans of RMB12,915.2 million, and (ii) repayment of the borrowings of RMB2,823.4 million.

In 2022, we had net cash generated from financing activities of RMB23,392.7 million, primarily due to (i) proceeds from issue of shares of RMB4,562.8 million, (ii) proceeds from issue of bonds of

RMB1,671.5 million, (iii) new bank loans of RMB24,326.7 million, (iv) capital contribution of non-controlling interests of RMB3,335.7 million, which was partially offset by (i) repayment of bank loans of RMB10,759.5 million and (ii) repayment of other borrowings of RMB1,951.3 million.

INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	(in RMB thousands)				*(unaudited)*
Interest-bearing bank borrowings	19,934,271	20,193,132	26,326,724	26,141,213	28,384,677
Bonds payable	1,687,387	1,720,373	1,749,841	1,744,442	710,571
Amount due to non-controlling shareholders	805,910	1,295,315	428,829	467,277	401,716
Convertible bonds	–	–	99,010	125,663	5,566
Lease liabilities	27,121	19,170	44,717	31,243	29,772
Accounts payable for equipment	–	–	845,220	920,640	929,692
Total	**22,454,689**	**23,227,990**	**29,494,341**	**29,430,478**	**30,461,994**

Interest-bearing bank borrowings

The table below sets forth our interest-bearing bank borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	(in RMB thousands)				*(unaudited)*
Current					
Bank loans — secured	6,288,410	3,376,800	3,415,929	4,118,879	5,174,005
Bank loans — unsecured	–	–	70,042	70,038	70,038
Current portion of long term bank loans — unsecured	–	80,000	326,288	608,320	1,317,645
Current portion of long term bank-loans — secured	1,039,967	2,904,041	6,726,814	5,753,810	5,484,452
Sub-total	**7,328,377**	**6,360,841**	**10,539,073**	**10,551,047**	**12,046,140**
Non-current					
Bank loans — secured	12,605,894	13,257,291	13,727,651	12,297,949	12,743,358
Bank loans — unsecured	–	575,000	2,060,000	3,292,217	3,595,179
Sub-total	**12,605,894**	**13,832,291**	**15,787,651**	**15,590,166**	**16,338,537**
Total	**19,934,271**	**20,193,132**	**26,326,724**	**26,141,213**	**28,384,677**

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had interest-bearing bank borrowings with effective interest rate typically ranging from 1.70% to 7.81% of RMB19,934.3 million, RMB20,193.1 million, RMB26,326.7 million and RMB26,141.2 million, respectively. As of September 30,

2025, we had interest-bearing bank borrowings of RMB28,384.7 million. Such bank loans were primarily used for capital expenditure and operational purposes, most of which were secured by guarantees provided by related parties, pledged inventories, mortgaged buildings and mortgaged leasehold lands. Such guarantees provided by related parties is not expected to be fully released before **[REDACTED]**. See note 30 to "Appendix I — Accountants' Report" to this Document.

As of September 30, 2025, we had unutilized banking facilities of RMB49,754.9 million.

Bonds payable

The table below sets forth our bonds payable as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	(in RMB thousands)				*(unaudited)*
Nominal value of bonds issued during the year	1,671,504	–	–	–	–
At beginning of year:	–	1,687,387	1,720,373	1,749,841	1,749,841
Addition	1,582,478	–	–	199,990	199,990
Interest expense	44,893	92,342	93,865	47,110	65,530
Repayment	(15,697)	(88,006)	(90,071)	(245,239)	(1,294,134)
Exchange realignment	75,713	28,650	25,674	(7,260)	(10,656)
Liability component at the end of the year/period	**1,687,387**	**1,720,373**	**1,749,841**	**1,744,442**	**710,571**
Analyzed into:					
Current portion	–	–	1,024,764	1,021,076	–
Non-current portion	1,687,387	1,720,373	725,077	723,366	710,571

On March 3 and September 5, 2022, we issued green bonds of US$100 million with annual interest rate of 4.55%, and US$140 million with annual interest rate of 5.70%, respectively.

Amount due to non-controlling shareholders

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	(in RMB thousands)				*(unaudited)*
Amount due to non-controlling shareholders					
Current portion	–	367,708	428,829	216,635	221,027
Non-current portion	805,910	927,607	–	250,642	180,689
Total	**805,910**	**1,295,315**	**428,829**	**467,277**	**401,716**

Our amount due to non-controlling shareholders was advances from non-controlling shareholders to our subsidiaries, which is non-trade nature, interest-bearing and mainly used for capital expenditures and operational purposes. As of December 31, 2022, 2023 and 2024, June 30, 2025 and September 30, 2025, we had amount due to non-controlling shareholders of RMB805.9 million, RMB1,295.3 million,

RMB428.8 million, RMB467.3 million and RMB401.7 million respectively. Such amount due to non-controlling shareholders which were mainly used for capital expenditures and operational purposes is not expected to be fully settled prematurely before **[REDACTED]** accordingly to the terms of the relevant agreements.

Convertible bonds

On July 18, 2024, one of our subsidiaries issued a 3.03% KRW70,000,000,000 (equivalent to approximately RMB356.4 million) convertible bond with a nominal value of KRW70,000,000,000 (equivalent to approximately RMB356.4 million). There was no movement in the number of these convertible bonds in 2024. The bonds are convertible at the option of the bondholders into ordinary shares on July 18, 2025 on the basis of one ordinary share for every KRW1,515 bonds held. Any convertible notes not converted will be redeemed on June 18, 2027. The bonds bear an interest of 3.03% on the principal amount and will be settled upon its maturity date.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
			(RMB'000)		*(unaudited)*
Nominal value of bonds issued during the year	–	–	166,270	–	–
Equity component	–	–	(73,870)	–	–
At beginning of year/ period					
Liability component at the issuance date	–	–	92,400	99,010	99,010
Interest expense	–	–	9,329	10,859	12,184
Interest paid	–	–	–	–	–
Exchange Realignment	–	–	(2,719)	15,794	10,901
Converted into shares of the Company	–	–	–	–	116,529
Liability component at the end of the year/period,	**–**	**–**	**99,010**	125,663	**5,566**

Lease liabilities

The table below sets forth the lease liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	(in RMB thousands)				
Current					*(unaudited)*
Lease liabilities	18,394	10,565	18,893	15,808	7,979
Non-current					
Lease liabilities	8,727	8,605	25,824	15,435	21,743
Total	**27,121**	**19,170**	**44,717**	**31,243**	**29,722**

Our lease liabilities decreased from RMB27.1 million as of December 31, 2022 to RMB19.2 million as of December 31, 2023, primarily due to our payment of rents. Our lease liabilities increased from RMB19.2 million as of December 31, 2023 to RMB44.7 million as of December 31, 2024, primarily due to the new offices we leased as a result of business growth. Our lease liabilities decreased from RMB44.7 million as of December 31, 2024 to RMB31.2 million as of June 30, 2025 and further to RMB29.7 million as of September 30, 2025, primarily due to our repayment of rents.

Accounts payable for equipment

As of June 30, 2025 and September 30, 2025, we recorded accounts payable for equipment of RMB920.6 million and RMB929.7 million. Our accounts payable for engineering equipment was discounted due to its financial attributes. See note 34 to the "Appendix I - Accountants' Report" to this Document.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, June 30, 2025 and September 30, 2025, and up to the Latest Practicable Date, we did not have any contingent liabilities.

Save as disclosed above, we did not have any other material contingent liabilities as of the Latest Practicable Date for our indebtedness statement. Our Directors confirm that as of the Latest Practicable Date, we had complied with relevant restrictive covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness since September 30, 2025 up to the date of this Document.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure

The table below sets forth the capital expenditure in relation to projects under development for the periods indicated.

	Year Ended December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Purchase of items of property, plant and equipment	9,534,743	6,914,512	6,466,161	1,535,036
Purchases of equity investments in joint ventures and associates	259,421	477,162	1,359,818	19,923
Acquisition of subsidiaries	957,549	1,400,552	107,743	417,709
Prepayments for equity investments	257,270	490,335	117,886	848,193
Additions to other intangible assets	6,191	21,739	5,822	182,838
Total capital expenditure	**11,015,174**	**9,304,300**	**8,057,430**	**3,003,699**

During the Track Record Period, our capital expenditure was primarily for purchase of items of property, plant and equipment.

Capital commitments

The table below sets forth the capital commitments, mainly relating to our projects under development, as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Capital commitments	2,435,503	2,545,060	1,122,966	2,894,208

KEY FINANCIAL RATIOS

	Year Ended/As of December 31,			Six Months Ended/As of June 30,
	2022	2023	2024	2025
Return on assets[1]	2.9%	3.4%	2.5%	1.9%
Return on equity[2]	7.6%	7.5%	6.1%	4.8%
Gearing ratio[3]	110.4%	83.2%	97.2%	96.9%
Current ratio[4]	1.9	1.8	1.4	1.3
Quick ratio[5]	1.3	1.3	1.0	0.9

Notes:

(1) Return on assets is calculated based on the total profit for the relevant year/period divided by the ending balance of total assets and multiplied by 100%. For illustrative purpose, return on assets for the six months ended June 30, 2025 is calculated on an annualised basis, and may not represent the ratio for the year of 2025.

(2) Return on equity is calculated based on the total profit for the relevant year/period divided by the ending balance of total equity and multiplied by 100%. For illustrative purpose, return on equity for the six months ended June 30, 2025 is calculated on an annualised basis, and may not represent the ratio for the year of 2025.

(3) Gearing ratio is calculated based on interest-bearing bank borrowings, bonds payable, amount due to non-controlling shareholders, convertible bonds and lease liabilities divided by the ending balance of total equity and multiplied by 100%.

(4) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year.

(5) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year.

DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, we have currency exposures from our cash and cash equivalent. Our management considers our exposure to foreign currency risk not significant. See note 46 to "Appendix I — Accountants' Report."

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of the head of credit control. See note 46 to "Appendix I — Accountants' Report."

Liquidity Risk

We monitor our exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. Our policy is that all the borrowings should be approved by the chief financial officer. See note 46 to "Appendix I — Accountants' Report."

Capital Management

The primary objective of our capital management is to ensure that we maintain a strong credit profile and healthy capital ratios in order to support our business and maximize shareholders' value. We manage our capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period. See note 46 to "Appendix I — Accountants' Report."

RELATED PARTY TRANSACTIONS

Related party transactions are set out in note 42 to "Appendix I — Accountants' Report." Our Directors confirm that these transactions were conducted at arm's length basis.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

DIVIDEND POLICY

During the Track Record Period, we declared cash dividends to our shareholders as follows:

	For the Year Ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
		(in RMB thousands)		
Ordinary A Shares				
Interim	–	–	260,460	–
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	101,753	173,023	772,489	328,451
Dividends of lapsed restricted shares	–	(344)	(1,813)	(3,218)
Total	**101,753**	**172,679**	**1,031,136**	**325,233**

As of the Latest Practicable Date, we had paid these dividends in full.

In April 2025, our Board approved a dividend plan to distribute a total cash dividend of RMB328.5 million from our 2024 profits, which was approved by the annual general meeting of the Company.

According to applicable laws in mainland China and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax until the cumulative amount reaches 50% or more of the Company's registered capital; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting. We may distribute our profits in the form of cash, stock, or a combination of both. The aggregate cash dividend for any three consecutive years shall not be less than 30% of the average distributable profits realized during such three years. We may distribute an interim dividend based on our current operating profits and cash flow situation.

We adopted Shareholder Return Plan for 2024-2026 in 2024. We have strictly implemented this plan, which outlines the decision-making process for setting dividend standards and profit distribution policies, aiming to ensure a stable and consistent approach to profit distribution. After the completion of the **[REDACTED]**, future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVE

As of June 30, 2025, we had RMB5,107.4 million of retained profits available for distribution to our shareholders.

DISCLOSURE REQUIRED UNDER RULES 13.13 to 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this Document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and fees incurred in connection with the **[REDACTED]** and the **[REDACTED]**. Our **[REDACTED]** are estimated to be approximately RMB**[REDACTED]** (including **[REDACTED]**) accounting for **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, assuming that an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** range stated in this Document) and no exercise of the **[REDACTED]**. Among our **[REDACTED]**, approximately RMB**[REDACTED]** is directly attributable to the issuance of Shares and will be charged to equity upon the completion of the **[REDACTED]**, and approximately RMB**[REDACTED]** has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The **[REDACTED]** we incurred in the Track Record Period and expect to incur would consist of approximately RMB**[REDACTED]** **[REDACTED]** expenses and fees (including **[REDACTED]**, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately RMB**[REDACTED]** **[REDACTED]** expenses and fees including fees for the Joint Sponsors, legal adviser and reporting accountant and approximately RMB**[REDACTED]** for other **[REDACTED]** fees and expenses. During the Track Record Period, we incurred RMB**[REDACTED]** of **[REDACTED]**, among which, RMB**[REDACTED]** was included in prepayments, other receivables and other assets and will be subsequently charged to our equity upon completion of the **[REDACTED]** and RMB**[REDACTED]** was charged to our consolidated statement of comprehensive income.

The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

Save as disclosed, our Directors confirmed that, as of the date of this Document, there has been no material adverse change in our financial position since June 30, 2025, and there has been no event since June 30, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document. See "Summary — Recent Development."

FUTURE PLANS

See "Business – Growth Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the midpoint of the range of the **[REDACTED]** stated in this Document), we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses in connection with the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). We intend to use our **[REDACTED]** for the purposes and in the amounts set forth below.

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to expand production and supply chain capabilities. In particular:

  (i) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the establishment of phase I project of our South Korea production base (the "**South Korea Phase I Project**") to expand our nickel-based materials production capacity, with an estimated annual production capacity of nickel-based pCAM of 36,000 metric tons.

  According to Frost & Sullivan, the demand for nickel-based pCAM is expected to continue to grow, with shipment volume expected to increase from 1.0 million metric ton in 2024 to 3.1 million metric ton in 2030 at a CAGR of 21.6%. See "Industry Overview – Overview of New Energy Battery Materials Market – Global Nickel-based Material Market." Our South Korea production base is located in Pohang, South Korea, which is planned to integrate both refining facilities, focusing on producing nickel sulfate, and new energy battery materials production facilities for nickel-based materials to bring us closer to certain key customers and the second largest battery producing country. See "Business – Growth Strategies – Continue to enhance global footprint and strengthen stable supply of upstream resources," and "Business – Production – Production Base – South Korea."

  In particular, we plan to use (i) approximately **[REDACTED]**%, or HK$**[REDACTED]**, for construction of plants, which is expected to be finished in 2027, (ii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, for procurement of production equipment, such as rotary kiln, reactor and centrifuge, which is expected to be finished by 2026, and (iii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, for hiring talents of approximately 350 in total, including approximately 295 production operators, approximately 10 technical engineers, approximately 40 management personnel and approximately 5 sales personnel, with estimated annual salaries ranging from HK$300,000 to HK$4.0 million per person.

  As of the Latest Practicable Date, our South Korea Phase I Project was at planning stage. We expect to complete the construction and commission of our South Korea Phase I Project in 2027. The total investment in South Korea Phase I Project is expected to be approximately RMB1.9 billion. As of the December 31, 2024, we have invested approximately RMB160 million for the South Korea Phase I Project at the planning stage. The establishment of the South Korea Phase I Project is expected to increase our annual production capacity of nickel-based materials of 36,000 metric tons, and reduce the cost of logistics to serve the local customers in South Korea. However, the absolute amount of relevant operation expenses is expected to increase due to the growing production volume and expanded business scale;

  (ii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to construct and exploit the phosphate mine in Kaiyang, Guizhou, PRC (the "**Kaiyang Phosphate Mine**"). In particular,

we plan to use (i) **[REDACTED]**%, or HK$**[REDACTED]**, for procurement of mining equipment, such as ball mill, flotation machine, crusher and thickener, as well as the equipment installation expenses, and (ii) **[REDACTED]**%, or HK$**[REDACTED]**, for land acquisition costs. Kaiyang was one of the China's most resource-rich regions for phosphate mining, known for its high-grade phosphate rock deposit. To capture the growth in demand for LFP batteries and further expand our product portfolio, we ramped up production of phosphorous-based pCAM launched in 2022 and started the production of LFP in 2024. As an important supporting project for our expansion in phosphorus-based materials, we held 100.0% equity interest in the Kaiyang Phosphate Mine, and obtained the mining license in December 2024. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang Phosphate Mine, upon completion of which, we will hold 79.4% equity interest in the Kaiyang Phosphate Mine. The permitted production scale of the Kaiyang Phosphate Mine is 2.8 million ton per year. The total investment in the Kaiyang Phosphate Mine is expected to be RMB2.4 billion, including the land acquisition costs, construction costs, equipment costs and others such as working capitals. The rest of the investment is expected to be funded by our self-owned funds and external financing, such as proceeds from other investors and banking facilities. As of the Latest Practicable Date, the Kaiyang Phosphate Mine was under construction. As of June 30, 2025, we have invested RMB75 million in Kaiyang Phosphate Mine. We expect to commence construction by the end of 2025, and put the Kaiyang Phosphate Mine into trial production by the end of 2028. We expect that the investment in the Kaiyang Phosphate Mine will bring us more economic raw materials for our phosphate-based materials.

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for R&D of new energy battery materials and advancing digitalization. In particular:

  (i) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for R&D of new energy battery materials, i.e., the nickel-based materials, cobalt-based materials, phosphorus-based materials, and black mass recycling. Technology and R&D are the core of our business. To further invest in R&D of our major types of new energy battery material, we expect to be better positioned to seize the market opportunities and enhance the reliability of our client upon us. See "Business – Growth Strategies – Leverage technologies to address the emergent demands fueled by industry tailwinds." In particular, we plan to use (i) **[REDACTED]**%, or HK$**[REDACTED]** for enhancement of our R&D infrastructure, including (a) establishment of new R&D facilities, such as testing platform and pilot workshop, in Ningxiang and Kaiyang, which is expected to be finished in 2026, and (b) procurement of equipment, mainly including physicochemical testing equipment and reactor, which is expected to be finished in 2026, (ii) **[REDACTED]**%, or HK$**[REDACTED]** for recruitment of more talents, with experience in R&D and production in new energy battery material area, with expected annual salaries ranging from HK$320,000 to HK$1.1 million, and (iii) **[REDACTED]**%, or HK$**[REDACTED]**, will be used to procure R&D materials and energy. Through such R&D efforts, we expect to further enhance our competitive advantages in product quality and further enrich our production mix; and

  (ii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for advancing digitalization across our integrated operations, especially in management, production and financial systems developing. We are committed to promote digitalization across our operation to foster intelligent and sustainable growth, which is expected to further enhance our operation efficiency. See "Business – Growth Strategies – Promote digitalization and intelligent technologies across all aspects of operation." In particular, we plan to use (i) **[REDACTED]**%, or HK$**[REDACTED]** to engage external experts, including internal control experts and IT solution providers, for development of relevant digitalization systems, (ii) **[REDACTED]**%, or HK$**[REDACTED]** for enhancing our digitalization infrastructure including procurement of

software, such as R&D process management software, sales and marketing management software, production process management software, warehouse management software as well as other software associated with our operation management, and IT infrastructure, such as servers and standardized digital data centers. Through advancing the digitalization across our integrated operations, we expect to further enhance our operation efficiency; and

The table below sets forth our proposed allocation of net **[REDACTED]** for above purposes:

	2026	2027	2028
Enhancement of international presence	HK$**[REDACTED]**	HK$**[REDACTED]**	HK$**[REDACTED]**
Establishment of South Korea Phase I Project	HK$**[REDACTED]**	HK$**[REDACTED]**	–
Development of Kaiyang Phosphate Mine	HK$**[REDACTED]**	HK$**[REDACTED]**	HK$**[REDACTED]**
R&D of new energy materials and advancing digitalization	HK$**[REDACTED]**	HK$**[REDACTED]**	HK$**[REDACTED]**
R&D of new energy battery materials	HK$**[REDACTED]**	HK$**[REDACTED]**	HK$**[REDACTED]**
Advancing digitalization	HK$**[REDACTED]**	HK$**[REDACTED]**	–

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

In the event that the **[REDACTED]** is set at the maximum **[REDACTED]** or the minimum **[REDACTED]** of the indicative **[REDACTED]** range, the net **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]**, respectively. If we make an upward or downward **[REDACTED]** adjustment to set the final **[REDACTED]** to be above or below the mid-point of the **[REDACTED]** range, we will increase or decrease the allocation of the net **[REDACTED]** to the above purposes on a pro rata basis.

The additional net **[REDACTED]** that we would receive if the **[REDACTED]** was exercised in full would be (i) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the maximum **[REDACTED]** of the indicative **[REDACTED]** range), (ii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range) and (iii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the minimum **[REDACTED]** of the indicative **[REDACTED]** range). We intend to apply the additional net **[REDACTED]** to the above uses on a pro rata basis.

To the extent that the net **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CNGR ADVANCED MATERIAL CO., LTD., MORGAN STANLEY ASIA LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of CNGR Advanced Material Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-3] to [I-171], which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and 30 June 2025, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-3] to [I-171], forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [ ] (the "Document") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024, and 30 June 2025, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial information of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Six months ended June 30,	
	Notes	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
REVENUE	*5*	30,343,742	34,273,223	40,222,890	20,086,186	21,322,547
Cost of sales		(26,963,139)	(29,696,767)	(35,380,773)	(17,517,858)	(18,780,024)
Gross profit		3,380,603	4,576,456	4,842,117	2,568,328	2,542,523
Other income and gains	*5*	636,747	901,809	733,599	368,718	267,119
Selling and marketing expenses		(56,277)	(86,695)	(111,487)	(50,134)	(48,043)
Administrative expenses		(686,513)	(999,593)	(1,156,896)	(570,950)	(636,726)
Research and development costs		(929,164)	(1,055,686)	(1,109,313)	(450,535)	(544,764)
Other expenses		(112,843)	(98,221)	(188,393)	(68,386)	(238,587)
Finance costs	*7*	(538,914)	(841,226)	(1,037,366)	(495,398)	(521,081)
Share of profits and losses of:						
Joint ventures		133	(17,951)	39,701	19,836	3,673
Associates		(782)	2,006	10,582	(12,133)	2,939
PROFIT BEFORE TAX	*6*	1,692,990	2,380,899	2,022,544	1,309,346	827,053
Income tax expense	*10*	(153,564)	(280,410)	(234,789)	(153,514)	(121,403)
PROFIT FOR THE YEAR/PERIOD		1,539,426	2,100,489	1,787,755	1,155,832	705,650
Profit attributable to:						
Owners of the parent		1,548,644	1,947,559	1,467,224	863,235	735,192
Non-controlling interests		(9,218)	152,930	320,531	292,597	(29,542)
		1,539,426	2,100,489	1,787,755	1,155,832	705,650
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*					
Basic and diluted (RMB)		1.80	2.09	1.58	0.93	0.79

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

		Year ended December 31,			Six months ended June 30,	
	Notes	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
OTHER COMPREHENSIVE (LOSS)/INCOME						
Other comprehensive (loss)/ income that will not be reclassified to profit or loss in subsequent periods:						
Equity investments designated at fair value through other comprehensive (loss)/income:						
Changes in fair value		(119,709)	59,199	(315,482)	(169,841)	52,735
Income tax effect		35,741	(25,987)	49,812	26,676	(8,500)
		(83,968)	33,212	(265,670)	(143,165)	44,235
Net other comprehensive (loss)/ income that will not be reclassified to profit or loss in subsequent periods		(83,968)	33,212	(265,670)	(143,165)	44,235
Other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		112,639	173,075	141,250	184,292	(27,068)
Cash flow hedge		(63,036)	63,036	–	–	(21,133)
Share of other comprehensive income/(loss) of joint ventures		–	3,598	(2,350)	(3,616)	65
Share of other comprehensive (loss)/income of associates		(3,326)	301	(18,048)	(18,672)	8,861
		46,277	240,010	120,852	162,004	(39,275)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		46,277	240,010	120,852	162,004	(39,275)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX		(37,691)	273,222	(144,818)	18,839	4,960
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,501,735	2,373,711	1,642,937	1,174,671	710,610
Total comprehensive income attributable to:						
Owners of the parent		1,511,384	2,206,195	1,317,127	879,875	746,052
Non-controlling interests		(9,649)	167,516	325,810	294,796	(35,442)
		1,501,735	2,373,711	1,642,937	1,174,671	710,610

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2022	2023	2024	As at June 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	14,796,535	24,074,798	28,993,391	29,996,544
Right-of-use assets	*20(a)*	1,082,317	1,649,401	1,647,515	1,725,631
Goodwill	*15*	1,325,781	1,348,262	1,424,799	1,418,893
Other intangible assets	*14*	15,931	30,468	648,696	1,272,075
Investments in joint ventures	*16*	206,290	1,978,467	2,354,322	2,382,782
Investments in associates	*17*	63,732	197,215	1,707,361	1,760,375
Equity investments designated at fair value through other comprehensive income	*18*	497,669	836,989	521,960	571,267
Financial assets at fair value through profit or loss	*19*	300,000	–	28,000	28,000
Deferred tax assets	*21*	69,826	48,296	121,595	107,727
Other non-current assets	*22*	2,754,475	1,880,421	1,729,108	1,506,060
Total non-current assets		21,112,556	32,044,317	39,176,747	40,769,354
CURRENT ASSETS					
Inventories	*23*	9,620,205	7,929,073	9,826,364	10,226,751
Trade and bills receivables	*24*	5,077,452	5,139,838	5,105,812	5,659,409
Prepayments, deposits and other receivables	*25*	2,639,591	5,335,833	5,436,560	6,226,233
Derivative financial instruments	*29*	4,247	122,462	148,554	133,275
Pledged deposits	*26*	2,269,615	1,041,977	1,105,032	900,791
Financial assets at fair value through profit or loss	*19*	–	–	2,012,154	1,133,019
Cash and cash equivalents	*26*	12,979,249	10,397,466	10,083,956	9,645,273
Total current assets		32,590,359	29,966,649	33,718,432	33,924,751
CURRENT LIABILITIES					
Trade and bills payables	*27*	8,722,936	8,593,538	10,249,416	13,100,673
Other payables and accruals	*28*	967,036	1,375,971	1,992,824	1,691,925
Derivative financial instruments	*29*	459,526	1,655	100,497	15,539
Interest-bearing bank borrowings	*30*	7,328,377	6,360,841	10,539,073	10,551,047
Bonds payable	*31*	–	–	1,024,764	1,021,076
Lease liabilities	*20(b)*	18,394	10,565	18,893	15,808
Tax payable		94,392	139,631	114,000	91,244
Total current liabilities		17,590,661	16,482,201	24,039,467	26,487,312
NET CURRENT ASSETS		14,999,698	13,484,448	9,678,965	7,437,439
TOTAL ASSETS LESS CURRENT LIABILITIES		36,112,254	45,528,765	48,855,712	48,206,793

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024	As at June 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Bonds payable	*31*	1,687,387	1,720,373	725,077	723,366
Convertible bonds	*32*	–	–	99,010	125,663
Interest-bearing bank borrowings	*30*	12,605,894	13,832,291	15,787,651	15,590,166
Lease liabilities	*20(b)*	8,727	8,605	25,824	15,435
Deferred income	*33*	425,091	367,190	391,653	381,088
Deferred tax liabilities	*21*	132,127	152,818	215,403	214,704
Other non-current liabilities	34	908,894	1,523,795	2,122,527	1,726,776
Total non-current liabilities		15,768,120	17,605,072	19,367,145	18,777,198
Net assets		20,344,134	27,923,693	29,488,567	29,429,595
EQUITY					
Equity attributable to owners of the parent					
Share capital	*35*	670,634	669,824	937,090	938,029
Treasury shares	*35*	(255,486)	(339,854)	(504,094)	(952,238)
Reserves	*37*	16,107,791	19,497,452	19,707,756	20,353,995
		16,522,939	19,827,422	20,140,752	20,339,786
Non-controlling interests		3,821,195	8,096,271	9,347,815	9,089,809
Total equity		20,344,134	27,923,693	29,488,567	29,429,595

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other reserve*	Special reserve–safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	*RMB'000 (note 35)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2022	605,673	–	7,738,822	102,113	(1,385)	–	378	84,210	1,304,178	9,833,989	790,068	10,624,057
Profit for the year	–	–	–	–	–	–	–	–	1,548,644	1,548,644	(9,218)	1,539,426
Other comprehensive loss for the year:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(83,968)	–	–	–	(83,968)	–	(83,968)
Cash flow hedges, net of tax	–	–	–	–	–	(63,036)	–	–	–	(63,036)	–	(63,036)
Share of other comprehensive income of associates	–	–	–	–	(3,326)	–	–	–	–	(3,326)	–	(3,326)
Exchange differences on translation of foreign operations	–	–	–	–	113,070	–	–	–	–	113,070	(431)	112,639
Total comprehensive income for the year	–	–	–	–	109,744	(147,004)	–	–	1,548,644	1,511,384	(9,649)	1,501,735
Capital contribution of non-controlling shareholders	–	–	928,446	–	–	–	–	–	–	928,446	2,407,259	3,335,705
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	593,094	593,094
Dividends	–	–	–	–	–	–	–	–	(101,753)	(101,753)	–	(101,753)
Issue of shares	64,961	–	4,246,333	251,488	–	–	–	–	–	4,562,782	–	4,562,782
Share issue expenses	–	–	(34,429)	–	–	–	–	–	–	(34,429)	–	(34,429)
Share-based payment (note 36)	–	(255,486)	–	78,006	–	–	–	–	–	(177,480)	1,424	(176,056)
Safety fund (note 37)	–	–	–	–	–	–	5,625	–	(5,625)	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	–	–	101,437	(101,437)	–	–	–
Others#	–	–	–	–	–	–	–	–	–	–	38,999	38,999
As at December 31, 2022	670,634	(255,486)	12,879,172	431,607	108,359	(147,004)	6,003	185,647	2,644,007	16,522,939	3,821,195	20,344,134

Others represent the impacts of translation of the non-controlling interests initially recognized for business combinations of foreign operations.

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other reserve*	Special reserve–safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	*RMB'000 (note 35)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	670,634	(255,486)	12,879,172	431,607	108,359	(147,004)	6,003	185,647	2,644,007	16,522,939	3,821,195	20,344,134
Profit for the year	–	–	–	–	–	–	–	–	1,947,559	1,947,559	152,930	2,100,489
Other comprehensive loss for the year:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	33,212	–	–	–	33,212	–	33,212
Cash flow hedges, net of tax	–	–	–	–	–	63,036	–	–	–	63,036	–	63,036
Share of other comprehensive income of joint ventures	–	–	–	–	2,156	–	–	–	–	2,156	1,442	3,598
Share of other comprehensive income of associates	–	–	–	–	301	–	–	–	–	301	–	301
Exchange differences on translation of foreign operations	–	–	–	–	159,931	–	–	–	–	159,931	13,144	173,075
Total comprehensive income for the year	–	–	–	–	162,388	96,248	–	–	1,947,559	2,206,195	167,516	2,373,711
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	1,407,447	1,407,447
Capital contribution of non-controlling shareholders	–	–	1,226,738	–	–	–	–	–	–	1,226,738	3,191,836	4,418,574
Acquisition of non-controlling interests	–	–	87,436	–	–	–	–	–	–	87,436	(417,132)	(329,696)
Dividends	–	–	–	–	–	–	–	–	(172,679)	(172,679)	–	(172,679)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(78,353)	(78,353)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	43,925	43,925	–	43,925
Repurchase and cancellation of shares (note 35)	(810)	(129,232)	(50,972)	–	–	–	–	–	–	(181,014)	–	(181,014)
Share-based payment (note 36)	–	44,864	–	49,018	–	–	–	–	–	93,882	2,846	96,728
Safety fund (note 37)	–	–	–	–	–	–	995	–	(995)	–	916	916
Appropriation to statutory reserve	–	–	–	–	–	–	–	102,554	(102,554)	–	–	–
As at December 31, 2023	669,824	(339,854)	14,142,374	480,625	270,747	(50,756)	6,998	288,201	4,359,263	19,827,422	8,096,271	27,923,693

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other comprehensive income*	Special reserve– safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	*RMB'000 (note 35)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	669,824	(339,854)	14,142,374	480,625	270,747	(50,756)	6,998	288,201	4,359,263	19,827,422	8,096,271	27,923,693
Profit for the year	–	–	–	–	–	–	–	–	1,467,224	1,467,224	320,531	1,787,755
Other comprehensive loss for the year:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(265,670)	–	–	–	(265,670)	–	(265,670)
Share of other comprehensive income of joint ventures	–	–	–	–	–	(1,880)	–	–	–	(1,880)	(470)	(2,350)
Share of other comprehensive income of associates	–	–	–	–	–	(18,048)	–	–	–	(18,048)	–	(18,048)
Exchange differences on translation of foreign operations	–	–	–	–	135,501	–	–	–	–	135,501	5,749	141,250
Total comprehensive income for the year	–	–	–	–	135,501	(285,598)	–	–	1,467,224	1,317,127	325,810	1,642,937
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	415,871	415,871
Capital contribution of non-controlling shareholders	–	–	652,704	–	–	–	–	–	–	652,704	1,685,738	2,338,442
Acquisition of non-controlling interests	–	–	(512,603)	–	–	–	–	–	–	(512,603)	(991,947)	(1,504,550)
Dividends	266,376	–	(266,376)	–	–	–	–	–	(1,031,136)	(1,031,136)	–	(1,031,136)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(265,151)	(265,151)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	–	(1,986)	–	–	1,986	–	–	–
Issue of shares	2,526	–	50,927	–	–	–	–	–	–	53,453	–	53,453
Repurchase and cancellation of shares (note 35)	(1,636)	(164,240)	(73,160)	–	–	–	–	–	–	(239,036)	–	(239,036)
Share-based payment (note 36)	–	–	–	72,821	–	–	–	–	–	72,821	7,120	79,941
Safety fund (note 37)	–	–	–	–	–	–	315	–	(315)	–	233	233
Appropriation to statutory reserve	–	–	–	–	–	–	–	97,233	(97,233)	–	–	–
Other**	–	–	–	–	–	–	–	–	–	–	73,870	73,870
As at December 31, 2024	937,090	(504,094)	13,993,866	553,446	406,248	(338,340)	7,313	385,434	4,699,789	20,140,752	9,347,815	29,488,567

** Other represents the equity component of convertible bonds issued by FINO Inc. purchased by non-controlling shareholders.

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other comprehensive income*	Special reserve–safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	*RMB'000 (note 35)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	669,824	(339,854)	14,142,374	480,625	270,747	(50,756)	6,998	288,201	4,359,263	19,827,422	8,096,271	27,923,693
Profit for the period (unaudited)	–	–	–	–	–	–	–	–	863,235	863,235	292,597	1,155,832
Other comprehensive loss for the period:												–
Change in fair value of equity investments at fair value through other comprehensive income, net of tax (unaudited)	–	–	–	–	–	(143,165)	–	–	–	(143,165)	–	(143,165)
Share of other comprehensive income of joint ventures (unaudited)	–	–	–	–	(461)	–	–	–	–	(461)	(3,155)	(3,616)
Share of other comprehensive income of associates (unaudited)	–	–	–	–	(18,672)	–	–	–	–	(18,672)	–	(18,672)
Exchange differences on translation of foreign operations (unaudited)	–	–	–	–	178,938	–	–	–	–	178,938	5,354	184,292
Total comprehensive income for the period (unaudited)	–	–	–	–	159,805	(143,165)	–	–	863,235	879,875	294,796	1,174,671
Acquisition of subsidiaries (unaudited)	–	–	–	–	–	–	–	–	–	–	105,871	105,871
Capital contribution of non-controlling shareholders (unaudited)	–	–	117,079	–	–	–	–	–	–	117,079	439,244	556,323
Acquisition of non-controlling interests (unaudited)	–	–	(134,596)	–	–	–	–	–	–	(134,596)	(369,954)	(504,550)
Dividends (unaudited)	266,376	–	(266,376)	–	–	–	–	–	(770,675)	(770,675)	–	(770,675)
Dividends paid to non-controlling interests (unaudited)	–	–	–	–	–	–	–	–	–	–	(214,203)	(214,203)
Share-based payment (unaudited)	–	–	–	50,684	–	–	–	–	–	50,684	5,171	55,855
Repurchase and cancellation of shares (unaudited)	(1,636)	44,500	(73,121)	–	–	–	–	–	–	(30,257)	–	(30,257)
Safety fund (note 37) (unaudited)	–	–	–	–	–	–	(843)	–	–	(843)	(141)	(984)
As at June 30, 2024 (unaudited)	934,564	(295,354)	13,785,360	531,309	430,552	(193,921)	6,155	288,201	4,451,823	19,938,689	8,357,055	28,295,744

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other comprehensive income*	Special reserve-safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	*RMB'000 (note 35)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000 (note 37)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	937,090	(504,094)	13,993,866	553,446	406,248	(338,340)	7,313	385,434	4,699,789	20,140,752	9,347,815	29,488,567
Profit for the period	–	–	–	–	–	–	–	–	735,192	735,192	(29,542)	705,650
Other comprehensive loss for the period:	–	–	–	–	–	–	–	–	–	–	–	–
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	44,235	–	–	–	44,235	–	44,235
Cash flow hedges, net of tax						(16,824)				(16,824)	(4,309)	(21,133)
Share of other comprehensive income of joint ventures	–	–	–	–	52	–	–	–	–	52	13	65
Share of other comprehensive income of associates	–	–	–	–	8,861	–	–	–	–	8,861	–	8,861
Exchange differences on translation of foreign operations	–	–	–	–	(25,464)	–	–	–	–	(25,464)	(1,604)	(27,068)
Total comprehensive income for the period	–	–	–	–	(16,551)	27,411	–	–	735,192	746,052	(35,442)	710,610
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–
Capital contribution of non-controlling shareholders	–	–	311,261	–	–	–	–	–	–	311,261	288,739	600,000
Acquisition of non-controlling interests	–	–	(72,193)	–	–	–	–	–	–	(72,193)	(184,432)	(256,625)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(531)	(531)
Dividends	–	–	–	–	–	–	–	–	(325,233)	(325,233)	–	(325,233)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(328,504)	(328,504)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	–	(111)	–	–	111	–	–	–
Issue of shares	2,779	–	54,243	–	–	–	–	–	–	57,022	–	57,022
Repurchase and cancellation of shares (note 35)	(1,840)	(448,144)	(82,244)	–	–	–	–	–	–	(532,228)	–	(532,228)
Share-based payment (note 36)	–	–	–	14,353	–	–	–	–	–	14,353	1,395	15,748
Safety fund (note 37)	–	–	–	–	–	–	2,418	–	(2,418)	–	769	769
As at June 30, 2025	938,029	(952,238)	14,204,933	567,799	389,697	(311,040)	9,731	385,434	5,107,441	20,339,786	9,089,809	29,429,595

* These reserve accounts comprise the consolidated reserves of RMB16,107,791,000, RMB19,497,452,000, and RMB19,707,756,000, RMB19,299,479,000 and RMB 20,353,996,000 in the consolidated statements of financial position as at December 31, 2022, 2023 and 2024, and June 30, 2024 and 2025, respectively.

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		1,692,990	2,380,899	2,022,544	1,309,346	827,053
Adjustments for:						
Finance costs	*7*	538,914	841,226	1,037,366	495,398	521,081
Share of profits and losses of joint ventures and associates		649	15,945	(50,283)	(7,703)	(6,612)
Bank interest income	*5*	(89,933)	(218,289)	(221,627)	(104,159)	(79,019)
Dividend income from equity investments at fair value through other comprehensive income	*5*	(2,293)	(1,597)	(2,557)	(2,557)	(1,329)
Gains on derivative financial instruments	*5*	(8,712)	(35,564)	(67,625)	(6,382)	(48,990)
Depreciation of property, plant and equipment	*6*	497,535	843,589	1,391,610	610,500	983,677
Depreciation of right-of-use assets	*6*	33,952	49,053	43,810	27,180	30,041
Amortisation of other intangible assets	*6*	4,526	7,202	9,276	4,505	5,157
Impairment of financial assets, net	*6*	5,181	16,281	16,032	13,445	36,068
Write-down of inventories to net realisable value	*6*	122,894	202,678	34,097	(4,369)	40,641
Impairment of non-financial assets	*6*	–	–	18,635	–	–
Impairment losses on construction in progress	*6*	–	–	11,663	–	–
Loss on disposal of items of property, plant and equipment	*6*	2,922	15,965	12,073	333	21,541
Loss on disposal of a subsidiary		–	–	–	–	1,227
Gain on disposal of a long-term equity investment	*5*	–	(166)	–	–	–
Share-based payment expense	*36*	79,430	51,864	79,941	55,855	15,748
		2,878,055	4,169,086	4,334,955	2,391,392	2,346,284
(Increase)/decrease in inventories		(4,883,914)	1,488,454	(1,882,211)	(404,100)	(441,029)
Decrease in a pledged deposit		127,918	971,392	272,995	242,111	146,130
Increase in trade and bill receivables		(1,744,743)	(1,853,665)	(185,252)	751,858	(536,885)
Increase in prepayments and other assets		(1,116,162)	(1,523,721)	(86,639)	(559,137)	(270,150)
(Decrease)/increase in trade and bills payables		(344,397)	1,821,448	1,047,787	(1,235,114)	677,519
Increase in contract liabilities		68,230	82,824	391,854	329,861	(305,932)
(Decrease)/increase in other payables and accruals		(164,808)	(39,852)	204,159	(36,126)	(115,555)
Increase/(decrease) in derivative financial instruments		423,233	(540,522)	126,353	49,718	(87,500)
Increase/(decrease) in deferred income		150,828	(57,901)	25,908	9,346	(11,469)
(Decrease)/increase in other liabilities		(204,425)	51,323	(35,080)	(35,080)	213,860
Cash generated from operations		(4,810,185)	4,568,866	4,214,829	1,504,729	1,615,273
Income tax paid		(143,382)	(183,677)	(271,866)	(200,196)	(139,632)
Net cash flows (used in)/from operating activities		(4,953,567)	4,385,189	3,942,963	1,304,533	1,475,641

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received from related parties		–	14,900	6,852	–	6,150
Dividends received from listed investments		2,293	1,597	2,557	2,554	(656)
Purchases of items of property, plant and equipment		(9,534,743)	(6,914,512)	(6,466,161)	(2,339,712)	(1,535,036)
Proceeds from disposal of items of property, plant and equipment		2,524	3,232	29,409	9,253	38,546
Refund of an advance payment for purchase of land		–	54,000	–	–	–
Additions to other intangible assets	*14*	(6,191)	(21,739)	(5,822)	(5,552)	(182,838)
Purchases of equity investments in joint ventures and associates		(259,421)	(477,162)	(1,359,818)	(539,554)	(19,923)
Purchases of financial assets at fair value through profit or loss		(872,000)	–	(6,128,000)	(700,000)	(6,974,623)
Withdrawal of financial assets at fair value through profit or loss		572,000	–	4,089,209	700,000	7,853,212
Proceeds from disposal of financial assets at fair value through profit or loss		10,448	–	40,113	795	68,607
Purchases of equity investments designated at fair value through other comprehensive income		(524,029)	–	–	–	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		–	71,052	4,764	–	2,310
Prepayments for equity investments		(257,270)	(490,335)	(117,886)	–	(848,193)
Acquisition of subsidiaries	*41*	(957,549)	(1,400,552)	(107,743)	(30,384)	(417,709)
Disposal of a subsidiary		–	–	–	–	(1,471)
Advances of loans to joint ventures and associates		–	(468,734)	(727,045)	(374,838)	(809,591)
Repayment of loans to joint ventures and associates		–	–	751,118	274,053	284,728
Placement of pledged time deposits		–	(16,000)	–	–	–
Withdrawal of pledged time deposits		–	–	16,000	–	–
Others		48,540	–	–	(12,680)	–
Net cash flows used in investing activities		(11,775,398)	(9,644,253)	(9,972,453)	(3,016,065)	(2,536,487)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	*35*	4,562,782	–	53,453	–	57,022
Share issue expenses	*35*	(34,429)	–	–	–	(21,589)
Proceeds form issue of bonds		1,671,504	–	166,270	–	199,990
New bank loans		24,326,745	13,256,970	15,598,657	10,655,767	8,665,996
New other borrowings		2,380,068	1,710,000	2,983,820	10,000	5,326,918

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loans from non-controlling interests		805,910	415,167	148,205	48,383	29,023
Repayment of loans from non-controlling interests		–	–	(1,077,873)	(545,031)	(100,377)
Repayment of bank loans		(10,759,492)	(12,915,224)	(9,547,809)	(5,685,908)	(8,912,039)
Repayment of bonds payable		–	–	–	–	(200,000)
Repayment of other borrowings		(1,951,333)	(2,823,413)	(310,000)	(310,000)	(2,983,821)
Acquisition of non-controlling interests		–	(329,696)	(1,504,550)	(149,468)	(256,626)
Capital contribution of non-controlling interests		3,335,705	4,418,574	2,338,442	556,323	600,000
Principal portion of lease payments		(15,604)	(18,596)	(24,934)	(13,265)	(14,710)
Dividends paid		(101,753)	(172,679)	(1,031,136)	(770,675)	(325,233)
Dividends paid to non-controlling shareholders		–	(78,353)	(265,151)	(214,203)	(328,504)
Interest paid		(488,336)	(930,375)	(1,315,274)	(414,507)	(425,356)
Loans and bond issuance fees		(49,002)	(37,014)	–	(59,237)	(1,745)
Withdrawal of pledged time deposits related to financing activities		–	272,246	10,000	1,500	79,958
Placement of pledged time deposits related to financing activities		(290,209)	(10,000)	(352,050)	(68,328)	(21,846)
Payment for a sale-leaseback arrangement		(7,367)	(5,492)	–	–	–
Repurchase of shares		–	(232,796)	(313,793)	(107,128)	(621,776)
Others		7,506	–	–	–	–
Net cash flows from financing activities		23,392,695	2,519,319	5,556,277	2,934,223	745,285
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,663,730	(2,739,745)	(473,213)	1,222,691	(315,561)
Cash and cash equivalents at beginning of year		6,337,216	12,979,249	10,397,466	10,397,466	10,083,956
Effect of foreign exchange rate changes, net		(21,697)	157,962	159,703	148,487	(123,122)
Cash and cash equivalents at end of year		12,979,249	10,397,466	10,083,956	11,768,644	9,645,273
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		12,979,249	10,320,342	10,083,956	11,768,644	9,645,273
Non-pledged time deposits with original maturity of less than three months when acquired		–	77,124	–	–	–
Cash and cash equivalents as stated in the statement of financial position		12,979,249	10,397,466	10,083,956	11,768,644	9,645,273
Cash and cash equivalents	26	12,979,249	10,397,466	10,083,956	11,768,644	9,645,273

I HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024	As at June 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	1,679,158	1,638,472	1,546,455	1,436,420
Right-of-use assets	*20(a)*	90,621	87,927	110,944	104,052
Intangible assets	*14*	13,135	18,654	17,125	21,753
Investments in subsidiaries	*17(i)*	16,997,669	17,667,644	18,697,998	19,760,177
Investments in associates	*17(ii)*	525	–	–	–
Equity investments designated at fair value through other comprehensive income	*18*	68,408	433,173	283,689	297,164
Financial assets at fair value through profit or loss	*19*	300,000	–	28,000	28,000
Other non-current assets	*22*	7,599	10,986	10,504	11,333
Total non-current assets		19,157,115	19,856,856	20,694,715	21,658,899
CURRENT ASSETS					
Inventories	*23*	2,339,673	1,845,265	1,429,804	1,335,224
Trade and bills receivables	*24*	2,262,328	1,562,695	2,140,535	1,477,111
Prepayments, deposits and other receivables	*25*	321,947	2,434,479	2,398,463	4,149,677
Pledged deposits	*26*	560,784	329,140	235,338	125,700
Cash and cash equivalents	*26*	1,817,806	764,020	814,734	1,540,577
Financial assets at fair value through profit or loss	*19*	–	–	–	150,784
Derivative financial instruments	*29*	–	349	23,925	26,495
Total current assets		7,302,538	6,935,948	7,042,799	8,805,568
CURRENT LIABILITIES					
Trade and bills payables	*27*	5,002,233	2,402,136	2,581,601	3,106,782
Other payables and accruals	*28*	2,772,979	4,700,104	4,678,444	6,276,881
Derivative financial instruments	*29*	3,770	–	–	233
Interest-bearing bank borrowings	*30*	1,110,725	1,566,486	2,597,356	2,502,106
Lease liabilities	*20(b)*	1,845	1,703	11,432	9,797
Tax payable (note)		76,754	60,448	–	–
Total current liabilities		8,968,306	8,730,877	9,868,833	11,895,799
NET CURRENT LIABILITIES		(1,665,768)	(1,794,929)	(2,826,034)	(3,090,231)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,491,347	18,061,927	17,868,681	18,568,668
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*30*	2,996,011	4,289,806	4,415,090	4,860,600
Lease liabilities	*20(b)*	–	–	13,063	9,000
Deferred income	*33*	71,329	69,649	57,898	55,808
Deferred tax liabilities	*21*	66,598	70,322	41,993	33,895
Total non-current liabilities		3,133,938	4,429,777	4,528,044	4,959,303
Net assets		14,357,409	13,632,150	13,340,637	13,609,365
EQUITY					
Share capital	*35*	670,634	669,824	937,090	938,029
Treasury shares	*35*	(255,486)	(339,854)	(504,094)	(952,238)
Reserves	*37*	13,942,261	13,302,180	12,907,641	13,623,574
Total equity		14,357,409	13,632,150	13,340,637	13,609,365

Note: Balance represents corporate income tax payables.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China ("PRC") on September 15, 2014. The Company's A shares are listed on Shenzhen Stock Exchange on December 23, 2020. The registered office of the Company is located at the intersection of No. 2 Avenue and No. 1 Avenue, Dalong Economic Development Zone, Tongren City, Guizhou Province, China.

The Company and its subsidiaries are principally engaged in research, development, production, processing and sale of new materials, batteries and new energy. In the opinion of the directors, the Company's immediate and ultimate shareholder are Hunan Zhongwei Holding Group Company Limited ("湖南中偉控股集團有限公司"), a company incorporated in the PRC and controlled by Mr. Deng Weiming and Ms. Wu Xiaoge.

As at June 30, 2025, the Company's principal subsidiaries are set out below:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Hunan Zhongwei New Energy Technology Company Limited ("湖南中偉新能源科技有限公司")* (note (a))	PRC /Mainland China	RMB4,816,631,300	75.78	–	Manufacturing of metal materials, cathode active material (CAM) recursors, the raw materials or precursor compounds used to produce the cathode materials for batteries ("pCAM")
Hunan Zhongwei Zhengyuan New Material Trading Company Limited ("湖南中偉正源新材料貿易有限公司")* (note (a))	PRC /Mainland China	RMB1,700,000,000	100.00	–	Trading of metal materials and pCAM
Guangxi Zhongwei New Energy Technology Company Limited ("廣西中偉新能源科技有限公司")* (note (a))	PRC /Mainland China	RMB6,373,273,943	76.88	–	Manufacturing of metal materials and pCAM
CNGR Hong Kong Material Science & Technology Co., Ltd. (note (b))	Hong Kong	HKD3,700,000,000	100.00	–	Investment holding

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Zoomwe Hong Kong New Energy Technology Co., Ltd. (note (b))	Hong Kong	HKD650,000,000	–	100.00	Investment holding
Guizhou Zhongwei New Material Company Limited ("貴州中偉新材料貿易有限公司")*(note (a))	PRC /Mainland China	RMB950,000,000	100.00	–	Trading of metal materials and pCAM
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited ("貴州中偉資源循環產業發展有限公司")* (note (a))	PRC /Mainland China	RMB721,380,000	55.45	21.61	Recycling and circular utilization of waste batteries, metals, and other resources
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司")* (note (a))	PRC /Mainland China	RMB3,125,000,000	–	52.00	Production of iron phosphorus-based pCAM
PT Nadesico Nickel Industry (note (c))	Indonesia	IDR4,245,600,000,000	–	60.00	Production of metal materials
PT Zhongtsing New Energy (note (d) (e))	Indonesia	IDR1,994,604,000,000	–	70.00	Production of metal materials
PT Debonair Nickel Indonesia (note (d) (e))	Indonesia	IDR1,403,752,000,000	–	50.10	Production of metal materials

* The English names of the entities registered in PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English name.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION (continued)

Notes:

(a) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Baker Tilly China Certified Public Accountants, certified public accountants registered in the PRC. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under PRC GAAP were audited by Ernst & Young Hua Ming Changsha Branch, certified public accountants registered in the PRC.

(b) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared under Hong Kong Financial Reporting Standards ("HKFRSs") were audited by Rich Moral CPA Limited registered in Hong Kong. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under HKFRSs were audited by Ernst & Young registered in Hong Kong.

(c) The statutory financial statements of these entities for the years ended December 31, 2023 prepared under Indonesian Financial Accounting Standards ("SAK") were audited by Kantor Akuntan Publik Tanuwijaya registered in Indonesia. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under SAK were audited by Purwantono, Sungkoro &Surja registered in Indonesia.

(d) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared under SAK were audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan Registered Public Accountants and Moore Certified Public Accountants registered in Indonesia respectively. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under SAK were audited by Purwantono, Sungkoro &Surja registered in Indonesia.

(e) Shares of these subsidiaries are pledged for the Group's interest-bearing bank loans.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally have operation activities. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments and certain other financial assets and liabilities which have been measured at fair value.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Annual improvements to IFRSs Accounting Standards — Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]

[1] No mandatory effective date yet determined but available for adoption
[2] Effective for annual periods beginning on or after January 1, 2026
[3] Effective for annual periods beginning on or after January 1, 2027

The Group is in the process of making a detailed assessment of the impact of these revised IFRSs upon initial application. So far, the Group considers that these revised IFRSs may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 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 IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and disclosures.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Subsidiaries

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Subsidiaries (continued)

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).

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 Historical Financial Information of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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 in the accounting policy for subsidiaries below. 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 derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (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 recognized 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 and liabilities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable.

Investments in an associate and joint ventures

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

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

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in an associate and joint ventures (continued)

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations and goodwill (continued)

held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31,. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial instruments at fair value through other comprehensive income and fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)

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

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

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment and depreciation (continued)

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realized in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Buildings	3.17%-5.00%
Leasehold improvements	Within its beneficial period or stipulated period
Machinery	5.94%-10.00%
Vehicles	11.88%-25.00%
Office devices and others	19.00%-33.33%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Other intangible assets (other than goodwill)

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Other intangible assets (other than goodwill) (continued)

The amortisation of mining rights is based on the units-of production method. Exploration rights are not amortised until mining commences and are amortised in accordance with the units-of-production method after they are transferred to mining rights.

The remaining intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Category	Estimated useful lives
Software	5-10 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Exploration expenditure is recognised as other non-current assets exploration and development costs at the net amount of cost less impairment. Exploration expenditure includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities. Such expenditures may be capitalised when the mineral properties are reasonably determined to be commercially available and recognised as intangible assets after obtaining mining rights, which will be amortised under the units-of-production method. If any construction is abandoned in the development phase or belongs to the productive exploration, all costs shall be written off and recognised in profit or loss for the current period.

Research and development costs

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

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

Leases

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

Group as a lessee

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1-3 years
Machinery	1-3 years
Leasehold land	50 years

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

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Group as a lessee (continued)

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

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

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

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

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

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statements of profit of loss and comprehensive income. Dividends are recognized as other income in the consolidated statements of profit of loss and comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, financial liabilities at fair value through profit or loss, interest-bearing bank and other borrowings, bonds payable and financial liabilities included in other non-current liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, interest-bearing loans and other liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as commodity futures, commodity options and cross currency swaps, to hedge its commodity price risk and foreign currency risk, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognized in profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derivative financial instruments and hedge accounting (continued)

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the consolidated statement of profit or loss and other comprehensive income as cost of sales. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the consolidated statement of profit or loss and other comprehensive income as cost of sales.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortised fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss. The changes in the fair value of the hedging instrument are also recognized in profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

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

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

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

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments and released to profit or loss.

Revenue recognition

Revenue from contracts with customers

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of industrial products

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

Some contracts for the sale of industrial products provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

Other income

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

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contract liabilities

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

Share-based payments

The Company operates a Share-Based Payments scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the Historical Financial Information.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies (continued)

currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

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

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Judgments

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise evaluation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contractual cash flows, the Group is required to analyse and exercise judgement in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

Characteristics of contractual cash flows

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets. Judgement is required to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, including the judgement on whether there is any significantly different from the benchmark cash flows when assessing modifications to the time value of money.

Derecognition of financial assets

Where the Group has transferred the right to receive cash flow arising from an asset but has not transferred or has retained substantially all risks and rewards associated with such asset, or has not transferred the controlling right in such asset, such asset shall be recognised and accounted for so long as the Group continues to be involved in such asset. If the Group has not transferred or has retained substantially all risks and rewards associated with the asset or transferred the controlling right in the asset, the exercise of significant judgment is often required, and estimations need to be made as to the extent of the Group's continuing involvement in the asset.

Principal/agent

When the Group obtains control of trade goods from a third party and then transfers them to the customer, the Group is entitled to determine the transaction price of the trade goods on its own. The Group controls the trade goods before they are transferred to the customer. Thus, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled from the customer. The amount is the net amount of the gross consideration received or receivable after paying the other party the consideration received in exchange for the goods to be provided by that party or determined by the agreed upon amount or proportion of commissions, etc.

Whether constitutes a "Business"

The Group determines whether the acquired combination of business activities or assets in a business combination constitutes a business by assessing whether the acquired asset portfolio possesses input, processing, and output capabilities, and can independently calculate its costs or generated revenue. In 2024, the Group's wholly-owned subsidiary, Singapore CNGR Zhongxin New Energy Pte., Ltd. acquired 92.73% equity in PT Multi Usaha Sejahati ("MUS"). MUS has no substantive business operations, with its core assets consisting of 55.00% equity in PT Harum Sukses Mining ("HSM") and 55.01% equity in PT Bumi

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

Whether constitutes a "Business" (continued)

Halteng Mining ("BHM"). HSM holds two nickel mining projects, while BHM owns one nickel mining project. The Group concluded that MUS did not constitute a business because, at the time of acquisition, its nickel mines remained unexploited and still required further supplementary exploration and development plan verification, lacking processing procedures and output capabilities.

In 2025, the Group's wholly-owned subsidiary, Netherlands Tontru Lithium Energy Technology B.V(荷蘭通楚鋰能源科技有限公司) and Netherlands Hontru Lithium Energy Technology B.V(荷蘭宏卓鋰能源科技有限公司) acquired 100% equity in Wintru S.R.L. Wintru S.R.L has no substantive business operations, which core asset is Jama Salt Lake Lithium Mine Project. The Group concluded that Wintru S.R.L did not constitute a business because, at the time of acquisition, its ore mines remained unexploited and still required further supplementary exploration and development plan verification, lacking processing procedures and output capabilities.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at the end of each of the Relevant Periods were RMB1,325,781,000, RMB1,348,262,000, RMB1,424,799,000, and RMB1,418,893,000, respectively. Further details are given in note 15 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables (continued)

conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 24 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

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

Exploration expenditure

After determining the capitalisation amount of exploration expenditures, the Group will regularly evaluate the exploration results. If the reviewed geological exploration report shows that there are no prospecting results or no economically recoverable reserves, or that the economic benefits of mining cannot be achieved and further exploration is unnecessary due to low grade and difficulties in mining and processing, the exploration and development costs previously collected will be expensed and included in the profit and loss for the current period in a lump sum.

Proved mineral reserves

Proved mineral reserves are estimated based on professional knowledge, experience and industry practice. Generally, the estimated mineral reserve volume based on probing and estimation may not be very accurate. The estimation is updated in accordance with new technologies and new information. Any changes in estimation will have impacts on amounts of mining assets' depreciation and mining rights' amortisation using the units-of-production method, on the stripping ratio which was used in the capitalisation of stripping costs, and on each of transaction prices of the metals streaming business, etc. This may result in changes of or impacts on the Group's development and operation plan, and hence the Group's operation and performance.

Contingent liability

For the possible obligations arising from past transactions or events which existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or present obligations arising from past transactions or events where the likelihood of an outflow of resources is remote or the liabilities cannot be measured reliably, such as legal proceedings, arbitration, claims, disputes, external guarantees, etc., the Group will estimate whether it is required to be disclosed or recognised in the financial statements for the current period based on legal advice and the probability of future occurrence.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

Revenue is attributed to geographical areas based on the locations of customers. Revenues by geographical segment based on the locations of customers for each of the Relevant Periods are presented as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Geographical market					
Mainland China	20,124,343	20,200,092	22,339,155	10,961,315	10,538,496
Outside Mainland China	10,219,399	14,073,131	17,883,735	9,124,871	10,784,051
Total	30,343,742	34,273,223	40,222,890	20,086,186	21,322,547

(b) Non-current assets

	Year ended December 31,			
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Geographical market				
Mainland China	16,519,671	14,278,527	14,091,315	14,476,264
Outside Mainland China	3,725,390	16,880,505	24,413,877	25,586,096
Total	20,245,061	31,159,032	38,505,192	40,062,360

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from major customers each individually amounting to 10% or more of the Group's revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	5,513,001	4,524,503	N/A	N/A	N/A
Customer B	3,510,885	3,550,358	N/A	N/A	N/A
Customer C	3,474,635	N/A	N/A	N/A	N/A

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers	30,343,742	34,272,585	40,204,859	20,085,316	21,297,333
Revenue from other sources rental income	–	638	18,031	870	25,214
Total	30,343,742	34,273,223	40,222,890	20,086,186	21,322,547

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services					
New energy battery materials					
Nickel-based materials	24,627,656	21,733,466	16,163,302	8,830,575	7,490,866
Cobalt-based materials	3,194,732	2,957,722	2,244,581	1,078,274	1,451,943
Phosphorus-based materials	661	327,722	679,644	246,692	670,075
Other innovative materials	–	–	9,869	2,922	19,368
Sub-total	27,823,049	25,018,910	19,097,396	10,158,463	9,632,252
New energy metal products	–	3,388,015	13,483,103	6,439,175	9,272,895
Others	2,520,693	5,866,298	7,642,391	3,488,548	2,417,400
Total	30,343,742	34,273,223	40,222,890	20,086,186	21,322,547
Geographical market					
Mainland China	20,124,343	20,200,092	22,339,155	10,961,315	10,538,496
Outside Mainland China	10,219,399	14,073,131	17,883,735	9,124,871	10,784,051
Total	30,343,742	34,273,223	40,222,890	20,086,186	21,322,547
Timing of revenue recognition					
Goods transferred at a point in time	30,343,742	34,272,585	40,204,859	20,085,316	21,218,447
Services transferred over time	–	638	18,031	870	104,100
Total	30,343,742	34,273,223	40,222,890	20,086,186	21,322,547

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognized in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of these years:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue recognized that was included in contract liabilities at beginning of year:					
Sale of industrial products	18,194	86,424	169,248	169,248	586,567

No revenue recognized during the Relevant Periods related to performance obligations that were satisfied in prior years.

(b) Performance obligations

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

Sale of industrial products

For domestic industrial products sales, the performance obligation is satisfied upon obtaining the delivery receipt after the customer's acceptance. For export industrial products sales, the Group fulfills its performance obligation upon obtaining the bill of lading after arranging for a third-party logistics provider to ship the goods to the port, load them onto the vessel, and complete customs clearance for export. For raw materials settled based on the contract amount, the Group fulfills its performance obligation upon obtaining the delivery receipt after the customer's acceptance. For raw materials settled based on the actual detection results of metal content, the Group fulfills its performance obligation upon obtaining the settlement statement confirmed by both parties.

The payment is generally due within 30 to 60 days from delivery, except for new customers, whereby payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Contracts with quotational period pricing exposures

For certain sales arrangements, sales price is determined on a provisional basis at the date of sale as the final sales price is based on the average quoted market prices related to a subsequent period (the "quotational period") which normally is a period from a predetermined date in the preceding month to a predetermined date in the month of shipment on board (provisionally priced sales). Revenue on such provisionally priced sales is recognized based on the estimated fair value of the total consideration receivable. The total amount of the final sale price adjustment in the Relevant Periods was immaterial.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Consignment Processing services

The main service provided by the group is the processing of precursor materials. Upon completion of the processing, the service obligation is fulfilled once the Group obtains the delivery receipt after the customer's acceptance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31/June 30 are as follows.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts expected to be recognized as revenue:				
Within one year	1,301,751	1,199,379	1,024,879	1,716,854

An analysis of other income and gains is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Bank and other borrowings interest income	89,933	218,289	221,627	104,159	79,019
Dividend income from equity investments at fair value through other comprehensive income (note 18)	2,293	1,597	2,557	2,557	1,329
Government grants*	518,203	579,679	437,982	231,453	133,093
Total other income	610,429	799,565	662,166	338,169	213,441
Gains					
Foreign exchange differences, net	–	47,090	–	17,800	–
Gains on financial instruments	8,712	35,564	67,625	6,382	48,990
Gain on disposal of a long-term equity investment	–	166	–	–	–
Others	17,606	19,424	3,808	6,367	4,688
Total gains	26,318	102,244	71,433	30,549	53,678
Total other income and gains	636,747	901,809	733,599	368,718	267,119

* Government grants mainly represent incentives received from local governments for the purpose of compensation on research and development contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. PROFIT BEFORE TAX

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

		Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories sold***		26,840,245	29,493,466	35,330,654	17,521,362	18,713,684
Cost of services provided***		-	623	16,022	865	25,699
Depreciation of property, plant and equipment		497,535	843,589	1,391,610	636,780	983,677
Depreciation of right-of-use assets		33,952	49,053	43,810	27,180	30,041
Amortisation of other intangible assets	14	4,526	7,202	9,276	21,686	5,157
Research and development costs:						
Current year expenditure		929,164	1,055,686	1,109,313	450,535	544,764
Lease payments not included in the measurement of lease liabilities	20(c)	6,214	8,747	21,951	6,761	8,674
Employee benefit expenses (excluding directors' and chief executive's remuneration:						
Wages, salaries and other Allowances		518,651	839,009	940,385	435,440	525,196
Equity-settled share-base payment expense****		67,741	43,962	48,862	30,677	13,264
Pension scheme contributions (defined contribution scheme)		15,169	26,119	28,056	14,296	15,912
Less: Amount capitalised		41,480	77,950	16,803	6,611	42,883
Total		560,081	831,140	1,000,500	473,802	511,489
Foreign exchange differences, net		21,694	-	34,118	-	108,511
Impairment of financial assets, net:						
Impairment of trade receivables, net*	24	6,116	(10,341)	9,151	11,721	20,977
Impairment of financial assets included in prepayments, deposits and other receivables, net*		(935)	26,622	6,881	1,724	15,091
Total		5,181	16,281	16,032	13,445	36,068
Loss on derecognition of financial assets measured at amortised cost*		80,354	59,292	80,087	41,463	66,332
Loss on disposal of items of property, plant and equipment*		2,922	15,965	12,073	333	21,541
Impairment of other non-current assets*		-	-	18,635	-	-
Impairment of construction in progress*		-	-	11,663	-	-
Write-down of inventories to net realisable value		122,894	202,678	34,097	(4,369)	40,641

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. PROFIT BEFORE TAX (continued)

* These amounts were included in "Other expenses" in the consolidated statements of profit or loss and other comprehensive income.

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

*** The cost of inventories sold and cost of services provided includes RMB794,501,000, RMB1,137,162,000, RMB1,259,981,000 for the year end 2022, 2023, 2024, and RMB690,492,000, RMB897,216,000 for six months ended June 30, 2024, 2025 relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets during the Relevant Periods, which are also included in the respective total amounts disclosed above for each type of expenses.

**** The amounts were included in the share-based payment expenses set out in note 36 (d). The amounts excluded: (i) The share-based payment expenses granted to the directors and chief executive set out in note 8. (ii) The share-based payment expenses recorded in cost of sales.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank and other borrowings (including bonds payable)	604,547	960,033	1,201,046	532,924	581,249
Interest on lease liabilities	1,176	3,007	2,059	1,011	871
Total interest expense on financial liabilities	605,723	963,040	1,203,105	533,935	582,120
Less: Interest capitalized	(77,951)	(179,040)	(192,532)	(51,471)	(70,988)
Subtotal	527,772	784,000	1,010,573	482,464	511,132
Other finance costs	11,142	57,226	26,793	12,934	9,949
Total	538,914	841,226	1,037,366	495,398	521,081

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees:	210	255	270	135	135
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	4,592	10,688	10,082	4,895	4,223
Performance related bonuses	3,978	7,932	9,704	2,131	2,705
Share-based payment	3,996	10,887	15,464	13,857	534
Pension scheme contributions	88	172	131	67	61
Subtotal	12,654	29,679	35,381	20,950	7,523
Total	12,864	29,934	35,651	21,085	7,658

During the Relevant Periods, certain directors were granted share-based payments, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the Historical Financial Information. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Mr. Cao Yue[3]	70	85	90	45	45
Mr. Li Wei[3]	70	85	90	45	45
Mr. Liu Fangyang[1]	70	85	2	2	–
Mr. Jiang Liangxing[2]	–	–	88	43	45
Total	210	255	270	135	135

(1) Resigned on January 9, 2024

(2) Appointed on January 9, 2024

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors (continued)

(3) Mr. Cao Yue and Mr. Li Wei were resigned in 2025, effective from the date on which the appointment of new independent directors becomes effective. Mr. Cao Feng and Mr. Hong Yuan were appointed as the independent non-executive directors of the Company on October 15, 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, supervisors and the chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2022						
Executive directors:						
Mr. Deng Weiming*	–	1,178	1,134	–	14	2,326
Mr. Tao Wu	–	993	896	2,363	13	4,265
Ms. Wu Xiaoge	–	920	878	–	14	1,812
Mr. Ge Xinyu	–	–	–	–	–	–
Subtotal	–	3,091	2,908	2,363	41	8,403
Supervisors:						
Mr. He Qizhong	–	396	162	507	14	1,079
Mr. Cai Rongxi	–	–	–	–	–	–
Mr. Wang Zhenghao	–	–	–	–	–	–
Mr. Li Dexiang	–	–	–	–	–	–
Mr. Huang Xing	–	490	485	330	14	1,319
Mr. Wang Yiqiao	–	387	311	576	9	1,283
Mr. Zeng Gaojun	–	228	112	220	10	570
Subtotal	–	1,501	1,070	1,633	47	4,251
Total	–	4,592	3,978	3,996	88	12,654

* Chief executive

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Executive directors:						
Mr. Deng Weiming*	–	1,572	960	–	14	2,546
Mr. Tao Wu	–	1,279	960	2,100	14	4,353
Mr. Li Weihua(2)	–	830	960	2,016	14	3,820
Mr. Liao Hengxing(2)	–	1,230	660	1,512	14	3,416
Mr. Liu Xingguo(2)	–	773	660	1,630	16	3,079
Mr. Deng Jing(2)	–	300	–	–	–	300
Mr. Ge Xinyu (1)	–	–	–	–	–	–
Ms. Wu Xiaoge (1)	–	938	960	–	14	1,912
Subtotal	–	6,922	5,160	7,258	86	19,426
Supervisors:						
Ms. Yin Guizhen(2)	–	780	660	1,648	14	3,102
Mr. He Qizhong(1)	–	393	260	624	14	1,291
Mr. Huang Xing(1)	–	441	640	437	14	1,532
Mr. Cai Rongxi(1)	–	–	–	–	–	–
Mr. Wang Zhenghao(1)	–	–	–	–	–	–
Mr. Li Dexiang(1)	–	–	–	–	–	–
Mr. Dai Zufu(2)	–	980	462	–	14	1,456
Mr. Wang Yiqiao(1)	–	445	271	669	10	1,395
Mr. Chen Weixaing(2)	–	472	357	(23)	10	816
Mr. Zeng Gaojun(1)	–	255	122	274	10	661
Subtotal	–	3,766	2,772	3,629	86	10,253
Total	–	10,688	7,932	10,887	172	29,679

* Chief executive

(1) Resigned on March 30, 2023

(2) Appointed on March 30, 2023

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Executive directors:						
Mr. Deng Weiming*	–	1,875	1,572	–	15	3,462
Mr. Tao Wu	–	1,125	2,044	3,551	15	6,735
Mr. Liao Hengxing	–	1,350	1,045	2,617	15	5,027
Mr. Li Weihua	–	1,158	1,165	3,396	15	5,734
Mr. Deng Jing	–	375	–	–	–	375
Mr. Liu Xingguo	–	1,017	1,184	2,737	15	4,953
Subtotal	–	6,900	7,010	12,301	75	26,286
Supervisors:						
Ms. Yin Guizhen	–	923	1,218	3,009	15	5,165
Mr. Dai Zufu(1)	–	1,177	539	–	15	1,731
Mr. Zhou Wenxing(2)	–	624	507	154	15	1,300
Mr. Chen Weixiang	–	458	430	–	11	899
Subtotal	–	3,182	2,694	3,163	56	9,095
Total	–	10,082	9,704	15,464	131	35,381

* Chief executive

(1) Resigned on September 30, 2024

(2) Appointed on September 30, 2024

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2024 (unaudited)						
Executive directors:						
Mr. Deng Weiming*	–	937	612	–	8	1,557
Mr. Tao Wu	–	564	705	3,166	8	4,443
Mr. Liao Hengxing	–	689	127	2,318	7	3,141
Mr. Li Weihua	–	576	205	3,011	8	3,800
Mr. Deng Jing	–	361	–	–	6	367
Mr. Liu Xingguo	–	513	224	2,353	8	3,098
Subtotal	–	3,640	1,873	10,848	45	16,406
Supervisors:						
Ms. Yin Guizhen	–	463	258	3,009	8	3,738
Mr. Dai Zufu	–	585	–	–	8	593
Mr. Chen Weixiang	–	207	–	–	6	213
Subtotal	–	1,255	258	3,009	22	4,544
Total	–	4,895	2,131	13,857	67	20,950

* Chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2025						
Executive directors:						
Mr. Deng Weiming*	–	831	1,238	–	8	2,077
Mr. Tao Wu	–	571	56	190	8	825
Mr. Liao Hengxing	–	710	100	148	8	966
Mr. Li Weihua	–	597	417	190	8	1,212
Mr. Liu Xingguo	–	537	680	190	8	1,415
Subtotal	–	3,246	2,491	718	40	6,495

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:						
Ms. Yin Guizhen	–	439	207	–	5	651
Mr. Zhou Wenxing	–	323	–	(184)	8	147
Mr. Chen Weixiang	–	215	7	–	8	230
Subtotal	–	977	214	(184)	21	1,028
Total	–	4,223	2,705	534	61	7,523

* Chief executive

There was no arrangement under which directors waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2022, 2023, 2024, and six months ended June 30, 2024 and June 30, 2025 included 1 director, 5 directors, 5 directors, 5 directors and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year ended December 31, 2022, 2023, 2024, and six months ended June 30, 2024 and June 30, 2025 of the remaining 4, nil, nil, nil and 3 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	3,057	–	–	–	3,581
Performance related bonuses	2,489	–	–	–	1,195
Share-based payment	8,666	–	–	–	351
Pension scheme contributions	57	–	–	–	311
Total	14,269	–	–	–	5,438

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
HK$1,500,000 to HK$2,000,000	–	–	–	–	2
HK$2,000,000 to HK$2,500,000	–	–	–	–	1
HK$3,500,000 to HK$4,000,000	1	–	–	–	–
HK$4,000,000 to HK$4,500,000	3	–	–	–	–
Total	4	–	–	–	3

During the Relevant Period, share options were granted to non-director and non-chief executive highest paid employees in respect of his services to the Group, further details of which are included in the disclosures in note 36 to the Historical Financial Information. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

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.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income except for certain subsidiaries which enjoy a preferential income tax rate.

(a) On December 19, 2022, the Company was accredited as a "High and New Technology Enterprise" ("HNTE") and was entitled to a preferential CIT rate of 15% for the Relevant Periods. Certain subsidiaries of the Company were also recognized as HNTEs, and the effective periods are as follows:

Name	Effective period
Hunan Zhongwei New Energy Technology Company Limited ("湖南中偉新能源科技有限公司")*	2021-2026
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited ("貴州中偉資源循環產業發展有限公司")	2022-2025
Hunan Zhongwei Intelligent Manufacturing Co., Ltd. ("湖南中偉智能製造有限公司")	2023-2025
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司")	2024-2026

* The qualification as a HNTE and the entitlement to a preferential tax rate of 15% from 2024 and beyond were subject to extension.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

(b) According to the tax regulations related to the Western Region Development Policy, the applicable income tax rate is 15%, including Guangxi Zhongwei New Energy Technology Company Limited, Guizhou Zhongwei New Material Trade Company Limited ("貴州中偉新材料貿易有限公司") and Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司"), and such tax concession was started on January 1, 2021, will expire on December 31, 2030.

(c) According to the Notice of the People's Government of Guangxi Zhuang Autonomous Region on Issuing Supporting Policies for Promoting the High-quality Development of China (Guangxi) Pilot Free Trade Zone("《廣西壯族自治區人民政府關於印發促進中國（廣西）自由貿易試驗區高品質發展支持政策的通知》"), Guangxi Zhongwei New Energy Technology Co., Ltd. also enjoys the applicable income tax rate is 9% for the Relevant Periods.

(d) Several subsidiaries in PRC were qualified as small and micro-sized enterprises, which enjoyed a corporate income tax incentive as follows:

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Policies for the Income Tax of Small and Micro Enterprises and Individual Industrial and Commercial Households ("《財政部、税務總局關於小微企業和個體工商戶所得税優惠政策的公告》"), the annual taxable income of small and micro-sized enterprises not exceeding RMB1 million is reduced by 25% of the taxable income and subject to enterprise income tax at a rate of 20%. According to the ''Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises'' ("《財政部、税務總局關於進一步實施小微企業所得税優惠政策的公告》") , for small and micro-sized enterprises with an annual taxable income exceeding the annual taxable income of small and micro-profit enterprises exceeding RMB1 million but not exceeding RMB3 million shall be deducted by 25% from the taxable income and subject to enterprise income tax at a rate of 20%.

(e) According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China ("《中華人民共和國企業所得税法》") and State Council Order No.512 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of ("中華人民共和國企業所得税法實施條例》（國務院令第512號）"), if the enterprise purchases and actually uses the specially-purposed equipment for environment protection, energy and water saving and safety production included in the list since January 1, 2018, 10% of the invested amounts for the specially-purposed equipment can be used to deduct the taxable amount; if it is not enough to deduct the enterprise's taxable amount, it can be carried forward to the subsequent years, but the period shall not exceed 5 taxpaying years.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 8.25% or 16.5% on the estimated assessable profits for the Relevant Periods.

Indonesia

The income tax rate for companies incorporated in Indonesia is generally 22%, except those which are subject to tax concession as set out below:

(a) PT Debonair Nickel Indonesia, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the seventh year, and the corporate income tax is halved from the eighth to the ninth year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

(b) PT Jade Bay Metal Industry, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the seventh year, and the corporate income tax is halved from the eighth to the ninth year.

(c) PT Nadesico Nickel Industry, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the fifteenth year, and the corporate income tax is halved from the sixteenth to the seventeenth year.

(d) PT Zhongtsing New Energy, a subsidiary of the Company, has obtained the enterprise income tax exemption document issued by the Ministry of Finance of Indonesia. The sales of nickel metal products, of which the enterprise income tax is exempted from the first year to the seventh year for the first-phase project, and the corporate income tax is halved from the eighth to the ninth year. The sales is exempt from corporate income tax from the first year to the eighth year, and the enterprise income tax is halved from the ninth year to the tenth year for the second phase of the project.

Additional deduction for research and development expense

According to the announcement of the Ministry of Finance and the State Administration of Taxation on further improving the policy of pre-tax deduction of R&D expenses (No.7 in 2023), if the R&D expenses actually incurred in the R&D activities of enterprises do not form intangible assets and are included in the current profits and losses, on the basis of actual deduction according to regulations, from January 1, 2023, 100% of the actual amount incurred will be additionally deducted before tax; Intangible assets are amortized at 200% of the cost of intangible assets before tax from January 1, 2023.

Corporate income tax in other jurisdictions:

Name	Tax rate
The Company	15.00%
Hunan Zhongwei New Energy Technology Company Limited ("湖南中偉新能源科技有限公司")	15.00%
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited ("貴州中偉資源循環產業發展有限公司")	15.00%
Hunan Zhongwei Intelligent Manufacturing Co., Ltd. ("湖南中偉智能製造有限公司")	15.00%
Guangxi Zhongwei New Energy Technology Company Limited ("廣西中偉新能源科技有限公司")	9.00%
Guangxi CNGR Zhengyuan Trading Co., Ltd. (廣西中偉正源貿易有限公司)	9.00%
Guizhou Zhongwei New Material Company Limited ("貴州中偉新材料貿易有限公司")	15.00%
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司")	15.00%
CNGR Hong Kong Material Science & Technology Co., Ltd. and other companies registered in Hong Kong	8.25%, 16.50%
Debonair Holdings Private Limited and other companies domiciled in Singapore	17.00%
PT Zhongtsing New Energy and other companies domiciled in Indonesia	22.00%
CNGR Zimbabwe New Energy Technology Co. (Private) Limited	25.75%
CNGR Morocco New Energy Technology	34.00%
CNGR Europe New Energy Technology GmbH	31.925%
CNGR Japan New Energy Technology Co., Ltd	34.59%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

Name	Tax rate
CNGR Luxembourg New Energy Technology S.À R.L.	21.73%
CNGR Netherlands New Energy Technology B.V. and other companies domiciled in the Netherlands	25.80%
KINO Energy Solutions Co.,Ltd and other companies domiciled in Korea	26.40%
Wintru S.R.L and other companies domiciled in Argentina	35.00%
Subsidiaries other than the above	25.00%

OECD Pillar Two model rules

The Group is within the scope of the Pillar Two model rules released by the Organization for Economic Co-operation and Development ("OECD"). The Pillar Two legislation had become effective in certain jurisdictions on January 1, 2024 during the Relevant Periods. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion ("GloBE") effective tax rate in each jurisdiction and the 15% minimum rate. The Group management's assessment indicates that the quantitative impact of the Pillar Two legislation is insignificant to the Group.

The income tax expense of the Group for the Relevant Periods is analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current	193,797	263,904	195,691	111,617	116,876
Deferred (note 21)	(40,233)	16,506	39,098	41,897	4,527
Total tax charge for the year	153,564	280,410	234,789	153,514	121,403

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before tax	1,692,990	2,380,899	2,022,544	1,309,346	827,053
Tax at the applicable PRC enterprise income tax rate	253,949	357,135	303,382	196,402	124,058
Adjustment for different tax rates of certain companies	22,160	107,916	154,260	7,290	(55,227)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Adjustments in respect of current tax of previous periods	1,536	(8,584)	7,014	2,387	2,527
Income not subject to tax	(2,718)	(119,640)	(325,610)	(57,720)	(66,284)
Expenses not deductible for tax	4,799	30,161	8,413	663	9,656
Utilization of previously unrecognized tax losses and temporary differences	–	–	(272)	–	(4,034)
Tax losses and temporary differences not recognized	8,916	25,350	79,198	5,079	130,428
Additional deduction of research and development expenses	(133,000)	(97,487)	(82,253)	(48,737)	(50,443)
Effect of withholding tax from foreign operations	–	22,126	87,794	49,404	29,690
Effect of special equipment on income tax credit	(2,622)	(36,925)	(534)	(1,380)	–
Others	544	358	3,397	126	1,032
Tax charge at the Group's effective tax rate	153,564	280,410	234,789	153,514	121,403

11. DIVIDEND

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Ordinary A shares					
Interim	–	–	260,460	–	–
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	101,753	173,023	772,489	772,489	328,451
Dividends of lapsed restricted shares	–	(344)	(1,813)	(1,813)	(3,218)
Total	101,753	172,679	1,031,136	770,676	325,233

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

11. DIVIDEND (continued)

The final dividends of RMB1.67, RMB2.58, RMB 11.60 per 10 ordinary share (tax inclusive) in respect of the years ended December 31, 2021, 2022 and 2023 were approved by the Annual General Meeting of the Company.

The interim dividend distribution of RMB2.80 per 10 ordinary share in respect of the six months ended June 30, 2024 was approved by the Annual General Meeting of the Company on May 15, 2024 and was subsequently paid on October 15, 2024.

The final dividend of RMB3.60 per 10 ordinary shares (tax inclusive) in respect of the year ended December 31, 2024 was approved by the Annual General Meeting of the Company on May 6, 2025 and was paid on May 29, 2025.

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

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 858,782,634, 932,750,067 and 927,362,524 for the year end 2022, 2023 and 2024, 928,870,306 and 930,919,180 for the six months ended June 30, 2024 and 2025, outstanding during the Relevant Periods, as adjusted to reflect the bonus share issue during the Relevant Periods.

In May 2024, the Group issues 4 shares for every 10 shares from capital reserve to all shareholders for a total of 266,375,601 shares in accordance with the announcement of the implementation of the 2023 annual dividend distribution. If the number of issued and outstanding common shares or potential common shares increases as a result of stock dividends, capitalization of capital reserves, stock splits, or decreases as a result of stock consolidation, but does not affect the amount of owner's equity, earnings per share for each of the periods presented should be recalculated on the basis of the adjusted number of shares.

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, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Earnings:					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	1,548,644	1,947,559	1,467,224	863,235	735,192

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Shares:					
Weighted average number of ordinary shares in issue	858,782,634	932,750,067	927,362,524	928,870,306	930,919,180
Effect of dilution – weighted average number of ordinary shares:					
Share options	–	556,567	929,328	–	–
Total	858,782,634	933,306,634	928,291,852	928,870,306	930,919,180

* The weighted average number of shares was after taking into account the effect of treasury shares held.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2022							
At January 1, 2022							
Cost	1,903,695	23,355	2,893,464	35,900	81,408	2,304,342	7,242,164
Accumulated depreciation	(106,424)	(5,982)	(375,685)	(8,468)	(25,179)	–	(521,738)
Net carrying amount	1,797,271	17,373	2,517,779	27,432	56,229	2,304,342	6,720,426
At January 1, 2022, net of accumulated depreciation	1,797,271	17,373	2,517,779	27,432	56,229	2,304,342	6,720,426
Additions	–	23,224	22,714	105,699	28,562	7,808,521	7,988,720
Acquisition of subsidiaries (note 41)	–	–	–	–	–	444,619	444,619
Transfer from right of use assets (note 20)	–	–	150,254	–	–	–	150,254
Disposals	–	–	(3,506)	(487)	(1,453)	–	(5,446)
Depreciation provided during the year	(79,296)	(16,618)	(367,017)	(18,069)	(22,118)	–	(503,118)
Transfers	1,724,563	–	2,055,797	77,041	42,603	(3,900,004)	–
Exchange realignment	–	–	47	935	98	–	1,080
At December 31, 2022, net of accumulated depreciation	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535
At December 31, 2022:							
Cost	3,628,258	46,579	5,151,409	219,298	150,583	6,674,611	15,870,738
Accumulated depreciation	(185,720)	(22,600)	(775,341)	(26,747)	(46,662)	(17,133)	(1,074,203)
Net carrying amount	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535
December 31, 2023							
At January 1, 2023:							
Cost	3,628,258	46,579	5,151,409	219,298	150,583	6,674,611	15,870,738
Accumulated depreciation	(185,720)	(22,600)	(775,341)	(26,747)	(46,662)	(17,133)	(1,074,203)
Net carrying amount	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535
At January 1, 2023, net of accumulated depreciation	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535
Additions	11,171	21,330	27,979	40,928	33,824	7,825,739	7,960,971
Acquisition of subsidiaries (note 41)	–	–	–	–	226	2,202,324	2,202,550
Disposal	(2,188)	(1,347)	(6,101)	(121)	(10,785)	–	(20,542)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation provided during the year	(155,841)	(29,259)	(631,555)	(37,218)	(43,128)	–	(897,001)
Transfers	1,976,977	–	4,460,223	24,367	146,346	(6,607,913)	–
Exchange realignment	8,655	–	20,369	3,020	241	–	32,285
At December 31, 2023, net of accumulated depreciation	5,281,312	14,703	8,246,983	223,527	230,645	10,077,628	24,074,798
At December 31, 2023:							
Cost	5,622,261	66,562	9,660,753	287,388	318,057	10,088,047	26,043,068
Accumulated depreciation	(340,949)	(51,859)	(1,413,770)	(63,861)	(87,412)	(10,419)	(1,968,270)
Net carrying amount	5,281,312	14,703	8,246,983	223,527	230,645	10,077,628	24,074,798
December 31, 2024							
At January 1, 2024:							
Cost	5,622,261	66,562	9,660,753	287,388	318,057	10,088,047	26,043,068
Accumulated depreciation	(340,949)	(51,859)	(1,413,770)	(63,861)	(87,412)	(10,419)	(1,968,270)
Net carrying amount	5,281,312	14,703	8,246,983	223,527	230,645	10,077,628	24,074,798
At January 1, 2024, net of accumulated depreciation	5,281,312	14,703	8,246,983	223,527	230,645	10,077,628	24,074,798
Additions	4,189	32,656	45,149	4,296	19,649	6,110,805	6,216,744
Acquisition of subsidiaries (note 41)	56,771	–	–	474	571	–	57,816
Business combination	55,958	–	–	65	475	–	56,498
Asset acquisition	813	–	–	409	96	–	1,318
Disposal	(3,580)	–	(33,310)	(1,438)	(2,278)	–	(40,606)
Depreciation provided during the year	(232,907)	(26,113)	(1,018,445)	(53,363)	(61,816)	–	(1,392,644)
Impairment provided during the year	–	–	–	–	–	(11,408)	(11,408)
Transfers	3,285,162	–	7,514,708	161,042	39,395	(11,000,307)	–
Exchange realignment	9,122	–	36,242	2,806	82	40,439	88,691
At December 31, 2024, net of accumulated depreciation and impairment	8,400,069	21,246	14,791,327	337,344	226,248	5,217,157	28,993,391
At December 31, 2024:							
Cost	8,984,079	99,218	17,224,963	454,714	381,734	5,228,565	32,373,273
Accumulated depreciation and impairment	(584,010)	(77,972)	(2,433,636)	(117,370)	(155,486)	(11,408)	(3,379,882)
Net carrying amount	8,400,069	21,246	14,791,327	337,344	226,248	5,217,157	28,993,391

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
June 30, 2025							
At January 1, 2025:							
Cost	8,984,079	99,218	17,224,963	454,714	381,734	5,228,565	32,373,273
Accumulated depreciation and impairment	(584,010)	(77,972)	(2,433,636)	(117,370)	(155,486)	(11,408)	(3,379,882)
Net carrying amount	8,400,069	21,246	14,791,327	337,344	226,248	5,217,157	28,993,391
At January 1, 2025, net of accumulated depreciation and impairment	8,400,069	21,246	14,791,327	337,344	226,248	5,217,157	28,993,391
Additions	8,598	46,071	5,363	2,539	5,118	1,999,526	2,067,215
Acquisition of subsidiaries (note 41)	42,235	–	3,027	–	–	–	45,262
Disposal	(17,587)	(1,179)	(28,141)	(256)	(268)	–	(47,431)
Depreciation provided during the period	(184,519)	(15,418)	(722,643)	(33,491)	(33,522)	-	(989,593)
Transfers	205,606	–	818,906	66,795	29,024	(1,120,330)	1
Exchange realignment	(25,641)	–	(31,178)	(1,450)	112	(14,144)	(72,301)
At June 30, 2025, net of accumulated depreciation	8,428,761	50,720	14,836,661	371,481	226,712	6,082,209	29,996,544
At June 30, 2025:							
Cost	9,199,974	144,110	17,936,423	520,883	418,354	6,082,209	34,301,953
Accumulated depreciation	(771,213)	(93,390)	(3,099,762)	(149,402)	(191,642)	–	(4,305,409)
Net carrying amount	8,428,761	50,720	14,836,661	371,481	226,712	6,082,209	29,996,544

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2022							
At January 1, 2022							
Cost	653,617	10,332	1,271,045	7,858	38,130	20,097	2,001,079
Accumulated depreciation	(48,202)	(2,967)	(196,463)	(3,148)	(15,359)	–	(266,139)
Net carrying amount	605,415	7,365	1,074,582	4,710	22,771	20,097	1,734,940
At January 1, 2022, net of accumulated depreciation	605,415	7,365	1,074,582	4,710	22,771	20,097	1,734,940
Additions	–	5,246	2,406	338	1,807	98,067	107,864
Disposals	–	–	(2,812)	(797)	(703)	–	(4,312)
Depreciation provided during the year	(21,828)	(5,444)	(122,174)	(1,295)	(8,593)	–	(159,334)
Transfers	59,269	–	19,790	461	4,082	(83,602)	–
At December 31, 2022, net of accumulated depreciation	642,856	7,167	971,792	3,417	19,364	34,562	1,679,158
At December 31, 2022:							
Cost	712,886	15,578	1,272,502	7,664	42,080	51,695	2,102,405
Accumulated depreciation	(70,030)	(8,411)	(300,710)	(4,247)	(22,716)	(17,133)	(423,247)
Net carrying amount	642,856	7,167	971,792	3,417	19,364	34,562	1,679,158
December 31, 2023							
At January 1, 2023:							
Cost	712,886	15,578	1,272,502	7,664	42,080	51,695	2,102,405
Accumulated depreciation	(70,030)	(8,411)	(300,710)	(4,247)	(22,716)	(17,133)	(423,247)
Net carrying amount	642,856	7,167	971,792	3,417	19,364	34,562	1,679,158

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023, net of accumulated depreciation	642,856	7,167	971,792	3,417	19,364	34,562	1,679,158
Additions	862	6,541	592	742	3,538	122,158	134,433
Disposals	(2,188)	–	(1,747)	(83)	(49)	–	(4,067)
Depreciation provided during the year	(23,566)	(9,898)	(125,796)	(1,464)	(10,328)	–	(171,052)
Transfers	17,711	–	44,444	958	9,809	(72,922)	–
At December 31, 2023, net of accumulated depreciation	635,675	3,810	889,285	3,570	22,334	83,798	1,638,472
At December 31, 2023:							
Cost	728,456	22,119	1,325,508	8,784	55,088	90,004	2,229,959
Accumulated depreciation	(92,781)	(18,309)	(436,223)	(5,214)	(32,754)	(6,206)	(591,487)
Net carrying amount	635,675	3,810	889,285	3,570	22,334	83,798	1,638,472
December 31, 2024							
At January 1, 2024:							
Cost	728,456	22,119	1,325,508	8,784	55,088	90,004	2,229,959
Accumulated depreciation	(92,781)	(18,309)	(436,223)	(5,214)	(32,754)	(6,206)	(591,487)
Net carrying amount	635,675	3,810	889,285	3,570	22,334	83,798	1,638,472
At January 1, 2024, net of accumulated depreciation	635,675	3,810	889,285	3,570	22,334	83,798	1,638,472
Additions	3,600	31,071	6,122	774	2,573	59,940	104,080
Disposals	(11)	–	(449)	(41)	(46)	–	(547)
Depreciation provided during the year	(24,946)	(29,478)	(128,167)	(1,571)	(11,388)	–	(195,550)
Transfers	29,375	–	29,953	371	12,872	(72,571)	–
At December 31, 2024, net of accumulated depreciation	643,693	5,403	796,744	3,103	34,170	71,167	1,554,187

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024:							
Cost	761,419	53,190	1,361,021	9,795	69,949	71,167	2,326,541
Accumulated depreciation	(117,726)	(47,787)	(564,277)	(6,692)	(43,604)	–	(780,086)
Net carrying amount	643,693	5,403	796,744	3,103	26,345	71,167	1,546,455
June 30, 2025							
At January 1, 2025:							
Cost	761,419	53,190	1,361,021	9,795	69,949	71,167	2,326,541
Accumulated depreciation	(117,726)	(47,787)	(564,277)	(6,692)	(43,604)	–	(780,086)
Net carrying amount	643,693	5,403	796,744	3,103	26,345	71,167	1,546,455
At January 1, 2025, net of accumulated depreciation	643,693	5,403	796,744	3,103	26,345	71,167	1,546,455
Additions	–	881	230	–	302	20,820	22,233
Disposals	(15,284)	–	(29,275)	(27)	(125)	–	(44,711)
Depreciation provided during the period	(12,823)	(2,773)	(65,644)	(739)	(5,578)	–	(87,557)
Transfers	10,205	–	10,678	257	3,428	(24,568)	–
At June 30, 2025, net of accumulated depreciation	625,791	3,511	712,733	2,594	24,372	67,419	1,436,420
At June 30, 2025:							
Cost	752,004	54,071	1,317,502	9,791	73,261	67,419	2,274,048
Accumulated depreciation	(126,213)	(50,560)	(604,769)	(7,197)	(48,889)	–	(837,628)
Net carrying amount	625,791	3,511	712,733	2,594	24,372	67,419	1,436,420

(a) Certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB574,106,000, RMB2,684,946,000 and RMB 1,927,651,000, and RMB1,547,271,000 as at December 31, 2022, 2023, 2024 and June 30, 2025 respectively, were pledged as securities for bank loan facilities granted to the Group (note 30).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

(b) At December 31, 2022, 2023, 2024 and June 30, 2025 the Group had yet to obtain building ownership certificates for certain buildings with a net book value of approximately RMB1,947,803,000, RMB1,928,388,000 and RMB1,060,676,000, and RMB996,697,000 respectively.

(c) Certain of the Company's buildings with a net carrying amount of approximately RMB31,764,000, RMB114,784,000 and RMB111, 567,000, and RMB109,579,000 as at December 31, 2022, 2023, 2024 and June 30, 2025, respectively, were pledged to secure certain bank loans granted to a subsidiary of the Company (note 30).

(d) At December 31, 2022, 2023, 2024 and June 30, 2025, the Company had yet to obtain building ownership certificates for certain buildings with a net book value of approximately RMB317,002,000, RMB208,989,000 and RMB 11,232,000, and nil respectively.

(e) During the Relevant Period, depreciation of property, plant and equipment of RMB497,535,000, RMB843,589,000, RMB1,391,610,000, and RMB983,677,000 were included in the consolidated statements of profit or loss and other comprehensive income, the remaining RMB5,583,000, RMB53,412,000, RMB1,034,000, and RMB5,916,000 were capitalized in construction in progress.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS

The Group

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2022			
At January 1, 2022:			
Cost	–	19,577	19,577
Accumulated amortization	–	(5,311)	(5,311)
Net carrying amount	–	14,266	14,266
At January 1, 2022, net of accumulated amortization	–	14,266	14,266
Additions	–	6,191	6,191
Amortization provided during the year	–	(4,526)	(4,526)
At December 31, 2022, net of accumulated amortization	–	15,931	15,931
At December 31, 2022:			
Cost	–	25,768	25,768
Accumulated amortization	–	(9,837)	(9,837)
Net carrying amount	–	15,931	15,931

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2023			
At January 1, 2023:			
Cost	–	25,768	25,768
Accumulated amortization	–	(9,837)	(9,837)
Net carrying amount	–	15,931	15,931
At January 1, 2023, net of accumulated amortization	–	15,931	15,931
Additions	–	21,739	21,739
Amortization provided during the year	–	(7,202)	(7,202)
At December 31, 2023, net of accumulated amortization	–	30,468	30,468

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS (continued)

The Group (continued)

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2023:			
Cost	–	47,507	47,507
Accumulated amortization	–	(17,039)	(17,039)
Net carrying amount	–	30,468	30,468

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2024			
At January 1, 2024:			
Cost	–	47,507	47,507
Accumulated amortization	–	(17,039)	(17,039)
Net carrying amount	–	30,468	30,468
At January 1, 2024, net of accumulated amortization	–	30,468	30,468
Additions	–	5,822	5,822
Acquisition of subsidiaries (note 41)	610,334	1	610,335
Amortization provided during the year	–	(9,276)	(9,276)
Exchange realignment	11,345	2	11,347
At December 31, 2024, net of accumulated amortization	621,679	27,017	648,696
At December 31, 2024:			
Cost	621,679	53,332	675,011
Accumulated amortization	–	(26,315)	(26,315)
Net carrying amount	621,679	27,017	648,696

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS (continued)

The Group (continued)

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
June 30, 2025			
At January 1, 2025:			
Cost	621,679	53,332	675,011
Accumulated amortization	–	(26,315)	(26,315)
Net carrying amount	621,679	27,017	648,696
At January 1, 2025, net of accumulated amortization	621,679	27,017	648,696
Additions	63,414	10,298	73,712
Acquisition of subsidiaries (note 41)	572,912	–	572,912
Amortization provided during the period	–	(5,157)	(5,157)
Exchange realignment	(18,092)	4	(18,088)
At June 30, 2025, net of accumulated amortization	1,239,913	32,162	1,272,075
At June 30, 2025:			
Cost	1,239,913	63,634	1,303,547
Accumulated amortization	–	(31,472)	(31,472)
Net carrying amount	1,239,913	32,162	1,272,075

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software				
At beginning of year/period:				
Cost	16,091	21,638	32,734	38,432
Accumulated depreciation	(4,552)	(8,503)	(14,080)	(21,307)
Net carrying amount	11,539	13,135	18,654	17,125
At beginning of year/period, net of accumulated depreciation	11,539	13,135	18,654	17,125
Additions	5,547	11,096	5,698	8,665
Amortization provided during the year/period	(3,951)	(5,577)	(7,227)	(4,037)
At end of year/period, net of accumulated depreciation	13,135	18,654	17,125	21,753

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS (continued)

The Company (continued)

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At end of year/period:				
Cost	21,638	32,734	38,432	47,097
Accumulated depreciation	(8,503)	(14,080)	(21,307)	(25,344)
Net carrying amount	13,135	18,654	17,125	21,753

15. GOODWILL

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year:				
Cost	–	1,325,781	1,348,262	1,424,799
Accumulated impairment	–	–	–	–
Net carrying amount	–	1,325,781	1,348,262	1,424,799
Net of accumulated impairment	–	1,325,781	1,348,262	1,424,799
Acquisition of subsidiaries (note 41)	1,283,731	–	55,932	–
Exchange realignment	42,050	22,481	20,605	(5,906)
At end of year	1,325,781	1,348,262	1,424,799	1,418,893
At end of year:				
Cost	1,325,781	1,348,262	1,424,799	1,418,893
Accumulated impairment	–	–	–	–
Net carrying amount	1,325,781	1,348,262	1,424,799	1,418,893

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- PT Debonair Nickel Indonesia cash-generating unit; and

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

- PT Jade Bay Metal Industry cash-generating unit.
- FINO Inc. cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
PT Debonair Nickel Indonesia	1,052,997	1,070,853	1,086,834	1,082,329
PT Jade Bay Metal Industry	272,784	277,409	281,549	280,382
FINO Inc.	–	–	56,416	56,182
Total	1,325,781	1,348,262	1,424,799	1,418,893

PT Debonair Nickel Indonesia cash-generating unit

The recoverable amount of the industrial products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 14.48%, 12.70%, and 12.36%, and 12.63% as at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 0%, 0%, and 0%, and 0% at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. Senior management of the PT Debonair Nickel Indonesia unit believes that this growth rate is justified, given the new technology internally developed by the Group during the year. The Group is the pioneer of such technology which has reduced the cost and time of production, and these industrial products qualify for a major product of the Group.

PT Jade Bay Metal Industry cash-generating unit

In 2023, the recoverable amount of the PT Jade Bay Metal Industry cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 16.15%, 12.95%, and 12.85%, and 12.52% as at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively and cash flows beyond the five-year period were extrapolated using a growth rate of 0%, 0%, and 0%, and 0% as at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively, which was the same as the long term average growth rate of the electronic products industry.

Assumptions were used in the value in use calculation of the Debonair Holdings Private Limited and PT Jade Bay Metal Industry cash generating units for December 31, 2022, 2023 and 2024, and June 30, 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, increased for management's expectation of the future market.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

PT Jade Bay Metal Industry cash-generating unit (continued)

Gross margin — The basis used to determine with reference to the average gross margin achieved in the year before the budget year, increased for management's expectation of the future market.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development of industrial products and electronic products industries and discount rates are consistent with external information sources.

Impact of possible changes in key assumptions

PT Debonair Nickel Indonesia cash-generating unit

Impairment review on the goodwill of the Group has been conducted by management as of December 31, 2022, 2023 and 2024 and June 30, 2025, according to IAS 36 "Impairment of assets". The headroom measured by the excess of the recoverable amount over the carrying amount of the industrial products cash-generating unit was RMB355,728,000, RMB122,414,000, and RMB75,421,000 and RMB50,037,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Based on the results of the impairment assessments, no impairment-loss on the goodwill relating to the industrial products cash-generating unit was recognised as at December 31, 2022, 2023 and 2024 and June 30, 2025.

The Group performed the sensitivity analysis based on the assumption that the compound growth rate of revenue, gross margin and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced 0.27%, 0.08% and 0.05% and 0.01%, gross margin reduced 6.42%, 2.00%, 1.78%, and 0.40% or discount rate increased 1.20%, 0.29%, 0.23%, 1.20%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

PT Jade Bay Metal Industry cash-generating unit

Impairment review on the goodwill of the Group has been conducted by management as of December 31, 2022, 2023 and 2024 and June 30, 2025, according to IAS 36 "Impairment of assets". The headroom measured by the excess of the recoverable amount over the carrying amount of the industrial products cash-generating unit was RMB882,297,000, RMB520,838,000, and RMB86,659,000 and RMB72,119,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to the industrial products cash-generating unit was recognised as at December 31, 2022, 2023 and 2024 and June 30, 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. GOODWILL (continued)

Impact of possible changes in key assumptions (continued)

PT Jade Bay Metal Industry cash-generating unit (continued)

The Group performed the sensitivity analysis based on the assumption that the compound growth rate of revenue, gross margin and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to 1.01%, 0.57% and 0.08% and 0.04%, Gross margin reduced 24.25%, 16.65% and 4.50% and 2.50% or discount rate increased 6.77%, 3.03%, 0.59%, 1.30%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

16. INVESTMENTS IN JOINT VENTURES

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	206,290	1,978,467	2,354,322	2,382,782
Goodwill on acquisition	–	–	–	–
Total	206,290	1,978,467	2,354,322	2,382,782

The Group's trade receivable balances and other receivable balances due from the joint ventures are disclosed in note 42 to the Historical Financial Information, respectively.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the joint ventures' profit/(loss) for the year	133	(17,951)	39,701	3,673
Share of the joint ventures' other comprehensive income/(loss)	–	3,598	(2,350)	65
Share of the joint ventures' total comprehensive income/(loss)	133	(14,353)	37,351	3,738
Aggregate carrying amount of the Group's investments in the joint ventures	206,290	1,978,467	2,354,322	2,382,782

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. INVESTMENTS IN JOINT VENTURES (continued)

The Group's shareholdings in the joint venture are all held by the Company indirectly.

17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

17(i). INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment costs:				
Hunan Zhongwei New Energy Technology Company Limited	3,317,284	3,324,042	4,341,227	4,344,589
Hunan Zhongwei Zhengyuan New Material Trading Company Limited	1,703,057	1,703,864	1,704,996	1,705,206
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited	403,199	404,533	406,046	406,353
Guangxi Zhongwei New Energy Technology Company Limited	4,089,314	4,904,842	4,909,060	4,910,118
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited	977,964	1,631,173	1,635,363	1,635,778
Guizhou Zhongwei New Energy Technology Co., Ltd.* (貴州中偉新能源科技有限公司)	975,000	1,304,696	1,304,696	1,531,323
Hunan Zhongwei Intelligence Manufacturing Co., Ltd.* (湖南中偉智能制造有限公司)	50,582	51,406	51,088	50,292
Guizhou Zhongwei Energy Storage Technology Co., Ltd.* (貴州中偉儲能科技有限公司)	500	1,745	1,745	801,745
Guangxi Zhongwei New Material Technology Co., Ltd. * (廣西中偉新材料科技有限公司)	54,500	54,500	54,500	84,500
Guizhou Zhongwei New Material Company Limited	950,000	950,000	950,000	950,000
CNGR Hong Kong Material Science & Technology Co., Limited	2,920,077	3,170,506	3,171,985	3,172,964
Zoomwe Hong Kong New Energy Technology Co., Ltd.	1,548,883	–	–	–
Singapore CNGR New Energy and Technology Pte., Ltd.	7,309	165,838	165,838	165,838
CNGR Japan New Energy Technology Co., Ltd.	–	75	187	217
PT Zhongwei Eco Energy Indonesia	–	225	609	342
PT Zhongtsing New Energy	–	199	352	391
Guizhou Zhongwei Xingyang Mining Co., Ltd.* (貴州中偉興陽礦業有限公司)	–	–	65	15
CNGR Europe New Energy Technology GmbH	–	–	114	173
C&P Advanced Material Technology Co., Ltd.	–	–	127	333
Total	16,997,669	17,667,644	18,697,998	19,760,177

* The English names of the entities registered in Mainland China represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English name.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

17(ii). INVESTMENTS IN ASSOCIATES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	63,732	197,215	1,707,361	1,760,375
Goodwill on acquisition	–	–	–	–
Total	63,732	197,215	1,707,361	1,760,375

The Group's trade receivables due from the associate are disclosed in note 42 to the Historical Financial Information.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	525	–	–	–
Goodwill on acquisition	–	–	–	–
Total	525	–	–	–

The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' (loss)/profit for the year	(782)	2,006	10,582	2,939
Share of the associates' total comprehensive (loss)/income	(3,326)	301	(18,048)	8,861
Share of the associates' total comprehensive (loss)/income	(4,108)	2,307	(7,466)	11,800
Aggregate carrying amount of the Group's investment in the associates	63,732	197,215	1,707,361	1,760,375

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Listed equity investments, at fair value				
Ganzhou Tengyuan Cobalt New Material Co., Ltd. ("贛州騰遠鈷業新材料股份有限公司")	68,408	52,952	60,807	71,446
Rept Battero Energy Co., Ltd. ("瑞浦蘭鈞能源股份有限公司")	–	380,221	222,882	225,718
SungEel Hitech Co., Ltd.	176,713	134,504	37,433	37,258
CALB Group Co., Ltd. ("中創新航科技股份有限公司")	156,772	164,718	122,991	161,054
Sunwoda Electronic Co., Ltd. ("欣旺達電子股份有限公司")	95,776	104,594	77,847	75,791
Total	497,669	836,989	521,960	571,267

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Listed equity investments, at fair value				
Ganzhou Tengyuan Cobalt New Material Co., Ltd. ("贛州騰遠鈷業新材料股份有限公司")	68,408	52,952	60,807	71,446
Rept Battero Energy Co., Ltd. ("瑞浦蘭鈞能源股份有限公司")	–	380,221	222,882	225,718
Total	68,408	433,173	283,689	297,164

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

In December 2023, July 2024 and March 2025, the Group disposed of 128,000 shares, 10,894 shares and 20,000 shares of Sunwoda Electronic Co., Ltd. respectively, as these investments had no substantial

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The Company (continued)

advancement of industrial synergies in the previous periods. The accumulated gains previously recognized in other comprehensive income of RMB43,925,000, RMB1,986,000 and RMB111,000 were all transferred to retained earnings.

During 2022, 2023, 2024, and six months ended June 30, 2025, the Group received dividends of RMB2,293,000, RMB1,242,000 and RMB2,018,000, and RMB673,000, respectively, from Ganzhou Tengyuan Cobalt New Material Co., Ltd.

During 2022, 2023, and 2024, the Group received dividends of nil, RMB355,000, and RMB539,000, respectively, from Sunwoda Electronic Co., Ltd., with an additional RMB656,000 declared by the company during the first half of 2025 but not yet received as of June 30, 2025.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current Portion				
Structured deposits*	–	–	2,010,872	1,130,775
Others	–	–	1,282	2,244
Subtotal	–	–	2,012,154	1,133,019
Non-Current Portion				
Other unlisted investment, at fair value**	300,000	–	28,000	28,000
Total	300,000	–	2,040,154	1,161,019

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current Portion				
Structured deposits	–	–	–	150,784
Non-Current Portion				
Other unlisted investments, at fair value	300,000	–	28,000	28,000

* As of December 31, 2024 and June 30, 2025, the Group held structured deposits with a balance of RMB2,010,872,000 and RMB1,130,775,000, acquired using temporarily idle funds to enhance

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Group (continued)

capital utilization efficiency. These structured deposits, with maturities ranging from 1 month to 6 months, are linked to the price performance of foreign exchange rates and others during the observation period and are classified as financial assets at fair value through profit or loss.

** The above unlisted investment was the investment in Rept Battero Energy Co., Ltd., which has been derecognized as financial assets at fair value through profit or loss and recognized as equity investment designated at fair value through other comprehensive income, as the repurchase clause in the shareholders' agreement automatically became void upon investee's listing on the Hong Kong Stock Exchange in December 2023.

In December 2024, the Group invested RMB28,000,000 in Changsha Gongrong Innovation No.1 Equity Investment Fund Partnership (Limited Partnership) (the "Fund"). The Group had no significant impact on the Fund.

20. LEASES

The Group as a lessee

The Group has lease contracts for various items of office building, dormitories, plants and others used in its operations. Leases of office building and plant generally have lease terms between 1 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The Group

The carrying amounts of the right-of-use assets and the movements during the year/period are as follows:

	Buildings	Machine	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2022	18,046	157,704	772,382	948,132
Additions	20,246	–	305,874	326,120
Transfer to fixed assets (note 13)	–	(150,254)	–	(150,254)
Early lease termination	(2,552)	–	–	(2,552)
Depreciation charge	(12,581)	(7,450)	(19,098)	(39,129)
As at December 31, 2022	23,159	–	1,059,158	1,082,317

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

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

The Group (continued)

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	23,159	1,059,158	1,082,317
Additions	16,366	602,990	619,356
Early lease termination	(3,301)	–	(3,301)
Depreciation charge	(18,966)	(30,087)	(49,053)
Exchange realignment	82	–	82
As at December 31, 2023	17,340	1,632,061	1,649,401

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	17,340	1,632,061	1,649,401
Additions	46,523	159	46,682
Acquisition of subsidiaries (note 41)	23	4,040	4,063
Depreciation charge	(17,491)	(34,366)	(51,857)
Early lease termination	(875)	–	(875)
Exchange realignment	19	82	101
As at December 31, 2024	45,539	1,601,976	1,647,515

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2025	45,539	1,601,976	1,647,515
Additions	365	109,445	109,810
Depreciation charge	(12,088)	(18,089)	(30,177)
Early lease termination	(978)	–	(978)
Exchange realignment	(71)	(468)	(539)
As at June 30, 2025	32,767	1,692,864	1,725,631

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

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

The Company

	Buildings	Machine	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2022	4,364	49,144	91,974	145,482
Early lease termination	(2,551)	(47,850)	–	(50,401)
Depreciation charge	(1,047)	(1,294)	(2,119)	(4,460)
As at December 31, 2022	766	–	89,855	90,621

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	766	89,855	90,621
Depreciation charge	(574)	(2,120)	(2,694)
As at December 31, 2023	192	87,735	87,927

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	192	87,735	87,927
Additions	31,544	–	31,544
Depreciation charge	(6,408)	(2,119)	(8,527)
As at December 31, 2024	25,328	85,616	110,944

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2025	25,328	85,616	110,944
Depreciation charge	(5,832)	(1,060)	(6,892)
As at June 30, 2025	19,496	84,556	104,052

Certain of the Group's leasehold land with a net carrying amount of approximately RMB313,634,000, RMB321,671,000 and RMB318,260,000, and RMB314,739,000 as at December 31, 2022 ,2023 and 2024, and June 30, 2025, respectively, were pledged to secure certain bank loans granted to a subsidiary of the Company (note 30).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

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

The Company (continued)

During the Relevant Periods, depreciation of right-of-use assets of RMB33,952,000, RMB49,053,000, RMB43,810,000, and RMB27,429,000 were included in the consolidated statements of profit or loss and other comprehensive income, the remaining RMB5,177,000, nil, RMB8,047,000, and nil were capitalized in construction in progress.

(b) Lease liabilities

The Group

The carrying amount of lease liabilities and the movements during the year are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at December 31,	27,121	19,170	44,717	31,243
Analyzed into:				
Current portion	18,394	10,565	18,893	15,808
Non-current portion	8,727	8,605	25,824	15,435

The maturity analysis of lease liabilities is disclosed in note 44 to the Historical Financial Information.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at January 1,	21,303	27,121	19,170	44,717
New leases	21,326	15,063	49,452	494
Accretion of interest recognized during the year/ period	1,176	3,007	2,059	871
Early lease termination	(1,080)	(7,425)	(1,030)	(342)
Payments	(15,604)	(18,596)	(24,934)	(14,497)
Carrying amount at December 31,	27,121	19,170	44,717	31,243
Analyzed into:				
Current portion	18,394	10,565	18,893	15,808
Non-current portion	8,727	8,605	25,824	15,435

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities (continued)

The Company

	As at December 31,			As at June 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at December 31,	1,845	1,703	24,495	18,797
Analyzed into:				
Current portion	1,845	1,703	11,432	9,797
Non-current portion	–	–	13,063	9,000

	As at December 31,			As at June 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at January 1,	4,957	1,845	1,703	24,495
New leases	–	–	32,574	–
Accretion of interest recognised during the year/ period	203	9	604	548
Payments	(3,315)	(151)	(10,386)	(6,246)
Carrying amount at December 31,	1,845	1,703	24,495	18,797
Analyzed into:				
Current portion	1,845	1,703	11,432	9,797
Non-current portion	–	–	13,063	9,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognized in profit or loss in relation to leases are as follows:

The Group

	Year ended December 31,			As at June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities	1,176	3,007	2,059	1,011	871
Depreciation charge of right-of-use assets	33,952	49,053	43,810	27,180	30,041
Expense related to short-term leases	6,214	8,747	21,951	6,761	8,674
Total amount recognized in profit or loss	41,342	60,807	67,820	34,952	39,799

The Company

	Year ended December 31,			As at June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities	125	9	604	138	548
Depreciation charge of right-of-use assets	4,460	2,694	8,527	1,974	6,892
Expense related to short-term leases	244	47	1,651	921	277
Total amount recognized in profit or loss	4,829	2,750	10,782	3,033	7,717

The total cash outflow for leases that have not yet commenced are disclosed in note 39(b) to the Historical Financial Information.

The Group as a lessor

The Group leases its office buildings in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Details of rental income recognized by the Group during the Relevant Periods are included in note 5 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessor (continued)

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	917	11,042	5,539	4,836
After one year but within two years	11,042	5,539	4,153	2,764
After two years but within three years	5,539	4,153	25	11
After three years but within four years	4,153	25	9	4
After four years but within five years	25	9	–	–
After five years	9	–	–	–
Total	21,685	20,768	9,726	7,615

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX

Deferred tax assets

The Group

	Impairment of financial assets	Deferred income	Tax losses	Unrealized profits from internal transactions	Fair value adjustments of financial instruments	Share-based payment	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	7,814	41,139	15,743	6,695	–	–	6,264	77,655
Deferred tax credited/(charged) to the consolidated statements of profit or loss during the year (note 10)	17,716	34,655	61,493	9,979	(559)	8,739	(968)	131,055
Deferred tax credited to the consolidated statements of other comprehensive income during the year	–	–	–	–	35,740	–	–	35,740
Exchange realignment	–	–	–	–	2,437	–	–	2,437
Deferred tax assets at December 31, 2022	25,530	75,794	77,236	16,674	37,618	8,739	5,296	246,887
Deferred tax credited/(charged) the consolidated statements of profit or loss during the year (note 10)	4,751	(1,964)	(14,286)	4,008	(642)	(5,676)	(3,074)	(16,883)
Deferred tax charged to the consolidated statements of other comprehensive income during the year	–	–	–	–	(6,782)	–	–	(6,782)
Exchange realignment	–	–	–	–	392	–	–	392
Deferred tax assets at December 31, 2023	30,281	73,830	62,950	20,682	30,586	3,063	2,222	223,614
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year (note 10)	(14,967)	(6,806)	15,727	(3,352)	–	919	3,050	(5,429)
Deferred tax credited to the consolidated statements of other comprehensive income during the year	–	–	–	–	31,262	–	–	31,262
Gross deferred tax assets at December 31, 2024	15,314	67,024	78,677	17,330	61,848	3,982	5,272	249,447
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year (note 10)	2,635	(957)	11,045	(936)	1,642	(1,887)	(1,605)	9,937
Deferred tax credited to the consolidated statements of other comprehensive income during the year	–	–	–	–	(8,499)	–	–	(8,499)
Exchange realignment	–	–	–	–	(143)	–	–	(143)
Gross deferred tax assets at June 30, 2025	17,949	66,067	89,722	16,394	54,848	2,095	3,667	250,742

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax assets (continued)

The Company

	Impairment of financial assets	Deferred income	Fair value adjustments of financial instruments	Share-based payment	Lease liabilities	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	3,277	12,777	–	–	398	–	16,452
Deferred tax credited/(charged) to the consolidated statements of profit or loss and other comprehensive income during the year	401	(2,077)	4,739	4,965	(121)	–	7,907
Deferred tax assets at December 31, 2022	3,678	10,700	4,739	4,965	277	–	24,359
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(178)	(253)	(4,739)	(1,917)	(6)	–	(7,093)
Deferred tax assets at December 31, 2023	3,500	10,447	–	3,048	271	–	17,266
Deferred tax credited/(charged) to the consolidated statements of profit or loss and other comprehensive income during the year	(1,282)	(1,762)	17,447	934	3,402	–	18,739
Gross deferred tax assets at December 31, 2024	2,218	8,685	17,447	3,982	3,673	–	36,005
Deferred tax credited/(charged) to the consolidated statements of profit or loss and other comprehensive income during the year	470	(314)	(2,022)	(1,887)	(853)	6,898	2,292
Gross deferred tax assets at June 30, 2025	2,688	8,371	15,425	2,095	2,820	6,898	38,297

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities

The Group

	Depreciation allowance in excess of related depreciation	Fair value adjustments of financial instruments	Withholding taxes	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	212,511	–	–	5,855	218,366
Deferred tax charged/(credited) to the consolidated statements of profit or loss during the year (note 10)	92,334	–	–	(1,512)	90,822
Deferred tax liabilities at December 31, 2022	304,845	–	–	4,343	309,188
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year (note 10)	(25,535)	8,827	18,957	(2,626)	(377)
Deferred tax charged to the consolidated statements of other comprehensive income during the year	–	19,205	–	–	19,205
Exchange realignment	–	120	–	–	120
Deferred tax liabilities at December 31, 2023	279,310	28,152	18,957	1,717	328,136
Deferred tax (credited)/ charged to the consolidated statements of profit or loss during the year (note 10)	(24,388)	(2,743)	57,175	3,625	33,669
Deferred tax credited to the consolidated statements of other comprehensive income during the year	–	(18,550)	–	–	(18,550)
Deferred tax liabilities at December 31, 2024	254,922	6,859	76,132	5,342	343,255
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year (note 10)	(13,945)	200	29,270	(1,061)	14,464
Deferred tax liabilities at June 30, 2025	240,977	7,059	105,402	4,281	357,719

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

The Company

	Depreciation allowance in excess of related depreciation	Fair value adjustments of financial instruments	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	95,436	–	830	96,266
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	(4,595)	–	(715)	(5,310)
Deferred tax liabilities at December 31, 2022	90,841	–	115	90,956
Deferred tax (credited)/charged to the consolidated statements of profit or loss and other comprehensive income during the year	(8,258)	4,976	(86)	(3,368)
Deferred tax liabilities at December 31, 2023	82,583	4,976	29	87,588
Deferred tax (credited)/charged to the consolidated statements of profit or loss and other comprehensive income during the year	(10,899)	(2,462)	3,771	(9,590)
Deferred tax liabilities at December 31, 2024	71,684	2,514	3,800	77,998
Deferred tax (credited)/charged to the consolidated statements of profit or loss and other comprehensive income during the year	(4,178)	(752)	(876)	(5,806)
Deferred tax liabilities at June 30, 2025	67,506	1,762	2,924	72,192

There was no income tax or withholding tax consequences attaching to the payment of dividends by the Company to its shareholders during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

The Group

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statement of financial position	69,826	48,296	121,595	107,727
Net deferred tax liabilities recognized in the consolidated statement of financial position	(132,127)	(152,818)	(215,403)	(214,704)
Net deferred tax liabilities	(62,301)	(104,522)	(93,808)	(106,977)

Deferred tax assets have not been recognized in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statement of financial position	–	–	–	–
Net deferred tax liabilities recognized in the consolidated statement of financial position	(66,598)	(70,322)	(41,993)	(33,895)
Net deferred tax liabilities	(66,598)	(70,322)	(41,993)	(33,895)

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses not recognized	130,168	159,187	430,705	979,767
Deductible temporary differences	5,281	22,194	95,845	52,138
Total	135,449	181,381	526,550	1,031,905

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

The Company

Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

22. OTHER NON-CURRENT ASSETS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Exploration and development costs	–	–	70,312	67,044
Prepayments for equipment	2,100,373	1,253,235	923,895	514,848
Prepayments for land	396,832	136,851	145,452	50,401
Prepayments for equity investment (Notes)	257,270	490,335	608,222	892,380
Impairment	–	–	(18,773)	(18,613)
Total	2,754,475	1,880,421	1,729,108	1,506,060

Notes:

(a) As of December 31, 2023, the prepaid equity investment payment of USD 69,230,000 relates to the advance payment made for the acquisition of equity in Hanking (Indonesia) Mining Limited. The equity transfer had not been completed by that date.

(b) As of December 31, 2024, significant prepayments for equity investments are as follows:

(i) USD 65,000,000 of the prepayment for equity investment represents an advance payment made by a subsidiary for the acquisition of additional equity interest in Hanking (Indonesia) Mining Limited (HML), which is indirectly held by Hanking Industrial Group Company Limited, pursuant to the strategic cooperation framework agreement signed with Hanking Industrial Group Company Limited.

(ii) USD 12,750,000 of the prepayment for equity investment was paid by a subsidiary pursuant to the acquisition contract with Lilac Solutions Argentina LLC, Lilac Solutions Jama LLC and Lilac Solutions, Inc. The payment relates to the acquisition of the Company Units associated with the lithium mining assets held by Wintru S.R.L.

(iii) USD 2,612,000 of the prepaid equity investment was provided by the subsidiary Nadesco Nickel Ltd. in accordance with the strategic cooperation framework agreement signed with PT Alchemist Metal Industry (AMI), which had not been in operation for a extended period and exhibited indications of impairment. Therefore, the prepaid equity investment was fully impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. OTHER NON-CURRENT ASSETS (continued)

The Group (continued)

(c) As of June 30, 2025, Significant prepayments for equity investments are as follows:

(i) USD65,000,000 of the prepayment for equity investment is consistent with the amount reported for the previous year.

(ii) USD2,612,000 out of the prepaid equity investment for PT Alchemist Metal Industry (AMI), is consistent with the amount reported for the previous year.

(iii) USD43,580,000 of the prepayment for equity investment was paid by a subsidiary, pursuant to the acquisition contract with Lithium Energy Limited, for the acquisition of 90% of the issued shares in Solaroz S.A.;

(iv) USD13,475,000 of the prepayment for equity investment was paid by a subsidiary, pursuant to the acquisition contract with Top Network Profits Limited, for the acquisition of PT Sinar Karyagamma Primatama.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for equipment	7,599	10,986	10,504	11,333
Impairment	–	–	–	–
Total	7,599	10,986	10,504	11,333

23. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	3,565,356	4,260,057	4,622,549	4,837,524
Work in progress	2,546,575	1,794,045	2,802,259	3,258,627
Finished goods	3,282,594	1,776,956	1,833,106	2,014,640
Goods in transit	225,680	98,015	568,450	115,960
Total	9,620,205	7,929,073	9,826,364	10,226,751

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. INVENTORIES (continued)

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	344,312	471,884	209,066	277,566
Work in progress	1,295,958	773,211	695,899	606,534
Finished goods	605,546	572,529	496,666	437,620
Goods in transit	93,857	27,641	28,173	13,504
Total	2,339,673	1,845,265	1,429,804	1,335,224

At December 31, 2022, 2023, 2024 and June 30, 2025, the Group's inventories with a carrying amount of nil, RMB641,767,000, nil and nil were pledged as security for the Group's bank loans, as further detailed in note 30 to the Historical Financial Information.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	4,491,262	3,797,813	4,384,307	5,241,214
Bills receivables	641,264	1,386,945	773,085	490,170
Impairment	(55,074)	(44,920)	(51,580)	(71,975)
Net carrying amount	5,077,452	5,139,838	5,105,812	5,659,409

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables:	2,040,755	1,201,123	1,944,324	1,392,893
Amount due from the intra-group companies	368,211	238,594	919,109	266,277
Others	1,672,544	962,529	1,025,215	1,126,616
Bills receivables	242,796	373,440	207,390	99,883
Impairment	(21,223)	(11,868)	(11,179)	(15,665)
Net carrying amount	2,262,328	1,562,695	2,140,535	1,477,111

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Company (continued)

Trade receivables mainly arise from the provision of lithium battery precursor materials. The Group periodically conducts credit evaluations of customers who trade on credit. Based on the results of the credit evaluations, the Group selects to transact with approved and creditworthy customers and monitors their receivable balances to ensure that the Company is not exposed to significant bad debt risk.

No collateral is required as the Group only deals with approved and creditworthy third parties. Credit risk concentration is managed on a customer-by-customer basis. Trade receivables are non-interest-bearing.

The Group's bills receivables were all accepted by banks and aged within one year, which were neither past due nor impaired.

As of December 31, 2022, 2023, 2024 and June 30, 2025, bills receivable of RMB198,074,000, RMB1,035,549,000 and RMB453,533,000, and RMB248,806,000 whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income, respectively, and the remaining bills receivable were measured at amortized cost.

An aging analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date and net of provisions) is as follows:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	4,246,148	3,649,669	4,171,727	4,798,869
4 to 12 months	189,363	102,213	156,272	357,629
1 to 2 years	603	635	4,682	10,753
2 to 3 years	74	376	46	1,988
Total	4,436,188	3,752,893	4,332,727	5,169,239

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	1,961,544	1,097,993	1,737,663	1,194,956
4 to 12 months	57,562	620	195,292	178,541
1 to 2 years	426	90,376	190	3,541
2 to 3 years	–	266	–	190
Total	2,019,532	1,189,255	1,933,145	1,377,228

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Company (continued)

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

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year	48,328	55,074	44,920	51,580
Impairment/ (reversal of impairment) of trade receivables, net (note 6)	6,116	(10,341)	9,151	20,977
Amount written off as uncollectible	–	–	(2,893)	–
Exchange realignment	630	187	402	(582)
At end of year	55,074	44,920	51,580	71,975

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

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	18,813	21,223	11,868	11,179
Impairment losses, net	2,410	(9,355)	(689)	4,486
At end of year/period	21,223	11,868	11,179	15,665

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. 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.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

As at December 31, 2022

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.23%
Gross carrying amount (RMB'000)	4,289,040	199,329	753	148	1,992	4,491,262
Expected credit losses (RMB'000)	42,891	9,966	151	74	1,992	55,074

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Group (continued)

As at December 31, 2023

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.18%
Gross carrying amount (RMB'000)	3,686,534	107,592	794	753	2,140	3,797,813
Expected credit losses (RMB'000)	36,865	5,380	159	376	2,140	44,920

As at December 31, 2024

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.18%
Gross carrying amount (RMB'000)	4,213,865	164,497	5,852	93	–	4,384,307
Expected credit losses(RMB'000)	42,139	8,224	1,171	46	–	51,580

As at June 30, 2025

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.37%
Gross carrying amount (RMB'000)	4,847,342	376,452	13,442	3,976	2	5,241,214
Expected credit losses (RMB'000)	48,473	18,823	2,689	1,988	2	71,975

The Company

Only the amounts due from the intra-group companies are listed below:

As at December 31, 2022

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.27%
Gross carrying amount (RMB'000)	1,609,427	60,592	533	–	1,992	1,672,544
Expected credit losses (RMB'000)	16,094	3,030	107	–	1,992	21,223

As at December 31, 2023

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.23%
Gross carrying amount (RMB'000)	959,779	225	–	533	1,992	962,529
Expected credit losses (RMB'000)	9,598	11	–	267	1,992	11,868

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Company (continued)

As at December 31, 2024

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.09%
Gross carrying amount (RMB'000)	1,002,033	23,182	–	–	–	1,025,215
Expected credit losses (RMB'000)	10,020	1,159	–	–	–	11,179

As at June 30, 2025

	Within 3 months	4 to 12 months	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	1%	5%	20%	50%	100%	1.39%
Gross carrying amount (RMB'000)	1,016,652	109,963	–	–	–	1,126,615
Expected credit losses (RMB'000)	10,167	5,498	–	–	–	15,665

There was no significant change in the expected credit loss rates for the time band during the reporting period was mainly because no significant changes in the historical default rates of trade receivables, economic conditions and performance, solvency and behaviour of the debtors were noted, based on which the expected credit loss rates are determined.

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables pledged at the end of each period	95,714	143,860	123,161	81,880

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables pledged at the end of each period	6,445	24,845	10,000	25,758

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables endorsed or discounted at the end of each period but not yet matured	188,684	201,437	263,907	459,651

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables endorsed or discounted at the end of each period but not yet matured	122,760	64,431	69,362	36,585

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

		As at December 31,			As at June 30,
		2022	2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade Portion					
Prepayments		823,642	1,921,202	1,800,338	2,030,219
Deposits and other receivables		107,935	209,972	227,464	198,501
[REDACTED]		–	–	–	21,105
Tax recoverable		1,712,704	2,717,992	2,924,047	3,004,489
Non-trade Portion					
Deposits and other receivables	*42(d)*	–	518,185	523,499	1,026,595
		2,644,281	5,367,351	5,475,348	6,280,909
Impairment allowance		(4,690)	(31,518)	(38,788)	(54,676)
Total		2,639,591	5,335,833	5,436,560	6,226,233

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade Portion				
Prepayments	113,225	946,595	416,737	981,983
Deposits and other receivables	170,948	1,487,958	1,911,288	3,078,814
[REDACTED]	–	–	–	21,105
Tax recoverable	38,413	431	70,942	68,408
	322,586	2,434,984	2,398,967	4,150,310
Impairment allowance	(639)	(505)	(504)	(633)
Total	321,947	2,434,479	2,398,463	4,149,677

The balances are not secured by collateral.

The financial assets included in the above balances relate to receivables were categorized in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	12,979,249	10,397,466	10,083,956	9,645,273
Pledged deposits	2,269,615	1,041,977	1,105,032	900,791
Subtotal	15,248,864	11,439,443	11,188,988	10,546,064
Less: Pledged time deposits:				
Pledged for proceedings	–	16,000	–	–
Pledged for bills receivable	667,978	208,704	274,300	310,657
Pledged for letter of credit	136,116	99,200	40,933	38,461
Pledged for futures	1,209,498	637,688	423,867	424,699
Pledged for standby letter of credit	139,561	7,711	707	707
Pledged for restricted account	–	–	220,000	–
Pledged for others	116,462	72,674	145,225	126,267
Subtotal	2,269,615	1,041,977	1,105,032	900,791
Cash and cash equivalents	12,979,249	10,397,466	10,083,956	9,645,273

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

The Group (continued)

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in:				
RMB	10,353,338	8,718,983	7,866,960	7,907,493
USD	2,575,456	1,492,313	1,389,679	1,441,925
KRW	178	73,713	397,548	297
IDR	16,412	74,393	397,349	195,479
EUR	31,133	27,144	17,640	84,872
HKD	2,731	4,348	4,188	13,022
Other currencies	1	6,572	10,592	2,185

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	1,817,806	764,020	814,734	1,540,577
Pledged deposits	560,784	329,140	235,338	125,700
Subtotal	2,378,590	1,093,160	1,050,072	1,666,277
Less: Pledged time deposits:				
Pledged for bills receivable	534,548	98,958	61,575	52,300
Pledged for letter of credit	26,236	1,500	1,000	–
Pledged for futures	–	154,103	69,770	7,876
Pledged for others	–	74,579	102,993	65,524
Subtotal	560,784	329,140	235,338	125,700
Cash and cash equivalents	1,817,806	764,020	814,734	1,540,577
Denominated in:				
RMB	1,642,141	730,049	799,336	1,492,942
USD	175,480	33,783	15,206	47,569
HKD	185	188	192	66

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for periods between one and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	8,513,547	7,952,415	9,359,024	12,102,552
1 to 2 years	186,688	525,766	620,861	709,471
2 to 3 years	5,455	102,405	164,368	157,894
Over 3 years	17,246	12,952	105,163	130,756
Total	8,722,936	8,593,538	10,249,416	13,100,673

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	4,899,857	2,349,917	2,535,288	2,883,519
1 to 2 years	90,788	15,270	12,446	188,094
2 to 3 years	1,380	28,176	11,575	13,063
Over 3 years	10,208	8,773	22,292	22,106
Total	5,002,233	2,402,136	2,581,601	3,106,782

Trade and bill payables are non-interest-bearing.

As at December 31, 2022, 2023, 2024 and June 30, 2025, the carrying amounts of trade payables approximated to their fair values.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. OTHER PAYABLES AND ACCRUALS

The Group

		As at December 31,			As at June 30,
		2022	2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	(a)	86,424	169,248	586,567	280,635
Payroll and welfare payable		203,713	293,598	343,956	254,909
Amount due to non-controlling shareholders	(b)	–	367,708	428,829	216,635
Other payables	(c)	438,680	273,832	292,020	394,581
Other tax payables		38,300	58,720	56,711	69,506
Other current liabilities	(d)	199,919	212,865	284,741	475,659
Total		967,036	1,375,971	1,992,824	1,691,925

(a) Details of contract liabilities are as follows:

	As at January 1,	As at December 31,			As at June 30,
	2022	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers	18,194	86,424	169,248	586,567	280,635

Contract liabilities include short-term advances received to deliver products. The increase in contract liabilities in 2022, 2023 and 2024 was mainly due to the increase in short-term advances received from customers in relation to deliver products at the end of the year.

(b) Details of amount due to non-controlling shareholders are as follows:

As of December 31, 2023

PT Debonair Nickel Indonesia, a subsidiary of the Group, borrowed RMB149,644,000 (including interest) from Debonair Nickel Private, a non-controlling shareholder, with a term of one year and an annual interest rate of CME TERM SOFR (March)+250BPS.

PT Jade Bay Metal Industry, a subsidiary of the Group, borrowed RMB183,620,000 (including interest) from Debonair Nickel Private, a non-controlling shareholder, with a term of one year and an annual interest rate of CME TERM SOFR (March)+250BPS.

Innovation West Mantewe PTE. LTD, a subsidiary of the Group, borrowed RMB34,444,000 (including interest) from Walsin Singapore PTE. LTD., a non-controlling shareholder, with a term of one year and an annual interest rate of CME TERM SOFR (March)+260BPS.

As of December 31, 2024

Innovation West Mantewe PTE. LTD, a subsidiary of the Group, borrowed RMB100,905,000 (including interest) from Walsin Singapore PTE. LTD., a non-controlling shareholder, with a term of one year and an annual interest rate of 3-MONTH SOFR.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. OTHER PAYABLES AND ACCRUALS (continued)

The Group (continued)

PT Debonair Nickel Indonesia, a subsidiary of the Group borrowed RMB245,123,000 (including interest) from Debonair Nickel Private Limited, a non-controlling shareholder, with a term from July 25, 2022, to July 24, 2025, and an annual interest rate of 1-year Libor+220BPS. The portion of the borrowing due within one year from December 31, 2024, has been reclassified to " other payables and accruals ".

PT Zhongtsing New Energy,a subsidiary of the Group borrowed RMB 82,801,000 (including interest) from Rigqueza International Pte. Ltd., a non-controlling shareholder, with a term from May 30, 2022, to May 29, 2025, and an annual interest rate of 1-year Libor + 350 basis points (BPS). The portion of the borrowing due within one year from December 31, 2024, has been reclassified to "other payables and accruals".

As of June 30, 2025

Innovation West Mantewe PTE. LTD, a subsidiary of the Group, borrowed RMB 102,684,000 (including interest) and RMB 29,286,000 (including interest) from Walsin Singapore PTE. LTD., a non-controlling shareholder, with a term of one year and an annual interest rate of 3-MONTH SOFR and an annual interest rate of 3-MONTH SOFR+125BPS respectively.

As of June 30, 2025, PT Zhongtsing New Energy, a subsidiary of the Group, had outstanding borrowings of RMB 84,665,000 (including accrued interest) from Rigqueza International Pte. Ltd., a non-controlling shareholder. The loan was extended from May 29, 2025 to May 2026 with an interest rate of 1-year LIBOR + 350 BPS.

Amount due to non-controlling shareholders which were mainly used for capital expenditures and operational purposes is not expected to be fully settled prematurely before **[REDACTED]** accordingly to the terms of the relevant agreements.

(c) Details of other payables are as follows：

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted share repurchase obligations	255,486	158,840	84,084	–
Collection of share subscription of employee stock ownership plan	100,000	–	–	–
Others	83,194	114,992	207,936	394,581
Total	438,680	273,832	292,020	394,581

(d) Details of other current liabilities are as follows：

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Endorsed and unmatured bank bills not derecognized	188,684	201,437	263,907	459,651
Output tax to be transferred	11,235	11,428	20,834	16,008
Total	199,919	212,865	284,741	475,659

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. OTHER PAYABLES AND ACCRUALS (continued)

The Company

		As at December 31,			As at June 30,
		2022	2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	(a)	609,896	369,792	108,438	176,114
Payroll and welfare payable		85,646	128,070	163,080	106,784
Other payables	(b)	1,869,626	4,086,501	4,315,345	5,905,671
Other tax payables		5,764	3,238	8,122	28,832
Other current liabilities	(c)	202,047	112,503	83,459	59,480
Total		2,772,979	4,700,104	4,678,444	6,276,881

(a) Details of contract liabilities are as follows:

	As at January 1,	As at December 31,			As at June 30,
	2022	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers	138,711	609,896	369,792	108,438	176,114

(b) Details of other payables are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted share repurchase obligations	255,486	158,840	84,084	–
Collection of share subscription of employee stock ownership plan	100,000	–	–	–
Amount due to the intra-group companies	1,492,107	3,909,339	4,199,365	5,862,194
Others	22,033	18,322	31,896	43,477
Total	1,869,626	4,086,501	4,315,345	5,905,671

(c) Details of other current liabilities are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Endorsed or discounted bills receivable that have not been derecognised and not yet due	122,760	64,430	69,362	36,585
Output tax to be transferred	79,287	48,073	14,097	22,895
Total	202,047	112,503	83,459	59,480

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at December 31,						As at June 30,	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Derivatives financial assets designated as hedging relationships:								
Commodity futures	–	459,526	117,168	–	135,342	–	58,269	–
Derivative financial assets without designated hedging relationships:								
Cross currency swaps	4,247	–	5,294	–	13,212	–	19,154	–
Others*	–	–	–	1,655	–	100,497	55,852	15,539
Total	4,247	459,526	122,462	1,655	148,554	100,497	133,275	15,539
Current portion	4,247	459,526	122,462	1,655	148,554	100,497	133,275	15,539

* Primarily arising from deferred pricing arrangements from purchase.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Company

	As at December 31,						As at June 30,	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Derivatives financial assets designated as hedging relationships:								
Commodity futures	–	–	349	–	7,163	–	15,430	–
Derivative financial assets without designated hedging relationships:								
Cross currency swaps	–	3,770	–	–	16,762	–	11,065	233
Total	–	3,770	349	–	23,925	–	26,495	233
Current portion	–	3,770	349	–	23,925	–	26,495	233

Carry out hedging business for risk management

	Risk management strategies and objectives	Hedged risk	Economic relationship between the hedged items and hedging instruments	Effectiveness in achieving expected risk management objectives	The impact of hedging activities on risk exposure
Future	Avoid the risk of metal price fluctuations with commodity futures business	The Company adopts a strategy of hedging commodity price risk exposure and determines the position of futures contracts based on a certain proportion of the exposure.	The fair value of the Company's hedging instruments and the hedged items are both affected by changes in metal prices, and the impact of price changes is opposite.	Adhere strictly to the basic principles of hedging, establish internal control systems related to hedging, continuously evaluate the effectiveness of hedging, ensure that the hedging relationship is effective during the designated accounting period, and achieve the expected risk management objectives.	Effectively hedge the risk exposure of spot business.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Carry out hedging business for risk management (continued)

	Risk management strategies and objectives	Hedged risk	Economic relationship between the hedged items and hedging instruments	Effectiveness in achieving expected risk management objectives	The impact of hedging activities on risk exposure
Foreign Exchange	Avoid risks in the foreign exchange market with foreign exchange financial derivative trading business.	Carry out foreign exchange financial derivative trading business to effectively avoid risks in the foreign exchange market.	Based on the predicted settlement/sale time and amount, lock in the settlement exchange rate in advance through hedging tools to avoid future exchange rate fluctuations.	Adhere strictly to the basic principles of hedging, establish internal control systems related to hedging, continuously evaluate the effectiveness of hedging, ensure that the hedging relationship is effective during the designated accounting period, and achieve the expected risk management objectives.	Reduced the exposure to exchange rate risk.

(2) Carry out eligible hedging business and apply hedge accounting

The prices of commodities such as nickel, cobalt, copper, lithium carbonate, soda ash, and caustic soda, which are critical to the Group's production and operations, are significantly exposed to market volatility. To reasonably mitigate price fluctuation risks associated with these commodities and effectively guard against market risks arising from commodity price movements, thereby reducing the impact of material price volatility on the Group's normal operations, the Group engages in commodity hedging activities. By leveraging the price risk-hedging functions of futures markets and utilising hedging instruments, the Group seeks to neutralise price volatility risks in spot transactions for these commodities. The nickel, cobalt, copper, lithium carbonate, soda ash, and caustic soda products processed by the Group align with the standardised specifications of corresponding futures and forward contracts. Both the hedging instruments (futures and forward contracts) and the hedged items (raw materials required for the Group's production) share the same underlying variable—benchmark prices of standardised commodities—with credit risk not constituting a dominant factor.

The Group has determined through qualitative analysis that the ratio of hedging instruments to hedged items is 1:1. The amount of hedge ineffectiveness recognised during the Relevant Periods is not significant. In the financial statements, gains or losses on the hedged items' fair value attributable to the hedged risks are recognised in profit or loss. Concurrently, changes in the fair value of hedging instruments are also recorded in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(2) Carry out eligible hedging business and apply hedge accounting (continued)

The Group adopts fair value hedging for this type of hedging, and the specific hedging arrangements are as follows:

Hedged item	Hedging instrument	Hedging method
Risk components in inventory (Nickel, Cobalt, Copper, Iithium Carbonate, SodaAsh, and Caustic Soda)	Nickel, Cobalt, Copper, lithium Metal and Alkali Futures Contracts	Selling commodity futures contracts to lock in inventory price fluctuations
Risk components in inventory (Nickel Metal)	Delayed pricing procurement contract	Delay pricing clause locks in price fluctuations of Inventory

Had the Group did not apply hedge accounting, the profit of the Group would decrease by RMB73,154,000 and RMB178,471,000 for the year ended December 31, 2022 and June 30, 2025 and increase by RMB489,162,000 and RMB34,657,000 for the year ended December 31, 2023 and 2024, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS

The Group

	December 31, 2022			December 31, 2023			December 31, 2024			June 30, 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – secured	1.70~6.20	2023	6,288,410	0.01~5.92	2024	3,376,800	2.30~7.03	2025	3,415,929	2.04~5.77	2025~2026	4,118,879
Bank loans – unsecured	–	–	–	–	–	–	1.95	2025	70,042	1.95	2025	70,038
Current portion of long term bank loans – unsecured	–	–	–	2.80	2024	80,000	2.30~2.80	2025	326,288	2.20~2.50	2025~2026	608,320
Current portion of long-term bank loans – secured	1.70~6.20	2023	1,039,967	2.80~7.22	2024	2,904,041	2.75~7.81	2025	6,726,814	1.45~6.67	2025~2026	5,753,810
Total – current			7,328,377			6,360,841			10,539,073			10,551,047
Non-current												
Bank loans – secured	1.70~6.20	2024~2030	12,605,894	2.00~7.55	2025~2031	13,257,291	1.70~7.81	2026~2031	13,727,651	2.09~6.67	2026~2032	12,297,949
Bank loans – unsecured	–	–	–	2.80	2025~2026	575,000	2.30~2.80	2026~2027	2,060,000	1.95~2.50	2026~2028	3,292,217
Total – non-current			12,605,894			13,832,291			15,787,651			15,590,166
Total			19,934,271			20,193,132			26,326,724			26,141,213

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS (continued)

The Company

	December 31, 2022			December 31, 2023			December 31, 2024			June 30, 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – secured	3.00~4.10	2023	955,882	3.45~4.00	2024	672,237	–	–	–			
Bank loans – unsecured	–	–	–	–	–	–	1.95	2025	70,042	1.95	2025	70,038
Current portion of long term bank loans – secured	3.10~3.75	2023	154,843	2.80~3.40	2024	814,249	2.30-2.80	2025	275,161	2.20~2.50	2025~2026	608,320
Current portion of long term bank loans – unsecured	–	–	–	2.80	2024	80,000	2.35-4.75	2025	2,252,153	2.24~4.75	2025~2026	1,823,748
Total – current			1,110,725			1,566,486			2,597,356			2,502,106
Non-current												
Bank loans – secured	3.20~4.75	2024~2028	2,996,011	2.80~4.75	2025~2028	3,714,806	2.35-4.75	2026~2028	2,355,090	2.25~4.75	2026~2028	1,568,383
Bank loans – unsecured	–	–	–	2.80	2025~2026	575,000	2.30-2.80	2026~2027	2,060,000	1.95~2.50	2026~2028	3,292,217
Total – non-current			2,996,011			4,289,806			4,415,090			4,860,600
Total			4,106,736			5,856,292			7,012,446			7,362,706

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS (continued)

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analyzed into:				
Bank loans and overdrafts repayable:				
Within one year or on demand	7,328,377	6,360,841	10,539,073	10,551,047
In the second year	1,927,168	4,359,568	5,623,830	8,121,728
In the third to fifth years, inclusive	9,229,643	8,832,869	9,813,715	7,206,360
Beyond five years	1,449,083	639,854	350,106	262,078
Total	19,934,271	20,193,132	26,326,724	26,141,213

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analyzed into:				
Bank loans and overdrafts repayable:				
Within one year or on demand	1,110,725	1,566,486	2,597,356	2,502,106
In the second year	366,661	2,169,043	1,854,622	2,288,974
In the third to fifth years, inclusive	2,392,762	2,120,763	2,560,468	2,571,626
Beyond five years	236,588	–	–	–
Total	4,106,736	5,856,292	7,012,446	7,362,706

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

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	15,775,451	17,733,494	19,578,475	21,725,134
USD	4,158,820	2,459,638	6,748,249	4,416,079
Total	19,934,271	20,193,132	26,326,724	26,141,213

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS (continued)

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	3,711,935	5,856,292	7,012,446	7,362,706
USD	394,801	–	–	–
Total	4,106,736	5,856,292	7,012,446	7,362,706

Certain of the Group's bank loans are secured by:

(a) Guarantees provided by related parties for certain bank loans of the Group.

(b) As at December 31, 2022, 2023 and 2024, and June 30, 2025, pledged inventories of the Group totalling nil, RMB 641,767,000 and nil, and nil.

(c) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Group's mortgaged buildings were RMB574,106,000, RMB1,514,695,000 and RMB1,469,274,000, and RMB1,420,472,000, respectively. The Group's mortgaged construction in progress is nil, RMB1,170,251,000 and RMB458,377,000, and RMB126,799,000 at December 31, 2022, 2023 and 2024, and June 30, 2025.

(d) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Group's mortgaged leasehold land were RMB313,634,000, RMB321,671,000 and RMB318,260,000, and RMB314,739,000, respectively.

Certain of the Company's bank loans are secured by:

(a) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Company's mortgaged buildings were RMB31,764,000, RMB114,784,000 and RMB111,567,000, and RMB109,579,000, respectively.

(b) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Company's mortgaged leasehold land were RMB7,847,000, RMB35,292,000 and RMB34,450,000, and RMB34,029,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. BONDS PAYABLE

On March 3, and September 5, 2022, the Company issued USD100 million 4.55% and USD140 million 5.70% green use of proceeds bonds, respectively.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Nominal value of bonds issued during the year/period	1,671,504	–	–	–
At beginning of year/period:	–	1,687,387	1,720,373	1,749,841
Addition	1,582,478	–	–	199,990
Interest expense	44,893	92,342	93,865	47,110
Repayment	(15,697)	(88,006)	(90,071)	(245,239)
Exchange realignment	75,713	28,650	25,674	(7,260)
Liability component at December 31/June 30	1,687,387	1,720,373	1,749,841	1,744,442
Analyzed into:				
Current portion	–	–	1,024,764	1,021,076
Non-current portion	1,687,387	1,720,373	725,077	723,366

32. CONVERTIBLE BONDS

On July 18, 2024, a subsidiary of the Group issued a 3.03% KRW 70,000,000,000 convertible bond with a nominal value of KRW 70,000,000,000. There was no movement in the number of these convertible bonds during the year. The bonds are convertible at the option of the bondholders into ordinary shares on July 18, 2025 on the basis of one ordinary share for every KRW1,515 bonds held. Any convertible bonds not converted will be redeemed on June 18, 2027. The bonds bear an interest of 3.03% on the principal amount and will be settled upon its maturity date.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. CONVERTIBLE BONDS (continued)

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Nominal value of bonds issued during the year/period	–	–	166,270	–
Equity component	–	–	(73,870)	–
At beginning of year/period:				99,010
Liability component at the issuance date	–	–	92,400	–
Interest expense	–	–	9,329	10,859
Exchange Realignment	–	–	(2,719)	15,794
Liability component at December 31/June 30	–	–	99,010	125,663

33. DEFERRED INCOME

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants and subsidies	425,091	367,190	391,653	381,088

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants and subsidies	71,329	69,649	57,898	55,808

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. OTHER NON-CURRENT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance receipts of government subsidies	83,026	118,106	83,026	83,026
Non-controlling shareholders' borrowings with a term exceeding one year*	805,910	927,607	–	250,642
Payable for equity acquisition**	–	478,082	1,194,281	472,468
Accounts payable for engineering equipment***	–	–	845,220	920,640
Lease liability in a sale and leaseback	19,958	–	–	–
Total	908,894	1,523,795	2,122,527	1,726,776

* As at December 31, 2022, the non-controlling shareholders' borrowings are as follows:

(1) The subsidiary PT Debonair Nickel Indonesia borrowed funds of RMB 717,415,000 from the non-controlling shareholder Debonair Nickel Private Limited. The term of the loan is from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220 bp.

(2) The subsidiary PT Zhongtsing New Energy borrowed funds of RMB 71,548,000 from the non-controlling shareholder Rigqueza International Pte. Ltd. The loan term is from May 30, 2022 to May 29, 2025, with an annual interest rate of one-year Libor + 350 bp.

(3) The subsidiary PT Jade Bay Metal Industry borrowed funds of RMB 16,946,000 from the non-controlling shareholder Debonair Nickel Private Limited. The loan term is from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220 bp.

* As at December 31, 2023, the details of non-controlling shareholders' borrowings are as follows:

(1) The subsidiary PT Debonair Nickel Indonesia borrowed funds of RMB766,668,000 (including interest) from the non-controlling shareholder Debonair Nickel Private Limited. The loan term is from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220 bp.

(2) The subsidiary PT Zhongtsing New Energy borrowed funds of RMB77,166,000 (including interest) from the non-controlling shareholder Rigqueza International Pte. Ltd. The loan term is from May 30, 2022 to May 29, 2025, with an annual interest rate of one-year Libor + 350 bp.

(3) The subsidiary PT Jade Bay Metal Industry borrowed funds of RMB 83,773,000 (including interest) from the non-controlling shareholder Debonair Nickel Private Limited. Of this amount, RMB 16,788,000 is borrowed from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220bp; and RMB 63,617,000 is borrowed from July 1, 2023 to June 30, 2026, with an annual interest rate of CME TERM SOFR (3 months) + 250 bp.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. OTHER NON-CURRENT LIABILITIES (continued)

The Group (continued)

As at June 30, 2025, the non-controlling shareholders' borrowings are as follows:

(1) The subsidiary PT Debonair Nickel Indonesia borrowed funds of RMB 250,642,000 from the non-controlling shareholder Debonair Nickel Private Limited. The loan, originally effective from July 25, 2022, to July 24, 2025, was extended to a total term of five years (until July 24, 2027) pursuant to an addendum agreement signed on March 28, 2025. The annual interest rate remains at one-year Libor + 220 bp. PT Debonair Nickel Indonesia may prepay the loan and is required to prioritize repayment of principal and corresponding interest before any profit distribution.

** In 2023, the Company acquired 60% of the equity interest in Innovation West Mantewe Pte. Ltd. The remaining acquisition payment of USD 67,500,000 will be offset by the future dividends of Innovation West Mantewe Pte. Ltd. In 2024, the equity investment payable of USD66,000,000 represents the remaining consideration for Hong Kong Zhengxing New Energy Co., Ltd.'s acquisition of a 46.7% equity stake in Hanking (Indonesia) Mining Limited (HML) under the share purchase agreement. Per agreement terms, the total transaction consideration amounts to USD182,000,000, with an initial payment of USD116,000,000 already settled. The outstanding balance payment terms include: phased disbursements proportionate to capital contributions upon commencement of the smelter project construction, or full settlement within 48 months post-equity transfer upon completion of project investments.

*** The amount was discounted due to financing attributes.

35. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

A summary of movements in the Group and the Company's share capital and treasury shares are as follows:

	Notes	Number of shares in issue	Share capital	Treasury shares	Total
			RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2022		605,673,053	605,673	–	605,673
Private placement	(a)	60,966,688	60,967	–	60,967
Repurchase obligation arising from issuance of restricted share scheme	(b)	–	–	(255,486)	(255,486)
Issue of shares under share schemes	(c)	3,993,835	3,994	–	3,994
As at December 31, 2022		670,633,576	670,634	(255,486)	415,148
As at January 1, 2023		670,633,576	670,634	(255,486)	415,148

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. SHARE CAPITAL AND TREASURY SHARES (continued)

The Group and the Company (continued)

	Notes	Number of shares in issue	Share capital	Treasury shares	Total
			RMB'000	*RMB'000*	*RMB'000*
Repurchase of shares for share schemes	(b)	–	–	(181,014)	(181,014)
Vested of restricted share	(c)	–	–	44,864	44,864
Cancellation of shares	(b)	(809,473)	(810)	51,782	50,972
As at December 31, 2023		669,824,103	669,824	(339,854)	329,970
As at January 1, 2024		669,824,103	669,824	(339,854)	329,970
Bonus share issues	(d)	266,375,601	266,376	–	266,376
Repurchase of shares for share schemes	(b)	–	–	(238,996)	(238,996)
Issue of shares under share schemes	(c)	2,526,155	2,526	–	2,526
Cancellation of shares	(b)	(1,636,045)	(1,636)	74,756	73,120
As at December 31, 2024		937,089,814	937,090	(504,094)	432,996
As at January 1, 2025		937,089,814	937,090	(504,094)	432,996
Repurchase of shares for share schemes	(b)	–	–	(532,228)	(532,228)
Issue of shares under share schemes	(c)	2,778,855	2,779	–	2,779
Cancellation of shares	(b)	(1,840,211)	(1,840)	84,084	82,244
As at June 30, 2025		938,028,458	938,029	(952,238)	(14,209)

Notes:

(a) In November 2022, as approved by the China Securities Regulatory Commission ("CSRC") under the document "CSRC Permit 2022 No. 2140", the Company completed the issuance of total 60,966,688 new shares of domestic listed Renminbi ordinary shares (A Shares) to specific subscribers, at an subscription price of RMB70.65 per share. The Company raised funding of RMB4,307,297,000. After deducting the issuance expenses (excluding tax) of RMB34,429,000, the Company received a total of RMB 4,272,871,000, of which, RMB60,967,000 was recognized as the share capital and RMB4,211,904,000 was credited to the capital reserve.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. SHARE CAPITAL AND TREASURY SHARES (continued)

The Group and the Company (continued)

(b) In 2022, as the implementation of the 2022 Restricted Share Incentive Scheme, the Company recognized the liability of RMB255,486,000 for the repurchase obligation of which the amount was determined by the number of restricted A Shares issued and the corresponding repurchase price.

For the years ended December 31, 2023 and 2024 and June 30, 2025, a total of 3,393,300, 10,209,299 and 18,951,939 A Shares have been repurchased respectively for future employee stock ownership plan or share-based incentive, and treasury stocks amounting to approximately RMB181,013,000, RMB238,996,000 and RMB532,228,000 therefore were recognized respectively.

During the year ended December 31, 2023 and 2024 and June 30, 2025, the Company, under the approval and authorization of the general meeting, cancelled a total of 809,473, 1,636,045 and 1,840,211 shares, respectively. Hence treasury stocks amounting to approximately RMB51,782,000 and share capital of approximately RMB810,000 were derecognized with a corresponding credit to capital reserve of approximately RMB50,972,000 in the year ended December 31, 2023. Treasury stocks amounting to approximately RMB74,756,000 and share capital of approximately RMB1,636,000 were derecognized with a corresponding credit to capital reserve of approximately RMB73,120,000 during the year ended December 31, 2024. Treasury stocks amounting to approximately RMB84,084,000 and share capital of approximately RMB1,840,000 were derecognized with a corresponding credit to capital reserve of approximately RMB82,244,000 during the period ended June 30, 2025.

(c) On April 26, 2022, the Company granted 3,993,835 restricted shares, with a par value of RMB 1 per share and a grant price of RMB63.97 per share under its 2022 Restricted Share Incentive Scheme.

On June 28, 2023, a total of 701,322 restricted shares under its 2022 Restricted Share Incentive Scheme were vested, as 778 participants met the performance requirements. Therefore, treasury stock of RMB44,864,000 and restricted shares repurchase obligations included in other payable and accruals of RMB44,864,000 were derecognized.

On August 28, 2024, the Company's issued 2,526,155 shares upon the exercise of share options, with a par value of RMB1 per share at an exercise price of RMB21.16, under the 2023 Share Incentive Scheme.

On June 13, 2025, the Company's issued 2,778,855 shares upon the exercise of share options, with a par value of RMB1 per share at an exercise price of RMB20.52, under the 2023 Share Incentive Scheme.

(d) On May 29, 2024, the Company implemented its 2023 annual dividend distribution (the "2023 Annual Dividend Distribution"), capitalizing capital reserve to issue 4 new Shares for every 10 Shares held by Shareholders (excluding repurchased 3,885,100 Shares). The 2023 annual dividend distribution resulted in a total increase of 266,375,601 shares.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT

Equity-Settled shared-based payment arrangement

(a) Stock Ownership Schemes

Pursuant to the shareholders' meeting of the Company approved on March 5, 2019, the Company increased its share capital from RMB400,000,000 to RMB412,380,000 to Tongren Yuanjiuzhihe Company Management Consulting Partnership (L.P.) ("銅仁源聚智合公司管理諮詢合夥公司 （有限合夥）") and Tongren Hengsheng Li-Neng Company Management Consulting Partnership (L.P.) ("銅仁恒盛勵能公司管理諮詢合夥公司（有限合夥）), both of which were designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms. After the grant of the awards, the participants became partners of share incentive platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements. The grant date was July 31, 2019, and the granted price was RMB1.45 per share of the Company. The vesting periods for employee ownership granted are 5 years from the grant date.

The Group determines the fair value of the shares under 2019 Share Ownership Scheme by reference to the investment price of Series A investment of the Company.

(b) Restricted Share Incentive Schemes

Pursuant to the restricted shares incentive scheme for 2022 approved at the first extraordinary annual shareholders' meeting on April 6, 2022 (the "2022 Restricted Share Incentive Scheme"), the Company granted 3,993,835 restricted shares to 903 employees, officers and directors. The grant date was April 13, 2022, and the granted price was RMB63.97 per share. The restricted shares will be vested by three instalments subject to the Company's annual performance appraisal and individual performance appraisal during 2022 to 2024.

The number of restricted shares granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(*unaudited*)	
Outstanding as at the beginning of the year/period	–	3,993,835	2,483,040	2,483,040	1,840,211
Granted	3,993,835	–	–	–	–
Adjustment in number of shares	–	–	993,216	–	–
Vested	–	(701,322)	–	–	–
Forfeited	–	(809,473)	(1,636,045)	(1,636,045)	(1,840,211)
Outstanding as at the end of the year/period	3,993,835	2,483,040	1,840,211	846,995	–

** The number of shares has been adjusted for the implementation of the Company's 2023 annual dividend distribution to capitalize capital reserve to issue 4 new shares for every 10 shares held by shareholders on May 29, 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

The fair value of granted shares was RMB131,277,000 for the 2022 Restricted Share Incentive Scheme.

(c) Stock Option Incentive Plans

The Company approved and established the restricted shares incentive scheme for 2023 at the sixth extraordinary annual shareholders' meeting (the "2023 Share Incentive Scheme") on June 30, 2023. Under the plan, participants are granted options which only vest if certain performance standards are met and the employees, officers and directors shall remain in service.

Under the first grant of the plan, the Company granted 7,863,240 restricted shares to 1,478 employees, officers and directors on July 3, 2023, with an exercise price of RMB30.78 per share. The vesting periods for employee shares granted are 1 year, 2 years and 3 years from 12 months after the grant date. According to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of employee shares plan will be vested respectively.

Under the reserved grant of the plan, the Company granted 2,769,382 restricted shares to 138 employees, officers and directors on June 20, 2024, with an exercise price of RMB21.16 per share, as adjusted for bonus share issued in the Company's share capital and the cash dividend of RMB11.60 per 10 shares in 2024. The vesting periods for employee shares granted are 1 year and 2 years from 12 months after the grant date. According to the Company's performance appraisal and individual performance appraisal, 50% and 50% of employee shares plan will be vested respectively.

A summary of activities of the share options is presented as follows:

	2022		2023		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB per share	–	*RMB per share*	–	*RMB per share*	–
At January 1, ...	–	–	–	–	30.78	7,863,240
Granted during the year	–	–	30.78	7,863,240	21.16*	2,769,382
Adjustment in number of shares**	–	–	–	–	21.16	3,145,296
Exercised during the year	–	–	–	–	21.16	(2,526,155)
Forfeited during the year	–	–	–	–	21.16	(2,640,209)
At December 31, ...	–	–	30.78	7,863,240	21.16	8,611,554

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

A summary of activities of the share options is presented as follows: (continued)

	Six months ended June 30,			
	2024		2025	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB per share (unaudited)	*'000 (unaudited)*	*RMB per share*	*'000*
At January 1,	30.78	7,863,240	21.16	8,611,554
Granted during the period	21.16	2,769,382	20.52*	-
Adjustment in number of shares**	21.16	3,145,296	20.52	-
Exercised during the period	21.16	-	20.52	(2,778,855)
Forfeited during the period	21.16	(1,636,045)	20.52	(1,564,205)
At June 30,	21.16	12,141,873	20.52	4,268,494

* The exercise price of the share options of RMB21.16 has been adjusted for i) the implementation of the Company's 2023 annual dividend distribution to capitalize capital reserve to issue 4 new shares for every 10 shares held by shareholders in May 2024, and ii) the distribution of cash dividend of RMB11.60 per 10 shares in May 2024, and iii) the distribution of cash dividend of RMB2.8 per 10 shares in October 2024, and iv) the distribution of cash dividend of RMB3.6 per 10 shares in May 2025.

** The number of shares has been adjusted for the implementation of the Company's 2023 annual dividend distribution to capitalize capital reserve to issue 4 new shares for every 10 shares held by shareholders on May 29, 2024.

The weighted average share price at the date of exercise for share options exercised during the Relevant Periods were nil, nil, RMB29.00 per share, nil and nil for the years ended December 31, 2022, 2023, 2024, and six months ended June 30, 2024 and June 30, 2025, respectively.

The exercise prices and exercise periods of the share-based payments outstanding as at the end of each of the Relevant Periods are as follows:

2022

Number of options	Exercise price*	Exercise period
	RMB per share	
–	–	–
–		

2023

Number of options	Exercise price*	Exercise period
	RMB per share	
7,863,240	30.78	July 2024 - July 2026
7,863,240		

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

2024

Number of options	Exercise price*	Exercise period
	RMB per share	
8,611,554	21.16	July 2025 - July 2026
8,611,554		

Six months ended June 30, 2025

Number of options	Exercise price*	Exercise period
	RMB per share	
3,265,996	20.52	July 2026
3,265,996		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus share issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the Relevant Periods was nil, RMB232,280,000 and RMB31,266,000, and nil, respectively.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2023 Share Incentive Scheme
Exercise price per share	RMB30.78, RMB21.16, RMB20.52
Expiry date	Respective annual due dates
Share price at grant date per share	RMB60.32, RMB32.45
Expected volatility of the Company's shares	18.88%~24.44%
Expected dividend yield	0.78%~1.82%
Risk-free interest rate	1.50%~2.75%

The 2,526,155 share options exercised during the year ended December 31, 2024 resulted in the issue of 2,526,155 ordinary shares of the Company and new share capital of RMB2,526,155 (before issue expenses), as further detailed in note 35 to the Historical Financial Information.

No share options were granted subsequent to the end of the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

(d) Share-based payment expenses

Share-based payment expenses during the Relevant Periods are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Equity-settled share-based payments	79,430	51,864	79,941	55,855	15,748

37. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve of the Group represents the capital contribution of the then shareholders.

(b) Share-based payments reserve

The amounts of share-based payments reserve are set out in note 36.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.3.

(d) Special reserve – safety fund

Pursuant to the revised *Measures for the Extraction and Use of Enterprise Safety Production Funds* issued in November 2022, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

(e) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. RESERVES (continued)

(f) Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income represents unrealized fair value gains or losses for equity investments designated at fair value through other comprehensive income.

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at December 31, 2022

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*	*RMB'000*
PT Zhongtsing New Energy	30.00	(15,943)	–	272,603
Hunan CNGR New Energy Science & Technology Co., Ltd	14.29	–	–	813,209

The following tables illustrate the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	PT Zhongtsing New Energy	Hunan CNGR New Energy Science & Technology Co., Ltd
	RMB'000	*RMB'000*
Revenue	–	11,448,438
(Loss)/profit for the year	(53,143)	342,648
Total comprehensive (loss)/income for the year	(53,143)	333,569
Current assets	762,205	10,467,295
Non-current assets	2,524,276	7,172,863
Current liabilities	(1,174,757)	(8,296,982)
Non-current liabilities	(1,203,048)	(2,804,198)
Net cash flows used in operating activities	(30,977)	(2,885,671)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

As at December 31, 2023

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*	*RMB'000*
Hunan CNGR New Energy Science & Technology Co.,Ltd	21.74	336,806	66,956	2,590,779
Guangxi Zhongwei New Energy Technology Co.,Ltd.	19.68	–	–	1,500,248
PT Nadesico Nickel Industry	40.00	(39,330)	–	795,956

	Hunan CNGR New Energy Science & Technology Co.,Ltd	Guangxi Zhongwei New Energy Technology Co.,Ltd.	PT Nadesico Nickel Industry
	RMB'000	*RMB'000*	*RMB'000*
Revenue	12,556,569	12,676,202	–
Profit/(loss) for the year	971,261	461,831	(98,324)
Total comprehensive income/(loss) for the year	1,025,229	461,831	(141,359)
Current assets	10,486,346	9,169,349	883,000
Non-current assets	7,685,586	5,679,865	5,542,759
Current liabilities	5,416,895	2,857,721	4,435,870
Non-current liabilities	4,492,059	4,367,507	–
Net cash flows generated from/(used in) operating activities	1,207,659	759,680	(340,924)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

As at December 31, 2024

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*	*RMB'000*
Hunan CNGR New Energy Science & Technology Co., Ltd	24.22	367,988	177,209	3,404,896
Guangxi Zhongwei New Energy Technology Co., Ltd.	23.12	190,290	67,962	2,000,242
PT Nadesico Nickel Industry	40.00	15,942	–	829,111

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Hunan CNGR New Energy Science & Technology Co., Ltd	Guangxi Zhongwei New Energy Technology Co., Ltd.	PT Nadesico Nickel Industry
	RMB'000	*RMB'000*	*RMB'000*
Revenue	11,909,288	10,166,505	2,201,841
Profit for the year	918,099	823,052	39,854
Total comprehensive income for the year	971,398	823,052	39,874
Current assets	13,460,747	11,719,123	2,705,895
Non-current assets	7,741,216	5,624,053	8,050,934
Current liabilities	6,228,949	4,762,234	2,096,462
Non-current liabilities	4,764,739	3,928,029	6,600,612
Net cash flows generated from/ (used in) operating activities	1,211,331	1,650,425	(1,405,482)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

As at June 30, 2025

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*	*RMB'000*
Hunan CNGR New Energy Science & Technology Co., Ltd	24.22	26,354	152,592	3,275,941
Guangxi Zhongwei New Energy Technology Co., Ltd.	23.12	129,678	155,342	1,975,193
PT Nadesico Nickel Industry	40.00	(56,944)	–	769,696

	Hunan CNGR New Energy Science & Technology Co., Ltd	Guangxi Zhongwei New Energy Technology Co., Ltd.	PT Nadesico Nickel Industry
	RMB'000	*RMB'000*	*RMB'000*
Revenue	5,099,320	6,576,724	3,695,666
Profit for the period	60,518	560,979	(142,360)
Total comprehensive income for the period	44,581	560,979	(148,538)
Current assets	11,879,216	13,686,775	3,433,298
Non-current assets	7,417,525	5,397,112	7,884,803
Current liabilities	6,162,611	7,364,175	2,061,414
Non-current liabilities	3,506,267	3,175,148	7,353,486
Net cash flows generated from/ (used in) operating activities	808,981	536,136	(235,416)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2022

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders included in other non-current liabilities	Lease liability in a sale and leaseback included in other non-current liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	6,258,909	–	21,303	–	55,688
Changes from financing cash flows	13,094,761	1,655,660	(15,604)	805,910	(7,367)
New leases	–	–	20,246	–	–
Interest expense	557,538	44,893	1,176	–	2,116
Exchange realignment	23,063	(13,166)	–	–	–
Other	–	–	–	–	(11,951)
At December 31, 2022	19,934,271	1,687,387	27,121	805,910	38,486

2023

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Lease liability in a sale and leaseback included in other non-current liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	19,934,271	1,687,387	27,121	805,910	38,486
Changes from financing cash flows	(500,622)	(88,006)	(18,596)	415,167	(5,492)
New leases	–	–	9,152	–	–
Interest expense	807,418	92,342	1,493	59,670	2,117
Exchange realignment	(47,935)	28,650	–	14,568	–
Other	–	–	–	–	(15,152)
At December 31, 2023	20,193,132	1,720,373	19,170	1,295,315	19,959

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(a) Changes in liabilities arising from financing activities (continued)

2024

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Lease liability in a sale and leaseback included in other non-current liabilities	Convertible bond
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	20,193,132	1,720,373	19,170	1,295,315	19,959	–
Changes from financing cash flows	4,848,073	(90,071)	(24,934)	(952,097)	–	166,270
New leases	–	–	48,385	–	–	–
Interest expense	1,024,337	93,865	2,096	72,792	686	9,329
Exchange realignment	261,182	25,674	–	12,819	–	(2,719)
Other	–	–	–	–	(20,645)	(73,870)
At December 31, 2024	26,326,724	1,749,841	44,717	428,829	–	99,010

Six months ended June 30, 2024 (unaudited)

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Lease liability in a sale and leaseback included in other non-current liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	20,193,132	1,720,373	19,170	1,295,315	19,959
Changes from financing cash flows	4,678,976	(44,511)	(13,265)	(496,648)	–
New leases	–	–	12,773	–	–
Interest expense	402,003	46,362	(374)	37,000	529
Exchange realignment	6,223	10,717	–	6,638	–
Other	–	–	–	–	(10,323)
At June 30, 2024	25,280,334	1,732,941	18,304	842,305	10,165

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(a) Changes in liabilities arising from financing activities (continued)

Six months ended June 30, 2025

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Convertible bond
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	26,326,724	1,749,841	44,717	428,829	99,010
Changes from financing cash flows	(709,820)	(45,249)	(16,427)	29,023	–
New leases	–	–	2,082	–	–
Interest expense	511,934	47,110	871	11,346	10,859
Exchange realignment	12,375	(7,260)	–	(1,921)	15,794
At June 30, 2025	26,141,213	1,744,442	31,243	467,277	125,663

(b) Total cash outflow for leases

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	(6,214)	(8,747)	(21,951)	(6,761)	(8,674)
Within financing activities	(15,604)	(18,596)	(24,934)	(13,265)	(14,710)
Total	(21,818)	(27,343)	(46,885)	(20,026)	(23,384)

40. PLEDGE OF ASSETS

Details of the Group's assets pledged are as follows and included in notes 13, 14, 23, 26 and 29, respectively, to the Historical Financial Information.

	As at December 31,			As at June 30,	Restrictions
	2022	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Cash and cash equivalents	–	16,000	–	–	Pledged for proceedings
Cash and cash equivalents	667,978	208,704	274,300	310,657	Pledged for bills receivable
Cash and cash equivalents	136,116	99,200	40,933	38,461	Pledged for letter of credit
Cash and cash equivalents	1,209,498	637,688	423,867	424,699	Pledged for futures

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. PLEDGE OF ASSETS (continued)

	As at December 31,			As at June 30,	Restrictions
	2022	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Cash and cash equivalents	139,561	7,711	707	707	Pledged for standby letter of credit
Cash and cash equivalents	116,462	72,674	145,225	126,267	Pledged for others
Cash and cash equivalents	–	–	220,000	–	Pledged for supervision account
Bill receivables	95,714	143,860	123,161	81,880	Pledged for discounting
Inventories	–	641,767	–	–	Pledged for borrowing
Buildings	574,106	1,514,695	1,469,274	1,420,472	Pledged for borrowing
Construction in progress	–	1,170,251	458,377	126,799	Pledged for borrowing
Leasehold land	313,634	321,671	318,260	314,739	Pledged for borrowing
Total	3,253,069	4,834,221	3,474,104	2,844,681	

41. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of subsidiaries through business combinations

i. Acquisition of DHPL and Jade Bay during the year ended December 31, 2022

On July 31, 2022, the Company raised funds through its wholly-owned subsidiary, Hong Kong Zhongwei Zhongtuo New Energy Co., Ltd. (hereinafter referred to as " Hong Kong Zhongtuo ") acquires 100% equity of Debonair Holdings Private Limited (hereinafter referred to as "DHPL"), and DHPL has no substantive business as a shareholding platform. It holds 50.1% of the equity of PT Debonair Nickel Indonesia (hereinafter referred to as "DNI"). DNI is the project company for the construction of two RKEF ferronickel production lines (with an annual output of 27,500 tons of nickel metal equivalent low nickel matte) and a 380 MW supporting power plant project in Weda Bay, Indonesia. The purchase consideration of USD200,320,000 (equivalent to approximately RMB1,350,897,000) for the acquisition was in the form of cash and fully paid in 2022.

On July 31, 2022, the Company increased the capital of PT Jade Bay Metal Industry (hereinafter referred to as "Jade Bay") at a premium with self-raised funds through Hong Kong Zhongtuo, and held 50.10% of the equity of Jade Bay after the capital increase. Jade Bay is the project company of two RKEF ferronickel production lines (with an annual output of 27,500 tons of nickel metal equivalent low nickel matte) built in Weda Bay, Indonesia. The capital increase of USD112,359,000 (equivalent to approximately RMB757,714,000) was in the form of cash and fully paid in 2022.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

i. Acquisition of DHPL and Jade Bay during the year ended December 31, 2022 (continued)

The fair values of the identifiable assets and liabilities of DHPL and Jade Bay as at the dates of the acquisitions were as follows:

	Fair value recognised on acquisition	
	Debonair Holdings Private Limited	**PT Jade Bay Metal Industry**
	RMB'000	*RMB'000*
Property, plant and equipment	441,313	3,306
Cash and bank balances	393,848	–
Prepayments and other receivables	1,199,031	29,810
Trade payables	(101,232)	(1,622)
Accruals and other payables	(1,358,110)	(32)
Others	86,426	(32,140)
Total identifiable net assets at fair value	661,276	(678)
Non-controlling interests	(329,978)	338
Goodwill on acquisition	1,019,599	264,132
Satisfied by cash	1,350,897	–
Satisfied by non-controlling interests	–	263,454
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:		
Cash consideration	(1,350,897)	–
Cash and bank balances acquired	393,848	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	(957,049)	–
Transaction costs of the acquisition included in cash flows from operating activities	–	–
Total net cash outflow	(957,049)	–

Since the acquisition, DHPL contributed nil to the Group's revenue, loss of RMB2,053,000 to the consolidated profit for the year. Had the combination of DHPL taken place at the beginning of the year ended December 31, 2022, the revenue and the profit of the Group for the year would have been RMB 30,343,742,000 and RMB 1,539,831,000, respectively.

Since the acquisition, Jade Bay contributed nil to the Group's revenue, loss of RMB1,797,000 to the consolidated profit for the year ended December 31, 2022. Had the combination of Jade Bay taken place at the beginning of the year ended December 31, 2022, the revenue and the profit of the Group for the year would have been RMB30,343,742,000 and RMB1,538,905,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

ii. Acquisition of PT NNI during the year ended December 31, 2023

On July 1, 2023, the Group acquires 60% equity of PT Nadesico Nickel Industry (hereinafter referred to as "PT NNI"). The purchase consideration for the acquisition was in the form of cash and fully paid in 2023.

The fair values of the identifiable assets and liabilities of PT NNI as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	PT Nadesico Nickel Industry
	RMB'000
Property, plant and equipment	2,202,550
Cash and bank balances	4,458
Prepayments and other receivables	159,952
Trade payables	(221,538)
Accruals and other payables	(120,496)
Others	106,321
Total identifiable net assets at fair value	2,131,247
Non-controlling interests	(852,604)
Goodwill on acquisition	–
Satisfied by cash	1,278,643
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(1,278,643)
Cash and bank balances acquired	4,458
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,274,185)
Transaction costs of the acquisition included in cash flows from operating activities	–
Total net cash outflow	(1,274,185)

Since the acquisition, PT NNI contributed nil to the Group's revenue and loss of RMB98,324,000 to the consolidated profit for the year ended December 31, 2023. Had the combination of PT NNI taken place at the beginning of the year ended December 31, 2023, the revenue and the profit of the Group for the year would have been RMB34,273,223,000 and RMB2,100,715,000, respectively

iii. Acquisition of FINO during the year ended December 31, 2024

On June 26, 2024, the Group acquires 29.90% equity of FINO Inc. (hereinafter referred to as "FINO". The purchase consideration for the acquisition was in the form of cash and was fully paid in 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

iii. Acquisition of FINO during the year ended December 31, 2024 (continued)

The Group has determined that it has obtained the controlling power in FINO even it holds less than half of the total voting rights of FINO. It is because the Group is the largest single shareholder of FINO, holding 29.90% of its shares and 29.90% of its voting rights. The remaining shares of FINO are widely held by a number of other shareholders. Since the acquisition date, there have been no instances where the other shareholders collectively exercised their voting rights or holding more votes of FINO than the Group. At the same time, the Group can direct the board resolutions of FINO to be passed and appoint or approve the key management personnel of FINO by holding more than half of the total voting rights in the board of directors of FINO. In addition, two subsidiaries of the Group subscribed the convertible bond issued by FINO with convertible option during the period from July 18, 2025 to June 18, 2027, which would further increase the Group's shareholding percentage. Therefore, the Group includes FINO in the scope of consolidation.

The fair values of the identifiable assets and liabilities of FINO as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	FINO Inc.
	RMB'000
Property, plant and equipment	56,498
Cash and bank balances	70,710
Trade receivables	1,334
Prepayments and other receivables	734
Trade payables	(2,842)
Accruals and other payables	(2,203)
Others	26,798
Total identifiable net assets at fair value	151,029
Non-controlling interests	(105,867)
Goodwill on acquisition	55,932
Satisfied by cash	101,094
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(101,094)
Cash and bank balances acquired	70,710
Net outflow of cash and cash equivalents included in cash flows from investing activities	(30,384)
Transaction costs of the acquisition included in cash flows from operating activities	–
Total net cash outflow	(30,384)

Since the acquisition, FINO contributed RMB133,378,000 to the Group's revenue and loss of RMB12,295,000 to the consolidated profit for the year ended December 31, 2024. Had the combination of

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

iii. Acquisition of FINO during the year ended December 31, 2024 (continued)

FINO Inc. taken place at the beginning of the year ended December 31, 2024, the revenue and the profit of the Group for the year would have been RMB40,248,207,000 and RMB1,787,193,000, respectively.

(b) Acquisition of assets through acquisition of subsidiaries

i. Acquisition of MUS during the year ended December 31, 2024

On July 31, 2024, the Company's wholly-owned subsidiary Singapore CNGR Zhongxin New Energy Pte., Ltd. acquires 92.73% equity of PT Multi Usaha Sejahati (hereinafter referred to as "MUS"). MUS has no substantial business, which core assets are 55.00% equity interest in PT Harum Sukses Mining ("HSM") and 55.01% equity interest in PT Bumi Halteng Mining ("BHM"). HSM holds two nickel minings and BHM owns one nickel mining project. The Group believes that as MUS's nickel ore has not yet been mined at of December 31, 2024 and does not have the processing process and production capacity. Therefore, the Company regard the acquisition as the asset acquisition.

	Fair value recognised on acquisition
	PT Multi Usaha Sejahati
	RMB'000
Property, plant and equipment	1,319
Other intangible assets	610,334
Right-of-use assets	4,063
Cash and bank balances	7,366
Prepayments and other receivables	17,835
Other non-current assets	64,765
Accruals and other payables	(29,150)
Contract liabilities	(24,538)
Others	(639)
Net assets at fair value	651,355
Non-controlling interests	(310,004)
Net assets on acquisition	341,351
Satisfied by cash	341,351
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(341,351)
Cash and bank balances acquired	7,366
Net outflow of cash and cash equivalents included in cash flows from investing activities	(333,985)
Consideration payable	256,626
Total net cash outflow	(77,359)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of assets through acquisition of subsidiaries (continued)

ii. Acquisition of Wintru S.R.L. during the period ended June 30, 2025

On January 31, 2025, the Company's wholly-owned subsidiary Netherlands Tontru Lithium Energy Technology B.V(荷兰通楚锂能源科技有限公司) and Netherlands Hontru Lithium Energy Technology B.V(荷兰宏卓锂能源科技有限公司) acquires 100% equity of Wintru S.R.L. Wintru S.R.L. has no substantial business, which core asset is Jama Salt Lake Lithium Mine Project. The Group believes that as the lithium ore has not yet been mined at of June 30, 2025 and does not have the processing process and production capacity. Therefore, the Company regard the acquisition as the asset acquisition.

	Fair value recognised on acquisition
	Wintru S.R.L.
	RMB'000
Property, plant and equipment	45,262
Other intangible assets	572,912
Cash and bank balances	1,385
Trade receivables	4
Prepayments and other receivables	162
Trade payables	106,714
Accruals and other payables	8
Others	2,256
Net assets at fair value	510,747
Non-controlling interests	–
Net assets on acquisition	510,747
Satisfied by cash	510,747
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(510,747)
Cash and bank balances acquired	1,385
Cash paid at previous year	91,653
Net outflow of cash and cash equivalents included in cash flows from investing activities	(417,709)
Consideration payable	–
Total net cash outflow	(417,709)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of the related parties	Relationship with the Group
PT CNGR Ding Xing New Energy	A joint venture of the Group
PT HengSheng New Energy Material Indonesia	An associate of the Group
PT Transcoal Minergy	A joint venture of the Group
COBCO S.A.	A joint venture of the Group
Honglin Construction Engineering Group Co., Ltd.("宏林建設工程集團有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Minqiang Engineering Co., Ltd.("湖南民強工程有限公司")	Company where the close relatives of the ultimate controlling person serve as directors, supervisors or senior management
Dalong Longsheng Grand Hotel("大龍龍晟大酒店")	Controlled by the close relatives of the ultimate controlling person
Hunan Hanhua Jingdian Clean Energy Technology Company Limited ("湖南漢華京電清潔能源科技有限公司")	Controlled by the ultimate controlling person
Hunan Zhongxian Intelligent Technology Company Limited ("湖南中先智能科技有限公司")	Controlled by the ultimate controlling person
Jiangsu Haishi Pump Industry Manufacturing Co., Ltd.("江蘇海獅泵業製造有限公司")	Controlled by the controlling shareholder
Hunan Weichu Fruit Juice & Wine Co., Ltd.("湖南唯楚果汁酒業有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Juntai Fire Testing Co., Ltd.("湖南軍泰消防檢測有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Yaspace Property Management Co., Ltd.("湖南雅空間物業管理有限公司")	Controlled by the close relatives of the ultimate controlling person
Guizhou Qiheng Transportation Co., Ltd.("貴州啟恒運輸有限責任公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Zhongwei New Silver Materials Technology Co., Ltd.("湖南中偉新銀材料科技有限公司")	Controlled by a director of the Company
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.("湖南中偉新鉑材料科技有限公司")	Controlled by a director of the Company
Hunan Zhongwei Jinneng New Materials Co., Ltd.("湖南 中伟金能新材料有限责任公司")	Controlled by the chairman where he serves as executive supervisor and director
Yuechu Fruit Juice & Wine Co., Ltd.("岳楚果汁酒業有限公司")	Controlled by the ultimate controlling person
PT SATYA AMERTA HAVENPORT	A joint venture of the Group
Guangxi New Platinum Materials Technology Co., Ltd. ("廣西新鉑材料科技有限公司")	Controlled by a director of the Company
Guiyang Zhongwei Yunda Technology Co., Ltd.("貴陽中偉運達科技有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Yuening Real Estate Development Co., Ltd.("湖南悦甯房地產開發有限公司")	Controlled by the close relatives of the ultimate controlling person

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(a) Names and relationships (continued)

Name of the related parties	Relationship with the Group
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.("湖南中偉新氫材料科技有限公司")	Controlled by a director of the Company
Guizhou Zhongwei Investment Group Co., Ltd.("貴州中偉投資集團有限公司")	Controlled by the close relatives of the ultimate controlling person
Guizhou Xinbo Materials Technology Co., Ltd.("贵州新 铂材料科技有限公司")	Controlled by a director of the Company

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from goods and services (note i)					
PT CNGR Ding Xing New Energy	–	66,327	910,585	310,445	1,016,432
COBCO S.A.	–	–	72,839	–	125,282
POSCO CNGR Nickel Solution Co., Ltd	–	–	–	–	11,012
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	–	1,898	3,169	879	1,423
Guizhou Xinbo Materials Technology Co., Ltd.	–	–	–	–	4
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	–	40	–	–	–
PT HengSheng NewEnergy Material Indonesia	–	30,022	27,420	10,925	–
Hunan Zhongxian Intelligent Technology Co., Ltd.	–	44	–	–	–
Total	–	98,331	1,014,013	322,249	1,154,153

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods (continued):

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Purchase of goods and services (note ii)					
PT CNGR Ding Xing New Energy	–	171,236	2,713,178	1,455,137	1,455,893
PT. Sultra Sarana Bumi	–	–	126,816	–	130,169
PT HengSheng NewEnergy Material Indonesia	–	–	194,611	–	112,214
Honglin Construction and Engineering Group Co., Ltd.	–	78,661	254,718	166,718	53,565
PT Satya Amerta Havenport	–	–	–	–	30,593
Hunan Juntai Fire Testing Co., Ltd.	493	674	16,300	52	511
Hunan Zhongxian Intelligent Technology Co., Ltd.	104,994	955	22,006	550	309
Guiyang Zhongwei Yunda Technology Co., Ltd.	–	–	–	–	220
Hunan Zhongwei Testing Technology Co., Ltd.	–	–	–	–	170
Hunan Yaspace Property Management Co., Ltd.	53	170	177	1,050	93
Guizhou Qiheng Transportation Co., Ltd.	396	1,000	2,666	69	41
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	35,556	16,333	90	–	22
Jiangsu Haishi Pump Industry Manufacturing Co., Ltd.	3,394	206	–	–	–
Dalong Longsheng Grand Hotel	41	1	–	–	–
Hunan Weichu Fruit Juice & Wine Co., Ltd.	6	–	–	–	–
Total	144,933	269,236	3,330,562	1,623,576	1,783,800

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods (continued):

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Rental income (note iii)					
PT CNGR Ding Xing New Energy	–	–	10,349	–	13,595
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	–	515	2,431	664	863
Hunan Zhongwei Jinneng New Materials Co., Ltd.	–	101	676	167	240
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	–	22	252	40	165
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.	–	–	44	–	93
Hunan Zhongxian Intelligent Technology Co., Ltd.	–	–	14	–	–
Total	–	638	13,766	871	14,956
Rental payment (note iii)					
Hunan Yaspace Property Management Co., Ltd.	–	–	1,155	–	233
Guizhou Zhongwei Investment Group Co., Ltd.	–	–	819	–	–
Total	–	–	1,974	–	233

(i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group. The credit terms granted to the related parties were generally in line with the credit terms granted to other customers.

(ii) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.

(iii) The rental fees with the related parties were made according to the agreed prices.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties:

The Group as the Guarantor:

	December 31, 2023			
	RMB'000	*Effective Date*	*Expiry Date*	*Fulfilled*
PT CNGR Ding Xing New Energy	910,000	2023	3 years after the date of dissolution	No

	December 31, 2024			
	RMB'000	*Effective Date*	*Expiry Date*	*Fulfilled*
PT CNGR Ding Xing New Energy	934,492	2023	3 years after the date of dissolution	No

	June 30, 2025			
	RMB'000	*Effective Date*	*Expiry Date*	*Fulfilled*
PT CNGR Ding Xing New Energy	752,440	2023	3 years after the date of dissolution	No

The Group as the Secured Party:

	December 31, 2022		
	RMB'000	*Effective period*	*Fulfilled*
Mr. Deng Weiming, Ms. Wu Xiaoge	485,000	2021-2023	No
Mr. Deng Weiming, Ms. Wu Xiaoge	700,000	2022-2023	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,400,000	2022-2024	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,380,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,560,000	2022-2023	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,507,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd.	485,000	2021-2023	No
Total	9,517,000		

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties (continued):

	December 31, 2023		
	RMB'000	*Effective period*	*Fulfilled*
Mr. Deng Weiming, Ms. Wu Xiaoge	1,279,100	2020-2025	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	764,652	2020-2028	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	2,140,000	2022-2023	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	1,290,000	2022-2024	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	1,530,000	2022-2025	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	3,234,000	2022-2030	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	5,504,479	2023-2024	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	40,000	2023-2025	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	2,510,000	2023-2026	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2027	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	270,000	2023-2028	NO
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2022-2024	NO
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2023-2025	NO
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,889,000	2023-2028	NO
Hunan Zhongwei Holding Group Co., Ltd.	860,000	2021-2026	NO
Hunan Zhongwei Holding Group Co., Ltd.	500,000	2023-2026	NO
Total	23,811,231		

	December 31, 2024		
	RMB'000	*Effective period*	*Fulfilled*
Guarantor			
Mr. Deng Weiming, Ms. Wu Xiaoge	1,279,100	2020-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	920,000	2020-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,150,000	2021-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	2,290,000	2022-2024	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	2,322,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	780,000	2022-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,647,000	2022-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,200,000	2022-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	3,321,041	2022-2030	No
Mr. Deng Weiming, Ms. Wu Xiaoge	5,404,479	2023-2024	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	40,000	2023-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	600,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	4,280,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2027	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	270,000	2023-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	2,800,000	2024-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2024-2027	No

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties (continued):

	December 31, 2024		
	RMB'000	*Effective period*	*Fulfilled*
Hunan Zhongwei Holding Group Co., Ltd.	473,147	2023-3 years after the date of dissolution	No
Hunan Zhongwei Holding Group Co., Ltd.	500,000	2023-2026	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2021-2024	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	860,000	2021-2026	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2022-2027	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,700,000	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	500,000	2023-2024	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,889,000	2023-2028	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	350,000	2024-2027	No
Total	39,275,767		

	June 30, 2025		
	RMB'000	*Effective period*	*Fulfilled*
Guarantor			
Mr. Deng Weiming, Ms. Wu Xiaoge	1,279,100	2020-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	920,000	2020-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,150,000	2021-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	2,322,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	1,200,000	2022-2028	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	3,321,041	2022-2030	No
Mr. Deng Weiming, Ms. Wu Xiaoge	2,880,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,200,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2027	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	1,300,000	2024-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2024-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	200,000	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2024-2029	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,700,000	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2022-2027	Yes

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties (continued):

	June 30, 2025		
	RMB'000	*Effective period*	*Fulfilled*
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	350,000	2024-2027	Yes
Hunan Zhongwei Holding Group Co., Ltd.	860,000	2021-2026	No
Hunan Zhongwei Holding Group Co., Ltd.	1,180,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd.	1,647,000	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd.	40,000	2023-2025	Yes
Hunan Zhongwei Holding Group Co., Ltd.	1,300,000	2023-2026	No
Hunan Zhongwei Holding Group Co., Ltd.	3,159,000	2023-2028	No
Hunan Zhongwei Holding Group Co., Ltd.	1,100,000	2024-2025	No
Hunan Zhongwei Holding Group Co., Ltd.	800,000	2024-2027	No
Total	30,008,141		

The guarantees provided by related parties is not expected to be fully released before **[REDACTED]**.

(d) Loans to joint ventures and associates

2023

	Amount	Start date	End date
PT CNGR Ding Xing New Energy	177,068	2023/4/17	2024/4/16
PT CNGR Ding Xing New Energy	127,489	2023/7/13	2024/7/12
PT Transcoal Minergy	74,062	2023/7/31	2024/7/30
PT CNGR Ding Xing New Energy	49,579	2023/6/8	2024/6/7
PT HengSheng New Energy Material Indonesia	42,750	2023/12/31	2024/12/30
PT HengSheng New Energy Material Indonesia	32,818	2023/12/31	2024/12/30
PT Transcoal Minergy	14,420	2023/11/28	2024/11/27

2024

	Amount	Start date	End date
PT Transcoal Minergy	100,937	2024/11/25	2025/11/24
PT Transcoal Minergy	95,806	2024/7/15	2025/7/15
PT Transcoal Minergy	78,679	2024/4/22	2025/4/22
PT Transcoal Minergy	50,840	2024/11/1	2025/11/1
PT Transcoal Minergy	45,223	2024/2/7	2025/2/6
PT Transcoal Minergy	37,747	2024/1/26	2025/1/25
PT HengSheng New Energy Material Indonesia	33,625	2024/5/16	2025/5/16
PT Transcoal Minergy	28,754	2024/12/13	2025/12/12
PT Transcoal Minergy	22,284	2024/12/30	2025/12/29
PT HengSheng New Energy Material Indonesia	14,744	2024/1/1	2024/12/31
PT HengSheng New Energy Material Indonesia	10,063	2024/5/30	2025/5/29
PT CNGR Ding Xing New Energy	4,768	2024/5/29	2025/5/28
PT CNGR Ding Xing New Energy	29	2024/7/12	2025/7/12

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(d) Loans to joint ventures and associates (continued)

Six months ended June 30, 2025

	Amount	Start date	End date
COBCO S.A.	109,672	2025/3/10	2026/3/9
PT CNGR Ding Xing New Energy	108,652	2025/4/17	2027/4/16
COBCO S.A.	108,568	2025/5/1	2026/4/30
PT Transcoal Minergy	103,379	2024/11/25	2025/11/24
PT Transcoal Minergy	97,907	2024/7/15	2025/7/15
PT Transcoal Minergy	84,971	2025/4/15	2026/4/14
PT Transcoal Minergy	63,509	2025/4/17	2026/4/16
PT Transcoal Minergy	52,168	2024/11/1	2025/11/1
PT Transcoal Minergy	50,240	2025/6/18	2026/6/17
PT Transcoal Minergy	39,597	2025/3/14	2026/3/13
PT Transcoal Minergy	38,936	2025/3/28	2026/3/27
PT HengSheng New Energy Material Indonesia	32,957	2025/6/30	2026/6/29
PT Transcoal Minergy	30,082	2025/1/20	2026/1/19
PT Transcoal Minergy	29,568	2024/12/13	2025/12/12
PT Transcoal Minergy	29,472	2025/3/31	2026/3/31
PT Transcoal Minergy	22,826	2024/12/30	2025/12/29
PT HengSheng New Energy Material Indonesia	19,705	2025/5/15	2026/5/14
PT HengSheng New Energy Material Indonesia	3,905	2025/5/15	2026/5/14
PT CNGR Ding Xing New Energy	481	2025/1/24	2026/1/23

(e) Commitments with related parties

In 2022, CNGR Hong Kong Material Science &Technology Co., Limited (hereinafter referred to as the CNGR (Hong Kong)) and Rigqueza International Pte. Ltd. (hereinafter referred to as the "RIGQUEZA") signed an agreement to jointly invest in the development of 50,000 tons per year of refined nickel project, and the two parties set up PT. CNGR Ding Xing New Energy (hereinafter referred to as the "Joint Venture Company") in Indonesia to implement the project. The registered capital of the joint venture company is 1 million U.S. dollars, with each party holding 50% of the shares. The agreement also stipulates that CNGR (Hong Kong) and RIGQUEZA shall be obliged to purchase goods produced by the joint venture company under the same conditions as the market price and in accordance with the proportion of their respective shareholdings in the joint venture company. The joint venture company is obliged to prioritize sales to the shareholder parties and the terms of sales to the shareholder parties should be consistent.

On April 23, 2024, the Company passed the proposal on providing financial assistance to its associates and joint ventures:

The Company would provide a loan of up to US$25 million to PT.CNGR DING XING NEW ENERGY based on the shareholding of 50% for one year, The interest rate of the loan is determined based on the CME TERM SOFR1 (3 months) plus 250 BPS as of the date of the actual remittance of the shareholder's loan;

The Company would provide PT Transcoal Minergy with a loan of up to US$31.22 million based on the shareholding of 36% for one year. The interest rate of the loan is determined based on the CME TERM SOFR1 (12 months) as of the date of the actual remittance of the shareholder's loan;

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(e) Commitments with related parties (continued)

The Company would provide PT HengSheng New Energy Material Indonesia for a loan of not more than US$1.5 million based on the shareholding of 15% for one year, with an interest rate of not less than 3.65%;

The Company would provide PT Satya Amerta Havenport with a loan of not more than US$1.5 million based on the shareholding of 34% for one year, a loan of not more than US$20 million or its equivalent RMB amount, with a term of one year and an interest rate of 7%;

The above amount can be utilized on a revolving and rolling basis within the validity period of the agreement.

On November 27, 2024, the Company proposed to provide financial assistance to the joint venture COBCO:S.A. in the form of borrowings of up to US$90 million, with a term of up to 12 months and an annual interest rate of CME TERM SOFR(1 month)1+2.5 per annum.

On February 12, 2025, the Company approved to provide financial support to its associates and joint ventures to ensure normal operations and accelerate the integrated industrial chain development. The shareholders agreed to provide funding proportionally as follows:

The Company would provide PT CNGR Ding Xing New Energy with a loan of up to US$120 million based on its 50% shareholding for one year. The interest rate of the loan is determined based on the CME TERM SOFR (3 months) plus 80BPS as of the date of the actual remittance of the shareholder's loan.

The Company would provide PT Transcoal Minergy with a loan of up to US$140 million based on its 36% shareholding for one year. The interest rate of the loan is determined based on the CME TERM SOFR (3 months) plus 125BPS as of the date of the actual remittance of the shareholder's loan.

The Company would provide PT HengSheng New Energy Material Indonesia with a loan of not more than US$18 million based on its 15% shareholding for one year, with an interest rate of not less than 10% (currency neutral).

The Company would provide PT Satya Amerta Havenport with a loan of not more than US$10 million or its equivalent RMB amount based on its 34% shareholding for one year, with an interest rate of not more than 6%. The above amounts can be utilized on a revolving and rolling basis within the validity period of the agreement.

On May 21, 2025, the Company passed the proposal on providing financial assistance to its associates and joint ventures:

The Company would provide PT HengSheng Indonesia with a loan of not more than US$18 million or its equivalent RMB amount based on the shareholding of 15% for one year, with an interest rate of not more than 10% (currency neutral);

The Company would provide PT. Stardust Estate Investment with a loan of not more than US$5 million based on the shareholding of 20% for one year, with an interest rate of not more than 7%;

The above amount can be utilized on a revolving and rolling basis within one year after approval by the shareholders' meeting.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(f) Outstanding balances with related parties

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables				
PT CNGR Ding Xing New Energy	–	27,578	65,259	246,265
COBCO S.A.	–	–	–	125,480
POSCO CNGR Nickel Solution Co., Ltd	–	–	–	8,469
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	–	198	906	1,670
Hunan Zhongwei Jinneng New Materials Co., Ltd.	–	57	340	263
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	–	57	223	226
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.	–	–	48	102
PT HengSheng New Energy Material Indonesia	–	4,787	1,517	–
Impairment	–	(327)	(1,082)	(7,263)
Total	–	32,350	67,211	375,212

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments, deposits and other receivables				
PT Transcoal Minergy	–	88,482	460,269	642,656
PT CNGR Ding Xing New Energy	–	732,656	384,705	530,601
COBCO S.A.	–	–	–	225,785
PT Sultra Sarana Bumi	–	–	50,862	69,050
PT Heng Sheng New Energy Material Indonesia	–	75,568	88,152	56,567
Hunan Yaspace Property Management Co., Ltd.	–	–	–	252
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	–	–	301	43
Guizhou Qiheng Transportation Co., Ltd.	–	1	–	–
Hunan Zhongxian Intelligent Technology Co., Ltd.	–	–	12,677	–
Guiyang Zhongwei Yunda Technology Co., Ltd.	–	–	248	–
Impairment	–	(19,916)	(19,696)	(32,133)
Total	–	876,791	977,518	1,492,821

* Amount less than RMB1,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(f) Outstanding balances with related parties (continued)

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other non-current assets				
Hunan Yuening Real Estate Development Co., Ltd.	–	–	56,189	90,984
Hunan Zhongxian Intelligent Technology Co., Ltd.	352	760	2,638	22,768
Hunan Hanhua Jingdian Clean Energy Technology Company Limited	561	562	562	562
Hunan Minqiang Engineering Co., Ltd.	176	176	176	176
Honglin Construction Engineering Group Co., Ltd.	–	36,793	–	–
Impairment	–	–	–	–
Total	1,089	38,291	59,565	114,490
Trade payables				
Honglin Construction and Engineering Group Co., Ltd.	18,154	24,924	51,381	42,946
PT Satya Amerta Havenport	–	–	–	5,393
Hunan Yaspace Property Management Co., Ltd.	–	–	3,149	3,131
PT Heng Sheng New Energy Material Indonesia	–	–	–	2,381
Hunan Hanhua Jingdian Clean Energy Technology Company Limited	9,073	3,379	2,857	2,342
Hunan Minqiang Engineering Co., Ltd.	1,010	1,010	1,010	1,010
Hunan Zhongxian Intelligent Technology Co., Ltd.	21,176	9,389	–	615
PT CNGR Ding Xing New Energy	–	–	–	463

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hunan Juntai Fire Testing Co., Ltd.	–	–	620	384
Guizhou Qiheng Transportation Co., Ltd.	135	125	170	164
Jiangsu Haishi Pump Industry Manufacturing Co., Ltd.	1,400	294	294	–
Hunan Juntai Fire Testing Co., Ltd.	38	–	620	–
Total	50,986	39,121	60,101	58,829

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(f) Outstanding balances with related parties (continued)

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals				
Honglin Construction and Engineering Group Co., Ltd.	75	75	1,437	2,059
Hunan Yaspace Property Management Co., Ltd.	–	–	163	333
Hunan Hanhua Jingdian Clean Energy Technology Company Limited	3	3	3	133
Hunan Zhongxian Intelligent Technology Co., Ltd.*	–	–	–	200
PT. Sultra Sarana Bumi	–	–	–	4
Guizhou Qiheng Transportation Co., Ltd.	201	204	12	1
Hunan Juntai Fire Testing Co., Ltd.	–	–	450	–
Total	279	282	2,065	2,730
Contract liabilities				
PT Heng sheng New Energy Material Indonesia	–	–	–	15,612
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	–	1,001	2,578	1,841
PT CNGR Ding Xing New Energy	–	–	72,247	–
Total	–	1,001	74,825	17,453

* Amount less than RMB1,000.

Prepayments, deposits and other receivables are partly utilized for loans to joint ventures and associates, a breakdown of which is provided in note 42 (d), which is non-trade in nature. Remaining trade and bills receivables at amortized cost or fair value through other comprehensive income, prepayments, deposits and other receivables, other non-current assets, trade payables, contract liabilities and other payables and accruals were trade in nature.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(g) Compensation of key management personnel of the Group:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short term employee benefits	6,154	11,644	11,285	5,228
Post-employment benefits	5,288	8,892	10,689	2,921
Equity-settled share option expense	7,221	12,055	17,438	770
Total compensation paid to key management personnel	18,663	32,591	39,412	8,919

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

43. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital commitments	2,435,503	2,545,060	1,122,966	2,894,208

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at December 31, 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	497,669	–	497,669
Trade and bills receivables	–	198,074	4,879,378	5,077,452
Financial assets included in deposits and other receivables	–	–	103,245	103,245
Financial assets at fair value through profit or loss	300,000	–	–	300,000
Derivative financial instruments	4,247	–	–	4,247
Pledged deposits	–	–	2,269,615	2,269,615
Cash and cash equivalents	–	–	12,979,249	12,979,249
Total	304,247	695,743	20,231,487	21,231,477

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at December 31, 2022 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	8,722,936	8,722,936
Financial liabilities included in other payables and accruals	–	627,364	627,364
Derivative financial instruments	459,526	–	459,526
Interest-bearing bank borrowings	–	19,934,271	19,934,271
Bonds payable	–	1,687,387	1,687,387
Other non-current liabilities	–	825,868	825,868
Total	459,526	31,797,826	32,257,352

As at December 31, 2023

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at fair value through other comprehensive income Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	836,989	–	836,989
Trade and bills receivables	–	1,035,549	4,104,289	5,139,838
Financial assets included in deposits and other receivables	–	–	696,639	696,639
Derivative financial instruments	122,462	–	–	122,462
Pledged deposits	–	–	1,041,977	1,041,977
Cash and cash equivalents	–	–	10,397,466	10,397,466
Total	122,462	1,872,538	16,240,371	18,235,371

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at December 31, 2023 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Bonds payable	–	1,720,373	1,720,373
Trade and bills payables	–	8,593,538	8,593,538
Financial liabilities included in other payables and accruals	–	842,977	842,977
Derivative financial instruments	1,655	–	1,655
Interest-bearing bank and other borrowings	–	20,193,132	20,193,132
Other non-current liabilities	–	1,405,689	1,405,689
Total	1,655	32,755,709	32,757,364

As at December 31, 2024

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at fair value through other comprehensive income Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	521,960	–	521,960
Trade and bills receivables	–	453,533	4,652,279	5,105,812
Financial assets at fair value through profit or loss	2,040,154	–	–	2,040,154
Financial assets included in deposits and other receivables	–	–	712,175	712,175
Derivative financial instruments	148,554	–	–	148,554
Pledged deposits	–	–	1,105,032	1,105,032
Cash and cash equivalents	–	–	10,083,956	10,083,956
Total	2,188,708	975,493	16,533,442	19,717,643

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at December 31, 2024 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Bonds payable	—	1,749,841	1,749,841
Convertible bonds	—	99,010	99,010
Trade and bills payables	—	10,249,416	10,249,416
Financial liabilities included in other payables and accruals	—	984,756	984,756
Derivative financial instruments	100,497	—	100,497
Interest-bearing bank borrowings	—	26,326,724	26,326,724
Other non-current liabilities	—	2,039,501	2,039,501
Total	100,497	41,449,248	41,549,745

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at June 30, 2025

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at fair value through other comprehensive income Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	—	571,267	—	571,267
Trade and bills receivables	—	248,806	5,410,603	5,659,409
Financial assets at fair value through profit or loss	1,161,019	—	—	1,161,019
Financial assets included in deposits and other receivables (note 22)	—	—	1,170,420	1,170,420
Derivative financial instruments	133,275	—	—	133,275
Pledged deposits	—	—	900,791	900,791
Cash and cash equivalents	—	—	9,645,273	9,645,273
Total	1,294,294	820,073	17,127,087	19,241,454

Financial liabilities

	Financial liabilities at fair value through profit or loss Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Bonds payable	—	1,744,442	1,744,442
Convertible bonds	—	125,663	125,663
Trade and bills payables	—	13,100,673	13,100,673
Financial liabilities included in other payables and accruals	—	1,070,867	1,070,867
Derivative financial instruments	15,539	—	15,539
Interest-bearing bank borrowings	—	26,141,213	26,141,213
Other non-current liabilities	—	1,726,776	1,726,776
Total	15,539	43,909,634	43,925,173

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Transfers of financial assets

Financial assets that are derecognized in their entirety

Factoring trade receivables

At December 31, 2022, 2023 and 2024, and June 30, 2025, the Group has entered into certain receivable purchase agreements with financial institutions for the factoring of trade receivables due from certain specified customers with an aggregate carrying amount of nil, RMB21,500,000 and nil, and nil. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the factored trade receivables. Accordingly, it has derecognized the full carrying amounts of the factored trade receivables.

During the Relevant Periods, expenses of nil, RMB4,108,000, RMB5,392,000 and RMB3,000 were recognized on the date of transfer of the factored trade receivables.

Bills endorsed or discounted

At December 31, 2022, 2023 and 2024, and June 30, 2025, the Group, endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers, and discounted certain bills receivables to banks in Mainland China, (together the "Derecognized Bills") with carrying amounts in aggregate of RMB6,367,960,000, RMB3,767,121,000 and RMB4,149,401,000, and RMB5,004,919,000. The Derecognized Bills had a maturity of one to ten months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognized 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 Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognized Bills are not significant.

During the Relevant Periods, expenses RMB80,354,000, RMB59,292,000 and RMB80,087,000, and RMB68,900,000 were recognized on the dates of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively.

Financial assets that are not derecognized in their entirety

Bills endorsed

At December 31, 2022, 2023, 2024 and June 30, 2025, the Group the Group endorsed and discounted certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with carrying amounts of RMB188,684,000, RMB201,437,000, RMB263,907,000 and RMB459,651,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Transfers of financial assets (continued)

Financial assets that are not derecognized in their entirety (continued)

Bills and the associated trade 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.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, pledged bank deposits, trade payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The carrying amounts of the Group's financial instruments including interest-bearing bank borrowings and bonds payable at amortised cost were not materially different from their fair values as at December 31, 2022, 2023, 2024 and June 30, 2025.

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of interest-bearing bank and other borrowings and bond payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using the market approach based on the market interest rates of instruments with similar terms.

The financial instruments in bills receivables are the bank acceptance bills registered by the acceptance bank with high credit, and the group's management model aims at both collecting the contractual cash flow and selling the financial assets. There is no significant unobservable inputs to the valuation of financial instruments as at December 31, 2022, 2023 and 2024, and June 30, 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at December 31, 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	497,669	–	497,669
Financial assets at fair value through profit or loss	–	300,000	–	300,000
Trade and bills receivables	–	198,074	–	198,074
Derivative financial instruments	4,247	–	–	4,247
Total	4,247	995,743	–	999,990

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	456,768	380,221	–	836,989
Trade and bills receivables	–	1,035,549	–	1,035,549
Derivative financial instruments	122,462	–	–	122,462
Total	579,230	1,415,770	–	1,995,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	521,960	–	–	521,960
Trade and bills receivables	–	453,533	–	453,533
Financial assets at fair value through profit or loss	1,282	2,038,872	–	2,040,154
Derivative financial instruments	148,554	–	–	148,554
Total	671,796	2,492,405	–	3,164,201

Liabilities measured at fair value:

As at December 31, 2022

		Fair value measurement using		
	As at December 31, 2022	Quoted prices in active markets	Significant observable inputs	Significant unobservable
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	459,526	459,526	–	–

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value (continued):

As at December 31, 2023

		Fair value measurement using		
	As at December 31, 2023	Quoted prices in active markets	Significant observable inputs	Significant unobservable
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	1,655	1,655	–	–

As at December 31, 2024

		Fair value measurement using		
	As at December 31, 2024	Quoted prices in active markets	Significant observable inputs	Significant unobservable
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	100,497	3,159	97,338	–

The Group's classification of other equity instruments within the fair value hierarchy is determined by the existence of sales restrictions (lock-up periods). During 2022, all such instruments were classified as Level 2 due to ongoing trading restrictions, as their fair values required the use of observable inputs other than quoted prices. In 2023, a portion of these instruments became freely tradable upon the expiry of lock-up periods, enabling their reclassification from Level 2 to Level 1 where active market prices were available, while the remaining instruments continued to be classified as Level 2 as they remained subject to lock-up arrangements. By 2024, all sales restrictions had been lifted, resulting in the entire balance being classified within Level 1. There were no transfers between Level 1 and Level 2 in 2022 or 2024, and no transfers into or out of Level 3 during the three-year period. Transfers between hierarchy levels are recognized at the end of the reporting period in which the restrictions lapse.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other liabilities, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Foreign currency risk

	Increase/ (decrease) in US$/RMB rate	Increase/ (decrease) in profit after tax	Increase/ (decrease) in other comprehensive income	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*	*RMB$'000*
Six months ended June 30, 2025				
If the RMB weakens against the USD	5	(152,991)	5,652	(147,339)
If the RMB strengthens against the USD	5	152,991	(5,652)	147,339
If the RMB weakens against the IDR	5	54,087	–	54,087
If the RMB strengthens against the IDR	5	(54,087)	–	(54,087)
If the RMB weakens against the KRW	5	764	–	764
If the RMB strengthens against the KRW	5	(764)	–	(764)
If the RMB weakens against the EUR	5	4,308	–	4,308
If the RMB strengthens against the EUR	5	(4,308)	–	(4,308)
2024				
If the RMB weakens against the USD	5	(375,011)	1,730	(373,281)
If the RMB strengthens against the USD	5	375,011	(1,730)	373,281
If the RMB weakens against the IDR	5	9,778	–	9,778
If the RMB strengthens against the IDR	5	(9,778)	–	(9,778)
If the RMB weakens against the KRW	5	4,346	–	4,346

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in US$/RMB rate	Increase/ (decrease) in profit after tax	Increase/ (decrease) in other comprehensive income	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*	*RMB$'000*
If the RMB strengthens against the KRW	5	(4,346)	–	(4,346)
If the RMB weakens against the EUR	5	928	–	928
If the RMB strengthens against the EUR	5	(928)	–	(928)
2023				
If the RMB weakens against the USD	5	(165,951)	3,588	(162,363)
If the RMB strengthens against the USD	5	165,951	(3,588)	162,363
If the RMB weakens against the IDR	5	(19,743)	–	(19,743)
If the RMB strengthens against the IDR	5	19,743	–	19,743
If the RMB weakens against the KRW	5	3,869	–	3,869
If the RMB strengthens against the KRW	5	(3,869)	–	(3,869)
If the RMB weakens against the EUR	5	1,379	–	1,379
If the RMB strengthens against the EUR	5	(1,379)	–	(1,379)
2022				
If the RMB weakens against the USD	5	(167,435)	4,089	(163,346)
If the RMB strengthens against the USD	5	167,435	(4,089)	163,346
If the RMB weakens against the IDR	5	821	–	821
If the RMB strengthens against the IDR	5	(821)	–	(821)
If the RMB weakens against the EUR	5	1,557	–	1,557
If the RMB strengthens against the EUR	5	(1,557)	–	(1,557)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31, 2022, 2023 and 2024.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at December 31, 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	4,491,262	4,491,262
Bills receivables	–	–	–	641,264	641,264
Financial assets included in prepayments, other receivables and other assets					
- Normal**	107,935	–	–	–	107,935
Pledged deposits					
- Not yet past due	2,269,615	–	–	–	2,269,615
Cash and cash equivalents					
- Not yet past due	12,979,249	–	–	–	12,979,249
Total	15,356,799	–	–	5,132,526	20,489,325

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	3,797,813	3,797,813
Bills receivables	–	–	–	1,386,945	1,386,945
Financial assets included in prepayments, other receivables and other assets					
- Normal**	728,157	–	–	–	728,157
Pledged deposits					
- Not yet past due	1,041,977	–	–	–	1,041,977
Cash and cash equivalents					
- Not yet past due	10,397,466	–	–	–	10,397,466
Total	12,167,600	–	–	5,184,758	17,352,358

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	4,384,307	4,384,307
Bills receivables	–	–	–	773,085	773,085
Financial assets included in prepayments, other receivables and other assets					–
- Normal**	750,963	–	–	–	750,963
Pledged deposits					–
- Not yet past due	1,105,032	–	–	–	1,105,032
Cash and cash equivalents					–
- Not yet past due	10,083,956	–	–	–	10,083,956
Total	11,939,951	–	–	5,157,392	17,097,343

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at June 30, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	5,241,214	5,241,214
Bills receivables	–	–	–	490,170	490,170
Financial assets included in prepayments, other receivables and other assets					
- Normal**	1,225,096	–	–	–	1,225,096
Pledged deposits					
- Not yet past due	900,791	–	–	–	900,791
Cash and cash equivalents					
- Not yet past due	9,645,273	–	–	–	9,645,273
Total	11,771,160	–	–	5,731,384	17,502,544

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the Historical Financial Information.

Concentrations of credit risk are managed by customer and geographical region. As at December 31, 2022, 2023 and 2024, and June 30, 2025, the Group had concentrations of credit risk as 72.11%, 57.93% and 44.46%, and 43.74% of the Group's trade receivables were due from the Group's five largest customers.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group's policy is that all the borrowings should be approved by the chief financial officer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The tables below summarize the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

December 31, 2022

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	7,917,904	12,090,121	1,518,605	21,526,630
Derivative financial instruments	459,526	–	–	459,526
Trade and bills payables	8,722,936	–	–	8,722,936
Financial liabilities include in other payables and accruals	627,364	–	–	627,364
Bonds payable	87,266	1,893,570	–	1,980,836
Lease liabilities	18,596	8,911	–	27,507
Other non-current liabilities	47,662	858,188	–	905,850
Total	17,881,254	14,850,790	1,518,605	34,250,649

December 31, 2023

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	6,948,222	13,747,334	738,144	21,433,700
Derivative financial instruments	1,655	–	–	1,655
Trade and bills payables	8,593,538	–	–	8,593,538
Financial liabilities include in other payables and accruals	842,977	–	–	842,977
Bonds payable	88,006	1,821,606	–	1,909,612
Lease liabilities	10,101	9,730	–	19,831
Other non-current liabilities	65,704	1,394,177	–	1,459,881
Total	16,550,203	16,972,847	738,144	34,261,194

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

December 31, 2024

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	11,411,321	15,772,614	360,907	27,544,842
Derivative financial instruments	100,497	–	–	100,497
Trade and bills payables	10,249,416	–	–	10,249,416
Financial liabilities include in other payables and accruals	984,756	–	–	984,756
Bonds payable	1,096,446	767,901	–	1,864,347
Convertible bonds	–	182,426	–	182,426
Lease liabilities	19,297	27,564	–	46,861
Other non-current liabilities	8,575	2,039,501	–	2,048,076
Total	23,870,308	18,790,006	360,907	43,021,223

June 30, 2025

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	11,412,305	15,897,052	266,858	27,576,215
Derivative financial instruments	15,539	–	–	15,539
Trade and bills payables	13,100,673	–	–	13,100,673
Financial liabilities include in other payables and accruals	1,070,867	–	–	1,070,867
Bonds payable	1,063,338	748,432	–	1,811,770
Convertible bonds	–	177,621	–	177,621
Lease liabilities	16,135	16,402	–	32,537
Other non-current liabilities	15,565	1,727,800	–	1,743,365
Total	26,694,422	18,567,307	266,858	45,528,587

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	33,358,781	34,087,273	43,406,612	45,264,510
Total assets	53,702,915	62,010,966	72,895,179	74,694,105
Debt-to-asset ratio	62%	55%	60%	61%

47. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events after the end of the Relevant Periods that require additional disclosure or adjustments.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2025.

The following is the text of a report set out on pages [IA-1] to [IA-2], received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. The information set out below is the unaudited interim condensed consolidated financial information of the Group for the nine months ended September 30, 2025 and does not form part of the Accountant's Report from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix I to this document, and is included herein for information purpose only.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF CNGR ADVANCED MATERIAL CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages [ ] to [ ], which comprises the condensed consolidated statement of financial position of CNGR Advanced Material Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at September 30, 2025 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended, and explanatory notes (the "Interim Financial Information"). The Interim Financial Information has been prepared by the directors of the Company solely for the purpose of inclusion in the document of the Company dated [ ] (the "Document") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on the Interim Financial Information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the Hong Kong Institute of Certificate Public Accountants ("HKICPA"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at December 31, 2024. The comparative information for the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes, for the nine months ended September 30, 2024 has not been audited or reviewed.

Certified Public Accountants
Hong Kong
[Date]

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the nine months ended September 30, 2025	2024
		RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
REVENUE	*4*	33,297,491	30,162,945
Cost of sales		(29,270,343)	(26,392,092)
Gross profit		4,027,148	3,770,853
Other income and gains	*4*	348,205	600,937
Selling and marketing expenses		(82,250)	(76,489)
Administrative expenses		(964,159)	(822,422)
Research and development costs		(829,280)	(717,956)
Other expenses		(433,319)	(217,642)
Finance costs		(784,978)	(763,429)
Share of profits and losses of:			
Joint ventures		18,926	30,454
Associates		11,663	12,423
PROFIT BEFORE TAX	*5*	1,311,956	1,816,729
Income tax expense	*6*	(200,871)	(170,026)
PROFIT FOR THE PERIOD		1,111,085	1,646,703
Profit attributable to:			
Owners of the parent		1,116,861	1,323,460
Non-controlling interests		(5,776)	323,243
		1,111,085	1,646,703
EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	1.23	1.43

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive (loss)/income:		
Changes in fair value	343,511	(170,515)
Income tax effect	(54,762)	27,151
	288,749	(143,364)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	288,749	(143,364)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(295,182)	19,740
Cash flow hedge	(17,405)	–
Share of other comprehensive loss of joint ventures	(140)	(252)
Share of other comprehensive loss of associates	(13,399)	(4,881)
	(326,126)	14,607
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(326,126)	14,607
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(37,377)	(128,757)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,073,708	1,517,946
Total comprehensive income attributable to:		
Owners of the parent	1,107,933	1,203,443
Non-controlling interests	(34,225)	314,503
	1,073,708	1,517,946

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	September 30, 2025	December 31, 2024
		RMB'000 (Unaudited)	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	30,320,713	28,993,391
Right-of-use assets	*13*	1,884,565	1,647,515
Goodwill	*10*	1,408,368	1,424,799
Other intangible assets		1,370,264	648,696
Investments in joint ventures	*11*	2,378,872	2,354,322
Investments in associates	*12*	1,596,060	1,707,361
Equity investments designated at fair value through other comprehensive income		779,602	521,960
Financial assets at fair value through profit or loss		67,080	28,000
Deferred tax assets		88,631	121,595
Other non-current assets	*14*	1,625,857	1,729,108
Pledged deposits and restricted cash	*18*	290,000	–
Total non-current assets		41,810,012	39,176,747
CURRENT ASSETS			
Inventories	*15*	11,140,724	9,826,364
Trade and bills receivables	*16*	6,091,655	5,105,812
Prepayments, deposits and other receivables	*17*	6,791,500	5,436,560
Derivative financial instruments		45,886	148,554
Pledged deposits and restricted cash	*18*	1,078,725	1,105,032
Financial assets at fair value through profit or loss		1,270,858	2,012,154
Cash and cash equivalents	*18*	8,273,668	10,083,956
Total current assets		34,693,016	33,718,432
CURRENT LIABILITIES			
Trade and bills payables	*19*	13,464,644	10,249,416
Other payables and accruals	*20*	2,044,072	1,992,824
Derivative financial instruments		6,792	100,497
Interest-bearing bank and other borrowings	*21*	12,046,140	10,539,073
Bonds payable	*22*	–	1,024,764
Lease liabilities	*13*	7,979	18,893
Tax payable		125,592	114,000
Total current liabilities		27,695,219	24,039,467
NET CURRENT ASSETS		6,997,797	9,678,965
TOTAL ASSETS LESS CURRENT LIABILITIES		48,807,809	48,855,712

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	September 30, 2025	December 31, 2024
		RMB'000 (Unaudited)	*RMB'000*
NON-CURRENT LIABILITIES			
Bonds payable	*22*	710,571	725,077
Convertible bonds		5,566	99,010
Interest-bearing bank and other borrowings	*21*	16,338,537	15,787,651
Lease liabilities	*13*	21,743	25,824
Deferred income		379,451	391,653
Deferred tax liabilities		235,199	215,403
Other non-current liabilities	23	1,520,258	2,122,527
Total non-current liabilities		19,211,325	19,367,145
Net assets		29,596,484	29,488,567
EQUITY			
Equity attributable to owners of the parent			
Share capital	*24*	938,029	937,090
Treasury shares	*24*	(1,086,635)	(504,094)
Reserves		20,466,709	19,707,756
		20,318,103	20,140,752
Non-controlling interests		9,278,381	9,347,815
Total equity		29,596,484	29,488,567

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Special reserve - safety fund*	Statutory reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	937,090	(504,094)	13,993,866	553,446	406,248	(338,340)	7,313	385,434	4,699,789	20,140,752	9,347,815	29,488,567
Profit for the period (unaudited)	–	–	–	–	–	–	–	–	1,116,861	1,116,861	(5,776)	1,111,085
Other comprehensive loss for the period:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax (unaudited)	–	–	–	–	–	288,749	–	–	–	288,749	–	288,749
Share of other comprehensive income of joint ventures (unaudited)	–	–	–	–	(112)	–	–	–	–	(112)	(28)	(140)
Share of other comprehensive income of associates (unaudited)	–	–	–	–	(13,399)	–	–	–	–	(13,399)	–	(13,399)
Exchange differences on translation of foreign operations (unaudited)	–	–	–	–	(273,087)	–	–	–	–	(273,087)	(22,095)	(295,182)
Cash flow hedges, net of tax (unaudited)	–	–	–	–	–	(11,079)	–	–	–	(11,079)	(6,326)	(17,405)
Total comprehensive income for the period (unaudited)	–	–	–	–	(286,598)	277,670	–	–	1,116,861	1,107,933	(34,225)	1,073,708
Acquisition of subsidiaries (unaudited)	–	–	–	–	–	–	–	–	–	–	75,932	75,932
Capital contribution of non-controlling shareholders (unaudited)	–	–	311,261	–	–	–	–	–	–	311,261	300,936	612,197
Acquisition of non-controlling interests (unaudited)	–	–	(72,194)	–	–	–	–	–	–	(72,194)	(184,432)	(256,626)
Disposal of a subsidiary (unaudited)	–	–	–	–	–	–	–	–	–	–	(529)	(529)
Dividends (unaudited)	–	–	–	–	–	–	–	–	(579,528)	(579,528)	–	(579,528)
Dividends paid to non-controlling interests (unaudited)	–	–	–	–	–	–	–	–	–	–	(328,504)	(328,504)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income (unaudited)	–	–	–	–	–	(36,494)	–	–	36,494	–	–	–
Issue of shares (unaudited)	2,779	–	54,243	–	–	–	–	–	–	57,022	–	57,022
Repurchase and cancelation of shares (unaudited)	(1,840)	(582,541)	(82,244)	–	–	–	–	–	–	(666,625)	–	(666,625)
Share-based payment (unaudited)	–	–	–	19,482	–	–	–	–	–	19,482	2,001	21,483
Safety fund (unaudited)	–	–	–	–	–	–	4,162	–	(4,162)	–	1,325	1,325
Conversion of convertible bonds (unaudited)	–	–	–	–	–	–	–	–	–	–	98,062	98,062
At September 30, 2025 (unaudited)	938,029	(1,086,635)	14,204,932	572,928	119,650	(97,164)	11,475	385,434	5,269,454	20,318,103	9,278,381	29,596,484

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent										
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other comprehensive income*	Special reserve - safety fund*	Statutory reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*			*RMB'000*
At January 1, 2024	669,824	(339,854)	14,142,374	480,625	270,747	(50,756)	6,998	288,201	4,359,263	19,827,422	8,096,271	27,923,693
Profit for the period (unaudited)	–	–	–	–	–	–	–	–	1,323,460	1,323,460	323,243	1,646,703
Other comprehensive loss for the period:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax (unaudited)	–	–	–	–	–	(143,364)	–	–	–	(143,364)	–	(143,364)
Share of other comprehensive income of joint ventures (unaudited)	–	–	–	–	(252)	–	–	–	–	(252)	(1,064)	(1,316)
Share of other comprehensive income of associates (unaudited)	–	–	–	–	(4,881)	–	–	–	–	(4,881)	–	(4,881)
Exchange differences on translation of foreign operations	–	–	–	–	27,416	–	–	–	–	27,416	(7,676)	19,740
Total comprehensive income for the period (unaudited)	–	–	–	–	22,283	(143,364)	–	–	1,323,460	1,202,379	314,503	1,516,882
Acquisition of subsidiaries (unaudited)	–	–	–	–	–	–	–	–	–	–	105,871	105,871
Capital contribution of non-controlling shareholders (unaudited)	–	–	117,079	–	–	–	–	–	–	117,079	426,579	543,658
Acquisition of non-controlling interests (unaudited)	–	–	(134,596)	–	–	–	–	–	–	(134,596)	(357,289)	(491,885)
Dividends (unaudited)	266,376	–	(266,376)	–	–	–	–	–	(1,031,136)	(1,031,136)	–	(1,031,136)
Dividends paid to non-controlling interests (unaudited)	–	–	–	–	–	–	–	–	–	–	(214,203)	(214,203)
Issue of shares (unaudited)	2,526	–	50,927	–	–	–	–	–	–	53,453	–	53,453
Repurchase and cancelation of shares (unaudited)	(1,636)	(34,240)	(73,160)	–	–	–	–	–	–	(109,036)	–	(109,036)
Share-based payment (unaudited)	–	–	–	67,469	–	–	–	–	–	67,469	5,522	72,991
Safety fund (unaudited)	–	–	–	–	–	–	(163)	–	163	–	77	77
Other (unaudited)	–	–	–	–	–	–	–	–	–	–	73,870	73,870
At September 30, 2024 (unaudited)	937,090	(374,094)	13,836,248	548,094	293,030	(194,120)	6,835	288,201	4,651,750	19,993,034	8,451,201	28,444,235

* These reserve accounts comprise the consolidated reserves of RMB20,466,709,000 (September 30, 2024: RMB19,430,038,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,311,956	1,816,729
Adjustments for:		
Finance costs	784,978	763,429
Share of profits and losses of joint ventures and associates	(30,589)	(42,877)
Bank interest income	(126,044)	(167,793)
Dividend income from equity investments at fair value through other comprehensive income	(1,327)	(2,554)
Gains on derivative financial instruments	(52,131)	(62,506)
Depreciation of property, plant and equipment	1,519,662	1,013,759
Depreciation of right-of-use assets	45,676	38,300
Amortization of intangible assets	61,877	6,867
Impairment of financial assets, net	59,947	8,226
Write-down of inventories to net realizable value	66,426	13,775
Loss on disposal of items of property, plant and equipment	32,493	2,061
Loss on disposal of a subsidiary	12,561	–
Share-based payment expenses	21,483	72,949
Increase in inventories	(1,500,634)	(1,390,531)
Decrease in a pledged deposit	69,401	142,589
(Increase)/decrease in trade and bills receivables	(1,325,748)	274,400
Increase in prepayments, deposits and other receivables	(534,137)	(114,847)
Increase in trade and bills payables	1,597,328	163,279
(Decrease)/increase in contract liabilities	(169,394)	153,205
(Decrease)/increase in other payables and accruals	331,301	225,039
Increase in derivative financial instruments	15,154	206,921
(Decrease)/increase in deferred income	(12,202)	12,042
(Increase)/decrease in other liabilities	205,899	(35,080)
Cash generated from operations	2,383,936	3,097,382
Income tax paid	(168,623)	(229,320)
Net cash flows from operating activities	2,215,313	2,868,062

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from related parties	7,404	6,986
Dividends received from listed investments	1,327	2,554
Purchases of items of property, plant and equipment	(3,046,738)	(3,843,709)
Proceeds from disposal of items of property, plant and equipment	49,489	9,572
Refund of an advance payment for purchase of land	–	–
Additions to other intangible assets	(231,726)	(5,276)
Purchases of equity investments in joint ventures and associates	(163,152)	(886,460)
Purchases of financial assets at fair value through profit or loss	(8,876,777)	(3,300,000)
Withdrawal of financial assets at fair value through profit or loss	9,240,000	2,300,000
Proceeds from disposal of financial assets at fair value through profit or loss	49,465	2,368
Withdrawal of equity investments in joint ventures and associates	148,327	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	134,593	4,256
Prepayments for equity investments	(789,916)	–
Acquisition of subsidiaries	(597,177)	(30,384)
Disposal of a subsidiary	(1,471)	–
Advances of loans to joint ventures and associates	(1,898,410)	(551,718)
Repayment of loans to joint ventures and associates	928,406	751,118
Net cash flows used in investing activities	(5,046,356)	(5,540,693)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	For the nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	57,022	53,453
Share issue expenses	(25,083)	–
Proceeds form issue of bonds	199,990	166,270
New bank loans	15,304,010	12,153,271
New other borrowings	5,135,837	2,210,000
Loans from non-controlling interests	165,063	47,977
Repayment of loans from non-controlling interests	(306,009)	(851,084)
Repayment of bank loans	(13,201,788)	(6,875,721)
Repayment of bonds payable	(1,203,314)	–
Repayment of other borrowings	(2,983,821)	(310,000)
Acquisition of non-controlling interests	(256,626)	(491,885)
Capital contribution of non-controlling interests	612,197	543,658
Principal portion of lease payments	(18,754)	(13,035)
Dividends paid	(325,233)	(1,031,136)
Dividends paid to non-controlling shareholders	(328,504)	(214,203)
Interest paid	(769,663)	(431,860)
Loans and bond issuance fees	(14,342)	–
Withdrawal of pledged time deposits related to financing activities	255,550	1,000
Placement of pledged time deposits related to financing activities	(257,957)	(82,425)
Repurchase of shares	(756,174)	(108,996)
Net cash flows from financing activities	1,282,401	4,765,284
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,548,642)	2,092,653
Cash and cash equivalents at beginning of the period	10,083,956	10,397,466
Effect of foreign exchange rate changes, net	(261,646)	(141,947)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8,273,668	12,348,172
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,273,668	12,348,172
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	8,273,668	12,348,172
Cash and cash equivalents	8,273,668	12,348,172

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China ("PRC") on September 15, 2014. The Company's A shares are listed on Shenzhen Stock Exchange on December 23, 2020. The registered office of the Company is located at the intersection of No. 2 Avenue and No. 1 Avenue, Dalong Economic Development Zone, Tongren City, Guizhou Province, China.

The Company and its subsidiaries are principally engaged in research, development, production, processing and sale of new materials, batteries and new energy. In the opinion of the directors, the Company's immediate and ultimate shareholder are Hunan Zhongwei Holding Group Company Limited, ("湖南中偉控股集团有限公司"), a company registered in the PRC and controlled by Mr. Deng Weiming and Ms. Wu Xiaoge.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information or the nine months ended September 30, 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required for a complete set of financial statements prepared in accordance with the IFRS Accounting Standards, and should be read in conjunction with the Group's consolidated financial statements as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Company's documents dated [ ] (the "Documents") in connection with the initial public offering of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The unaudited interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's Accountants' Report, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21	*Lack of Exchangeability*

The nature and impact of the amended IFRS Accounting Standard are described below:

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

Revenue from external customers

Revenue is attributed to geographical areas based on the locations of customers. Revenues by geographical segment based on the locations of customers for each of Interim Financial Information are presented as follows:

	Nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Geographical market		
Mainland China	16,588,977	15,918,700
Outside Mainland China	16,708,514	14,244,245
Total	33,297,491	30,162,945

Information about major customers

Revenue from major customers each individually amounting to 10% or more of the Group's revenue is as follows:

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Customer I	3,557,780	N/A
Customer II	N/A	N/A
Customer III	N/A	N/A

N/A represents revenue from the customer which amounted to less than 10% of the Group's revenue.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of the Group's revenue is as follows:

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Revenue from contracts with customers	33,267,008	30,151,899
Revenue from other sources:		
Rental income	30,483	11,046
Total	33,297,491	30,162,945

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Types of goods or services		
New energy battery materials		
Nickel-based materials	11,715,752	12,664,772
Cobalt-based materials	2,511,289	1,757,659
Phosphorus-based materials	1,057,866	406,418
Other innovative materials	23,571	8,035
Sub-total	15,308,478	14,836,884
New energy metal products	13,588,518	9,544,481
Others	4,400,495	5,781,580
Total	33,297,491	30,162,945
Geographical markets		
Mainland China	16,588,977	15,918,700
Outside Mainland China	16,708,514	14,244,245
Total	33,297,491	30,162,945

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Timing of revenue recognition		
Goods transferred at a point in time	33,179,917	30,151,899
Services transferred over time	117,574	11,046
Total	33,297,491	30,162,945

(ii) Performance obligations

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

Sale of industrial products

For domestic industrial products sales, the performance obligation is satisfied upon obtaining the delivery receipt after the customer's acceptance. For export industrial products sales, the Group fulfills its performance obligation upon obtaining the bill of lading after arranging for a third-party logistics provider to ship the goods to the port, load them onto the vessel, and complete customs clearance for export. For raw materials settled based on the contract amount, the Group fulfills its performance obligation upon obtaining the delivery receipt after the customer's acceptance. For raw materials settled based on the actual detection results of metal content, the Group fulfills its performance obligation upon obtaining the settlement statement confirmed by both parties.

The payment is generally due within 30 to 60 days from delivery, except for new customers, whereby payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Contracts with quotational period pricing exposures

For certain sales arrangements, sales price is determined on a provisional basis at the date of sale as the final sales price is based on the average quoted market prices related to a subsequent period (the "quotational period") which normally is a period from a predetermined date in the preceding month to a predetermined date in the month of shipment on board (provisionally priced sales). Revenue on such provisionally priced sales is recognized based on the estimated fair value of the total consideration receivable. The total amount of the final sale price adjustment in the Relevant Periods was immaterial.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Consignment Processing services

The main service provided by the group is the processing of precursor materials. Upon completion of the processing, the service obligation is fulfilled once the Group obtains the delivery receipt after the customer's acceptance.

Other income and gains

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Other income		
Bank interest income	126,044	167,793
Dividend income from equity investments at fair value through other comprehensive income	1,327	2,554
Government grants	157,980	363,228
Total other income	285,351	533,575
Gains		
Gains on derivative financial instruments	52,131	62,506
Others	10,723	4,856
Total gains	62,854	67,362
Total other income and gains	348,205	600,937

* Government grants mainly represent incentives received from local governments for the purpose of compensation on research and development contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

5. PROFIT BEFORE TAX

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

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Cost of inventories sold***	29,154,978	26,368,075
Cost of services provided***	48,939	10,242
Depreciation of property, plant and equipment	1,519,662	1,013,759
Depreciation of right-of-use assets	45,676	38,300
Amortization of other intangible assets	61,877	6,867
Research and development costs:		
Current year expenditure	829,280	717,956
Lease payments not included in the measurement of lease liabilities	11,263	11,553
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages, salaries and other Allowances	928,635	653,632
Equity-settled share-base payment expense**	18,221	54,677
Pension scheme contributions (defined contribution scheme)	24,023	21,512
Less: Amount capitalized	93,974	7,530
Total	876,905	722,291
Foreign exchange differences, net	227,745	117,163
Impairment of financial assets, net:		
Impairment of trade receivables, net*	30,401	14,763
Impairment of financial assets included in prepayments, deposits and other receivables, net*	29,546	(6,537)
Total	59,947	8,226
Loss on derecognition of financial assets measured at amortized cost*	92,146	69,387
Loss on disposal of items of property, plant and equipment*	32,493	2,061
Write-down of inventories to net realizable value	66,426	13,775

* These amounts were included in "Other expenses" in the consolidated statements of profit or loss and other comprehensive income.

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

5. PROFIT BEFORE TAX (Continued)

*** The cost of inventories sold and cost of services provided includes RMB898,456,000 and RMB1,414,161,000 for the nine months ended September 30, 2024 and 2025 relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets during the Relevant Periods, which are also included in the respective total amounts disclosed above for each type of expenses.

6. 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.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income except for certain subsidiaries which enjoy a preferential income tax rate.

(a) On December 19, 2022, the Company was accredited as a "High and New Technology Enterprise" ("HNTE") and was entitled to a preferential CIT rate of 15% for the Relevant Periods. Certain subsidiaries of the Company were also recognized as HNTEs, and the effective periods are as follows:

Name	Effective period
Hunan Zhongwei New Energy Technology Company Limited ("湖南中偉新能源科技有限公司")*	2021-2026
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited ("貴州中偉資源循環產業發展有限公司")	2022-2025
Hunan Zhongwei Intelligent Manufacturing Co., Ltd. ("湖南中偉智能製造有限公司")	2023-2025
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司")	2024-2026

* The qualification as a HNTE and the entitlement to a preferential tax rate of 15% from 2024 and beyond were subject to extension.

(b) According to the tax regulations related to the Western Region Development Policy, the applicable income tax rate is 15%, including Guangxi Zhongwei New Energy Technology Company Limited, Guizhou Zhongwei New Material Trade Company Limited ("貴州中偉新材料貿易有限公司") and Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司"), and such tax concession was started on January 1, 2021, will expire on December 31, 2030.

(c) According to the Notice of the People's Government of Guangxi Zhuang Autonomous Region on Issuing Supporting Policies for Promoting the High-quality Development of China (Guangxi) Pilot Free Trade Zone("《廣西壯族自治區人民政府關于印发促進中国（廣西）自由貿易試驗區高質量發展支持政策的通知》"), Guangxi Zhongwei New Energy Technology Co., Ltd. also enjoys the applicable income tax rate is 9% for the Relevant Periods .

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

6. INCOME TAX (Continued)

(d) Several subsidiaries in PRC were qualified as small and micro-sized enterprises, which enjoyed a corporate income tax incentive as follows:

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Policies for the Income Tax of Small and Micro Enterprises and Individual Industrial and Commercial Households ("《财政部、税務總局關于小微企业和个体工商户所得税優惠政策的公告》"), the annual taxable income of small and micro-sized enterprises not exceeding RMB1 million is reduced by 25% of the taxable income and subject to enterprise income tax at a rate of 20%. According to the ''Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises'' ("《财政部、税務總局關于進一步实施小微企业所得税優惠政策的公告》") , for small and micro-sized enterprises with an annual taxable income exceeding the annual taxable income of small and micro-profit enterprises exceeding RMB1 million but not exceeding RMB3 million shall be deducted by 25% from the taxable income and subject to enterprise income tax at a rate of 20%.

(e) According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China ("《中华人民共和国企业所得税法》") and State Council Order No.512 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of ("中华人民共和国企业所得税法实施条例》（国务院令第512号）"), if the enterprise purchases and actually uses the specially-purposed equipment for environment protection, energy and water saving and safety production included in the list since January 1, 2018, 10% of the invested amounts for the specially-purposed equipment can be used to deduct the taxable amount; if it is not enough to deduct the enterprise's taxable amount, it can be carried forward to the subsequent years, but the period shall not exceed 5 taxpaying years.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 8.25% or 16.5% on the estimated assessable profits for the Relevant Periods.

Indonesia

The income tax rate for companies incorporated in Indonesia is generally 22%, except those which are subject to tax concession as set out below:

(a) PT Debonair Nickel Indonesia, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the seventh year, and the corporate income tax is halved from the eighth to the ninth year.

(b) PT Jade Bay Metal Industry, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the seventh year, and the corporate income tax is halved from the eighth to the ninth year.

(c) PT Nadesico Nickel Industry, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the fifteenth year, and the corporate income tax is halved from the sixteenth to the seventeenth year.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

6. INCOME TAX (Continued)

(d) PT Zhongtsing New Energy, a subsidiary of the Company, has obtained the enterprise income tax exemption document issued by the Ministry of Finance of Indonesia. The sales of nickel metal products, of which the enterprise income tax is exempted from the first year to the seventh year for the first-phase project, and the corporate income tax is halved from the eighth to the ninth year. The sales is exempt from corporate income tax from the first year to the eighth year, and the enterprise income tax is halved from the ninth year to the tenth year for the second phase of the project.

Additional deduction for research and development expense

According to the announcement of the Ministry of Finance and the State Administration of Taxation on further improving the policy of pre-tax deduction of R&D expenses (No.7 in 2023), if the R&D expenses actually incurred in the R&D activities of enterprises do not form intangible assets and are included in the current profits and losses, on the basis of actual deduction according to regulations, from January 1, 2023, 100% of the actual amount incurred will be additionally deducted before tax; Intangible assets are amortized at 200% of the cost of intangible assets before tax from January 1, 2023.

Corporate income tax in other jurisdictions:

Name	Tax rate
The Company	15.00%
Hunan Zhongwei New Energy Technology Company Limited ("湖南中偉新能源科技有限公司")	15.00%
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited ("貴州中偉資源循環產業發展有限公司")	15.00%
Hunan Zhongwei Intelligent Manufacturing Co., Ltd. ("湖南中偉智能製造有限公司")	15.00%
Guangxi Zhongwei New Energy Technology Company Limited ("廣西中偉新能源科技有限公司")	9.00%
Guangxi CNGR Zhengyuan Trading Co., Ltd.（廣西中偉正源貿易有限公司）	9.00%
Guizhou Zhongwei New Material Company Limited ("貴州中偉新材料貿易有限公司")	15.00%
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司")	15.00%
CNGR Hong Kong Material Science & Technology Co., Ltd.等注冊地在香港的公司	8.25%, 16.50%
Debonair Holdings Private Limited and other companies domiciled in Singapore	17.00%
PT Zhongtsing New Energy and other companies domiciled in Indonesia	22.00%
CNGR Zimbabwe New Energy Technology Co. (Private) Limited	25.75%
CNGR Morocco New Energy Technology	34.00%
CNGR Europe New Energy Technology GmbH	31.925%
CNGR Japan New Energy Technology Co., Ltd	34.59%
CNGR Luxembourg New Energy Technology S.À R.L.	21.73%
CNGR Nethelands New Energy Technology B.V. and other companies domiciled in the Netherlands	25.80%
KINO Engery Solutions Co.,Ltd and other companies domiciled in Korea	26.40%
Wintru S.R.L and other companies domiciled in Argentina	35.00%
Subsidiaries other than the above	25.00%

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

6. INCOME TAX (Continued)

The income tax expenses of the Group for the reporting period is analyzed as follows:

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Current income tax	180,214	151,950
Deferred income tax	20,657	18,076
Total	200,871	170,026

7. DIVIDEND

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Ordinary A shares		
Interim	254,295	260,460
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	328,451	772,489
Dividends of lapsed restricted shares	(3,218)	(1,813)
Total	579,528	1,031,136

The final dividend of RMB3.60 per 10 ordinary shares (tax inclusive) in respect of the year ended December 31, 2024 was approved by the Annual General Meeting of the Company on 6 May 2025 and was paid on 29 May 2025.

The interim dividend distribution of RMB2.80 per 10 ordinary share in respect of the six months ended June 30, 2025 was approved by the Annual General Meeting of the Company on September 10, 2025 and was subsequently paid on October 10, 2025.

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

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 925,656,272 and 910,451,431 for the nine months ended September 30, 2024 and 2025 outstanding, as adjusted to reflect the bonus share issue during the nine months ended September 30, 2024 and 2025.

In May 2024, the Group issues 4 shares for every 10 shares from capital reserve to all shareholders for a total of 266,375,601 shares in accordance with the announcement of the implementation of the 2023

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

annual dividend distribution. If the number of issued and outstanding common shares or potential common shares increases as a result of stock dividends, capitalization of capital reserves, stock splits, or decreases as a result of stock consolidation, but does not affect the amount of owner's equity, earnings per share for each of the periods presented should be recalculated on the basis of the adjusted number of shares.

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 period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic earnings per share are based on:

	For the nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	1,116,861	1,323,460

	For the nine months ended September 30,	
	2025	**2024**
	(Unaudited)	*(Unaudited)*
Shares		
Weighted average number of ordinary shares in issue	910,451,431	925,656,272
Effect of dilution – weighted average number of ordinary shares:		
Share options	—	—
Total	910,451,431	925,656,272

9. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended September 30, 2025, the Group acquired assets at a cost of RMB 3,188,226,000 (September 30, 2024: RMB6,296,395,000), excluding property, plant and equipment acquired through a business combination disclosed in note 26 to the interim condensed consolidated financial information.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the nine months ended September 30, 2025, depreciation of RMB1,519,662,000 (nine months ended September 30, 2024: RMB1,013,759,000) was charged and assets with a net book value of RMB124,830,000 were disposed of by the Group during the nine months ended September 30, 2025 (nine months ended September 30, 2024: RMB 301,868,000), resulting in a net loss on disposal of RMB32,492,575 (nine months ended September 30, 2024: RMB2,060,514).

During the nine months ended September 30, 2025, the exchange realignment of negative RMB303,475,000 (nine months ended September 30, 2024: negative RMB139,919,000), resulting in a foreign currency translation of the financial statements of companies whose functional currency is not RMB.

As at September 30, 2025, the Group has not obtained the certificates for certain of the buildings with an aggregate net carrying amount of approximately RMB1,011,145,000 (December 31, 2024: RMB1,060,676,000). The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at September 30, 2025.

10. GOODWILL

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
PT Debonair Nickel Indonesia	1,074,300	1,086,834
PT Jade Bay Metal Industry	278,302	281,549
FINO Inc.	55,766	56,416
Total	1,408,368	1,424,799

11. INVESTMENTS IN JOINT VENTURES

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Share of net assets	2,378,872	2,354,322
Goodwill on acquisition	—	—
Total	2,378,872	2,354,322

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

11. INVESTMENTS IN JOINT VENTURES (Continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	September 30, 2025	December 31, 2024
	RMB'000 *(Unaudited)*	*RMB'000*
Share of the joint ventures' profit for the year	18,926	39,701
Share of the joint ventures' other comprehensive loss	(140)	(2,350)
Share of the joint ventures' total comprehensive income	18,786	37,351
Aggregate carrying amount of the Group's investments in the joint ventures	2,378,872	2,354,322

The Group's shareholdings in the joint venture are all held by the Company indirectly.

12. INVESTMENTS IN ASSOCIATES

	September 30, 2025	December 31, 2024
	RMB'000 *(Unaudited)*	*RMB'000*
Share of net assets	1,596,060	1,707,361
Goodwill on acquisition	—	—
Total	1,596,060	1,707,361

The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	September 30, 2025	December 31, 2024
	RMB'000 *(Unaudited)*	*RMB'000*
Share of the associates' profit for the year	11,663	10,582
Share of the associates' other comprehensive loss	(13,399)	(18,048)
Share of the associates' total comprehensive income/ (loss)	(1,736)	(7,466)
Aggregate carrying amount of the Group's investments in the associates	1,596,060	1,707,361

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

13. LEASE

	September 30, 2025	December 31, 2024
	RMB'000 (*Unaudited*)	*RMB'000*
Right-of-use assets		
Buildings	30,962	45,539
Leasehold land	1,853,603	1,601,976
	1,884,565	1,647,515
Lease liabilities		
Current portion	7,979	18,893
Non-current portion	21,743	25,824
	29,722	44,717

14. OTHER NON-CURRENT ASSETS

	September 30, 2025	December 31, 2024
	RMB'000 (*Unaudited*)	*RMB'000*
Exploration and development costs	7,994	70,312
Prepayments for equipment	787,333	923,895
Prepayments for land	49,400	145,452
Prepayments for equity investment	799,110	608,222
Impairment	(17,980)	(18,773)
	1,625,857	1,729,108

15. INVENTORIES

	September 30, 2025	December 31, 2024
	RMB'000 (*Unaudited*)	*RMB'000*
Raw materials	5,192,129	4,622,549
Work in progress	3,190,757	2,802,259
Finished goods	2,536,062	1,833,106
Goods in transit	221,776	568,450
Total	11,140,724	9,826,364

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

16. TRADE AND BILLS RECEIVABLES

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Trade receivables	5,535,118	4,384,307
Bills receivable	636,733	773,085
Impairment	(80,196)	(51,580)
Total	6,091,655	5,105,812

Trade receivables mainly arise from the provision of lithium battery precursor materials. The Group periodically conducts credit evaluations of customers who trade on credit. Based on the results of the credit evaluations, the Group selects to transact with approved and creditworthy customers and monitors their receivable balances to ensure that the Company is not exposed to significant bad debt risk.

No collateral is required as the Group only deals with approved and creditworthy third parties. Credit risk concentration is managed on a customer-by-customer basis. Trade receivables are non-interest-bearing.

The Group's bills receivables were all accepted by banks and aged within one year, which were neither past due nor impaired.

An aging 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:

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Within 3 months	4,859,122	4,171,727
4 to 12 months	588,573	156,272
1 to 2 years	5,679	4,682
2 to 3 years	1,548	46
Total	5,454,922	4,332,727

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

17. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Trade portion		
Prepayments	2,298,882	1,800,338
Deposits and other receivables	226,940	227,464
[REDACTED]	22,172	—
Tax recoverable	2,818,147	2,924,047
Non-trade portion		
Deposits and other receivables	1,527,590	523,499
Impairment allowance	(102,231)	(38,788)
Total	6,791,500	5,436,560

18. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED CASH

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Cash and bank balances	8,273,668	10,083,956
Pledged deposits and restricted cash		
Current portion*	1,078,725	1,105,032
Non-current portion**	290,000	—
Total	9,642,393	11,188,988

* Current portion are bank deposits with original maturities of over three months and due within one Year and other pledged deposits.

** Non-current portion are bank deposits with original maturities of over one year.

19. TRADE AND BILLS PAYABLES

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

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Within 1 year	12,734,499	9,359,024
1 to 2 years	457,314	620,861
2 to 3 years	162,574	164,368
Over 3 years	110,257	105,163
Total	13,464,644	10,249,416

Trade payables to third parties of the Company are non-interest-bearing.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

20. OTHER PAYABLES AND ACCRUALS

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Contract liabilities	290,357	586,567
Payroll and welfare payable	306,452	343,956
Amount due to non-controlling shareholders	221,027	428,829
Dividends payable	254,295	—
Other payables	439,803	292,020
Other tax payables	81,532	56,711
Other current liabilities	450,606	284,741
Total	2,044,072	1,992,824

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Current		
Bank loans — secured	5,174,005	3,415,929
Bank loans — unsecured	70,038	70,042
Current portion of long term bank loans — unsecured	1,317,645	326,288
Current portion of long term bank loans — secured	5,484,452	6,726,814
Total — current	12,046,140	10,539,073
Non-current		
Bank loans — secured	12,743,358	13,727,651
Bank loans — unsecured	3,595,179	2,060,000
Total — non-current	16,338,537	15,787,651
Total	28,384,677	26,326,724

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

21. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Analyzed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	12,046,140	10,539,073
In the second year	6,065,848	5,623,830
In the third to fifth years, inclusive	9,998,160	9,813,715
Beyond five years	274,529	350,106
Total	28,384,677	26,326,724

22. BONDS PAYABLE

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Analyzed into:		
Current portion	—	1,024,764
Non-current portion	710,571	725,077
Total	710,571	1,749,841

23. OTHER NON-CURRENT LIABILITIES

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Advance receipts of government subsidies	83,026	83,026
Non-controlling shareholders' borrowings with a term exceeding one year	180,689	—
Payable for equity acquisition	326,853	1,194,281
Accounts payable for engineering equipment	929,690	845,220
Total	1,520,258	2,122,527

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

24. SHARE CAPITAL AND TREASURY SHARES

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital	Treasury shares	Total
		RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	669,824,103	669,824	(339,854)	329,970
Bonus issues	266,375,601	266,376	—	266,376
Repurchase of shares for share schemes	—	—	(238,996)	(238,996)
Issue of shares under share schemes	2,526,155	2,526	—	2,526
Cancelation of shares	(1,636,045)	(1,636)	74,756	73,120
As at December 31, 2024	937,089,814	937,090	(504,094)	432,996
As at January 1, 2025 (unaudited)	937,089,814	937,090	(504,094)	432,996
Repurchase of shares for share schemes (unaudited)	—	—	(666,625)	(666,625)
Issue of shares under share schemes (unaudited)	2,778,855	2,779	—	2,779
Cancelation of shares (unaudited)	(1,840,211)	(1,840)	84,084	82,244
As at September 30, 2025 (unaudited)	938,028,458	938,029	(1,086,635)	(148,606)

Notes:

On June 13, 2025, the Company's issued 2,778,855 shares upon the exercise of share options, with a par value of RMB1 per share at an exercise price of RMB20.52, under the 2023 Share Incentive Scheme.

During the year ended September 30, 2025, the Company, under the approval and authorization of the general meeting, canceled a total of 1,840,211 shares. Hence treasury stocks amounting to approximately RMB84,084,000 and share capital of approximately RMB1,840,000 were derecognized with a corresponding credit to capital reserve of approximately RMB82,244,000 during the period ended June 30, 2025.

25. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Capital commitments	2,741,403	1,122,966

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

26. ACQUISITION OF SUBSIDIARIES

Wintru S.R.L.

On January 31, 2025, the Company's wholly-owned subsidiary Netherlands Tontru Lithium Energy Technology B.V(荷兰通楚锂能源科技有限公司) and Netherlands Hontru Lithium Energy Technology B.V(荷兰宏卓锂能源科技有限公司) acquires 100% equity of Wintru S.R.L.. Wintru S.R.L. has no substantial business, which core asset is Jama Salt Lake Lithium Mine Project. The Group believes that as the lithium ore has not yet been mined at of June 30, 2025 and does not have the processing process and production capacity. Therefore, the Company regard the acquisition as the asset acquisition.

	Fair value recognized on acquisition Wintru S.R.L.
	RMB'000
Property, plant and equipment	45,262
Other intangible assets	572,912
Cash and bank balances	1,385
Trade receivables	4
Prepayments and other receivables	162
Trade payables	106,714
Accruals and other payables	8
Others	2,256
Net assets at fair value	510,747
Non-controlling interests	
Net assets on acquisition	510,747
Satisfied by cash	510,747
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(510,747)
Cash and bank balances acquired	1,385
Cash paid at previous year	91,653
Net outflow of cash and cash equivalents included in cash flows from investing activities	(417,709)
Consideration payable	—
Total net cash outflow	(417,709)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

26. ACQUISITION OF SUBSIDIARIES (Continued)

PT SINAR KARYAGAMMA PRIMATAMA

On May 27, 2025, the company's wholly-owned subsidiaries Hong Kong Susten New Energy Co., Limited, China Noble Enterprises Limited and Good China Enterprises Limited entered into a equity transfer agreement with Top Network Profits Limited and Mr Yang Chenglin. On August 5, 2025, the Company acquires 70% equity of PT SINAR KARYAGAMMA PRIMATAMA ("SKP"). SKP has no substantial business, which core asset is Indonesia Nickle Mine Project. The Group believes that as the Nickel ore has not yet been mined at of September 30, 2025 and does not have the processing process and production capacity. Therefore, the Company regard the acquisition as the asset acquisition.

	Fair value recognized on acquisition PT SINAR KARYAGAMMA PRIMATAMA
	RMB'000
Other intangible assets	251,088
Cash and bank balances	2
Net assets at fair value	251,090
Non-controlling interests	(75,932)
Net assets on acquisition	175,158
Satisfied by cash	175,158
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(175,158)
Cash and bank balances acquired	2
Cash paid at previous year	17,612
Net outflow of cash and cash equivalents included in cash flows from investing activities	(157,544)
Consideration payable	—
Total net cash outflow	(157,544)

27. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name of the related parties	**Relationship with the Group**
PT CNGR Ding Xing New Energy	A joint venture of the Group
PT HengSheng New Energy Material Indonesia	An associate of the Group
PT Transcoal Minergy	A joint venture of the Group
PT. Sultra Sarana Bumi	A joint venture of the Group

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship of related parties (Continued)

Name of the related parties	Relationship with the Group
PT.Stardust Estate Investment	An associate of the Group
COBCO S.A.	A joint venture of the Group
Honglin Construction Engineering Group Co., Ltd.("宏林建设工程集团有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Minqiang Engineering Co., Ltd.("湖南民强工程有限公司")	Company where the close relatives of the ultimate controlling person serve as directors, supervisors or senior management
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.("湖南汉华京电清洁能源科技有限公司")	Controlled by the ultimate controlling person
Hunan Zhongxian Intelligent Technology Co., Ltd.("湖南中先智能科技有限公司")	Controlled by the ultimate controlling person
Jiangsu Haishi Pump Industry Manufacturing Co., Ltd.("江蘇海獅泵業製造有限公司")	Controlled by the controlling shareholder
Guizhou New Platinum Materials Technology Co.,Ltd.("貴州新鉑材料科技有限公司")	Controlled by a director of the Company
Hunan Juntai Fire Testing Co., Ltd.("湖南軍泰消防檢测有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Yaspace Property Management Co., Ltd.("湖南雅空间物业管理有限公司")	Controlled by the close relatives of the ultimate controlling person
Guizhou Qiheng Transportation Co., Ltd.("貴州啟恒運輸有限責任公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Zhongwei New Silver Materials Technology Co., Ltd.("湖南中偉新銀材料科技有限公司")	Controlled by a director of the Company
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.("湖南中偉新鉑材料科技有限公司")	Controlled by a director of the Company
Hunan Zhongwei Testing Technology Co., Ltd.("湖南中偉檢测技術有限公司")	Controlled by a director of the Company
Hunan Zhongwei Jinneng New Materials Co., Ltd.("湖南中偉金能新材料有限責任公司")	Controlled by the chairman where he serves as executive supervisor and director
PT SATYA AMERTA HAVENPORT	A joint venture of the Group
Guiyang Zhongwei Yunda Technology Co., Ltd.("貴陽中偉運達科技有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Yuening Real Estate Development Co., Ltd.("湖南悦甯房地產開發有限公司")	Controlled by the close relatives of the ultimate controlling person
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.("湖南中偉新氫材料科技有限公司")	Controlled by a director of the Company
Guizhou Zhongwei Investment Group Co., Ltd.("貴州中偉投資集團有限公司")	Controlled by the close relatives of the ultimate controlling person

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the transactions detailed elsewhere in the Interim Financial Information, the Group had the following transactions with related parties during the period:

	Nine months ended September 30,	
	2025	**2024**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue from goods and services		
PT CNGR Ding Xing New Energy	1,754,318	754,779
COBCO S.A.	263,611	—
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	44,505	—
PT HengSheng NewEnergy Material Indonesia	16,934	15,238
POSCO CNGR Nickel Solution Co., Ltd	11,080	—
Hunan Jinkai Circular Technology Co., Ltd.	1,475	—
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	1,250	267
Hunan Zhongxian Intelligent Technology Co., Ltd.	507	—
Hunan Juntai Fire Testing Co., Ltd.	6	—
Guizhou Xinbo Materials Technology Co.,Ltd.	4	—
Total	2,093,690	770,284
Purchase of goods and services		
PT CNGR Ding Xing New Energy	2,260,148	2,193,969
PT. Sultra Sarana Bumi	199,041	25,092
PT HengSheng NewEnergy Material Indonesia	109,225	80,382
Honglin Construction and Engineering Group Co., Ltd.	85,665	219,809
Hunan Yuening Real Estate Development Co., Ltd.	51,549	—
PT Satya Amerta Havenport	44,536	—
PT.Stardust Estate Investment	27,719	—
Hunan Zhongxian Intelligent Technology Co., Ltd.	13,888	10,858
Hunan Juntai Fire Testing Co., Ltd.	543	938
Hunan Yaspace Property Management Co., Ltd.	302	77
Hunan Zhongwei Testing Technology Co., Ltd.	258	—
Guiyang Zhongwei Yunda Technology Co., Ltd.	220	—
Guizhou Qiheng Transportation Co., Ltd.	175	142
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	51	—
Total	2,793,320	2,531,267

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the transactions detailed elsewhere in the Interim Financial Information, the Group had the following transactions with related parties during the period (Continued):

	Nine months ended September 30,	
	2025	**2024**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Rental income		
PT CNGR Ding Xing New Energy	28,501	9,089
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	1,433	1,502
Hunan Zhongwei Jinneng New Materials Co., Ltd.	240	366
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	165	90
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.	135	—
Hunan Zhongxian Intelligent Technology Co., Ltd.	9	—
Total	30,483	11,047
Rental payment		
Hunan Yaspace Property Management Co., Ltd.	317	1,155
Guizhou Zhongwei Investment Group Co., Ltd.	—	819
Total	317	1,974

(c) Details of guarantees from the related parties:

The Group as the guarantor:

	September 30, 2025			
	RMB'000	*Effective Date*	*Expiry Date*	*Fulfilled*
PT CNGR Ding Xing New Energy	746,859	2023	3 years after the date of dissolution	No

	December 31, 2024			
	RMB'000	*Effective Date*	*Expiry Date*	*Fulfilled*
PT CNGR Ding Xing New Energy	934,492	2023	3 years after the date of dissolution	No

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(c) Details of guarantees from the related parties (Continued):

	September 30, 2025		
	RMB'000	*Effective Date*	*Fulfilled*
Guarantor			
Mr. Deng Weiming, Ms. Wu Xiaoge	691,710	2020-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	416,620	2021-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	248,000	2022-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	384,500	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	525,000	2022-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	757,420	2022-2030	No
Mr. Deng Weiming, Ms. Wu Xiaoge	30,000	2023-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	916,000	2023-2026	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	669,222	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	405,000	2023-2028	No
Mr. Deng Weiming、Ms. Wu Xiaoge	1,165,400	2024-2025	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	100,000	2024-2027	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	346,410	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	102,973	2024-2029	No
Total	6,758,255		

	December 31, 2024		
	RMB'000	*Effective period*	*Fulfilled*
Guarantor			
Mr. Deng Weiming, Ms. Wu Xiaoge	1,279,100	2020-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	920,000	2020-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,150,000	2021-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	2,290,000	2022-2024	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	2,322,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	780,000	2022-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,647,000	2022-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,200,000	2022-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	3,321,041	2022-2030	No
Mr. Deng Weiming, Ms. Wu Xiaoge	5,404,479	2023-2024	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	40,000	2023-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	600,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	4,280,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2027	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	270,000	2023-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	2,800,000	2024-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2024-2027	No
Total	29,603,620		

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(d) Loans to joint ventures and associates

Nine months ended September 30, 2025

	Amount	Start date	End date
PT TRANSCOAL MINERGY	104,055	2024/11/25	2025/11/24
PT TRANSCOAL MINERGY	29,525	2025/3/31	2026/3/31
PT TRANSCOAL MINERGY	7,215	2025/8/27	2026/8/26
PT TRANSCOAL MINERGY	554,592	2025/9/23	2026/9/22
PT TRANSCOAL MINERGY	3,428	2025/8/27	2026/8/26
PT TRANSCOAL MINERGY	33,538	2025/9/29	2026/9/28
PT HengSheng New Energy Material Indonesia	3,874	2025/5/15	2026/5/14
PT HengSheng New Energy Material Indonesia	33,549	2025/6/30	2026/6/29
PT HengSheng New Energy Material Indonesia	19,887	2025/5/15	2026/5/14
PT CNGR Ding Xing New Energy	544	2025/1/24	2026/1/23
PT CNGR Ding Xing New Energy	109,090	2025/4/17	2026/4/16
PT CNGR Ding Xing New Energy	138,604	2025/7/14	2026/7/13
PT CNGR Ding Xing New Energy	214,683	2025/8/11	2026/8/10
COBCO S.A.	110,933	2025/3/10	2026/3/9
COBCO S.A.	109,844	2025/5/1	2026/4/30
COBCO S.A.	54,229	2025/7/4	2026/7/3

Year ended December 31, 2024

	Amount	Start date	End date
PT Transcoal Minergy	100,937	2024/11/25	2025/11/24
PT Transcoal Minergy	95,806	2024/7/15	2025/7/15
PT Transcoal Minergy	78,679	2024/4/22	2025/4/22
PT Transcoal Minergy	50,840	2024/11/1	2025/11/1
PT Transcoal Minergy	45,223	2024/2/7	2025/2/6
PT Transcoal Minergy	37,747	2024/1/26	2025/1/25
PT HengSheng New Energy Material Indonesia	33,625	2024/5/16	2025/5/16
PT Transcoal Minergy	28,754	2024/12/13	2025/12/12
PT Transcoal Minergy	22,284	2024/12/30	2025/12/29
PT HengSheng New Energy Material Indonesia	14,744	2024/1/1	2024/12/31
PT HengSheng New Energy Material Indonesia	10,063	2024/5/30	2025/5/29
PT CNGR Ding Xing New Energy	4,768	2024/5/29	2025/5/28
PT CNGR Ding Xing New Energy	29	2024/7/12	2025/7/12

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(e) Outstanding balances with related parties

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Trade and bills receivables		
COBCO.S.A.	252,950	72,839
PT CNGR Ding Xing New Energy	139,612	65,259
Guizhou New Platinum Materials Technology Co.,Ltd.	60,622	—
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	2,306	906
Hunan Zhongwei Jinneng New Materials Co., Ltd.	263	340
Hunan Zhongxian Intelligent Technology Co., Ltd.	573	—
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	507	223
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.	150	48
Hunan Zhongwei Testing Technology Co., Ltd.	10	—
PT HengSheng NewEnergy Material Indonesia	—	1,517
Impairment	(10,426)	(1,810)
Total	446,567	139,322

	September 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	
Prepayments,deposits and other receivables		
PT Transcoal Minergy	732,352	460,269
PT CNGR Ding Xing New Energy	700,684	384,705
COBCO.S.A.	282,452	—
PT HengSheng NewEnergy Material Indonesia	57,310	88,152
PT Sultra Sarana Bumi	54,226	50,862
Hunan Zhongwei Jinneng New Materials Co., Ltd.	995	—
Hunan Zhongxian Intelligent Technology Co., Ltd.	634	12,677
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	177	—
Hunan Yaspace Property Management Co., Ltd.	74	—
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	61	301
Hunan Yuening Real Estate Development Co., Ltd.	52	—
Hunan Juntai Fire Testing Co., Ltd.	6	—
Guiyang Zhongwei Yunda Technology Co., Ltd.	—	248
Impairment	(31,949)	(19,696)
Total	1,797,074	977,518

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(e) Outstanding balances with related parties (Continued)

	September 30, 2025	December 31, 2024
	RMB'000 *(Unaudited)*	*RMB'000*
Other non-current assets		
Hunan Yuening Real Estate Development Co., Ltd.	38,260	56,189
Hunan Zhongxian Intelligent Technology Co., Ltd.	12,854	2,638
Honglin Construction and Engineering Group Co., Ltd.	1,480	—
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	562	562
Hunan Minqiang Engineering Co., Ltd.	176	176
Impairment	—	—
Total	53,332	59,565
Trade payables		
Honglin Construction and Engineering Group Co., Ltd.	44,508	51,381
PT.Stardust Estate Investment	4,654	—
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	2,224	2,857
Hunan Minqiang Engineering Co., Ltd.	463	1,010
PT CNGR Ding Xing New Energy	135	—
Hunan Juntai Fire Testing Co., Ltd.	55	620
Hunan Zhongxian Intelligent Technology Co., Ltd.	52	—
Hunan Yaspace Property Management Co., Ltd.	—	3,149
Jiangsu Haishi Pump Industry Manufacturing Co., Ltd.	—	294
Guizhou Qiheng Transportation Co., Ltd.	—	170
Total	52,091	59,481
Other payables and accruals		
Honglin Construction and Engineering Group Co., Ltd.	1,479	1,437
Hunan Yaspace Property Management Co., Ltd.	656	163
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	3	3
Guizhou Qiheng Transportation Co., Ltd.	3	12
Hunan Juntai Fire Testing Co., Ltd.	—	450
Total	2,141	2,065

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

(e) Outstanding balances with related parties (Continued)

	September 30, 2025	December 31, 2024
	RMB'000 *(Unaudited)*	*RMB'000*
Contract liabilities		
PT CNGR Ding Xing New Energy	69,263	72,247
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	5,120	—
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	2,038	2,578
PT Hengsheng New Energy Material Indonesia	68	—
Total	76,489	74,825

(f) Compensation of key management personnel of the Group:

	Nine months ended September 30,	
	2025	2024
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*
Compensation paid to key management personnel	11,175	13,149

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, pledged bank deposits, trade payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The carrying amounts of the Group's financial instruments including interest-bearing bank borrowings and bonds payable at amortized cost were not materially different from their fair values as at December 31, 2024 and September 30, 2025.

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the non-current portion of interest-bearing bank and other borrowings and bond payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using the market approach based on the market interest rates of instruments with similar terms.

The financial instruments in bills receivables are the bank acceptance bills registered by the acceptance bank with high credit, and the group's management model aims at both collecting the contractual cash flow and selling the financial assets. There were no significant unobservable inputs to the valuation of financial instruments as at December 31 2024 and September 30, 2025.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at September 30, 2025 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	779,602	—	—	779,602
Trade and bills receivables	—	130,115	—	130,115
Financial assets at fair value through profit or loss	1,794	1,336,144	—	1,337,938
Derivative financial instruments	37,371	8,515	—	45,886
Total	818,767	1,474,774	—	2,293,541

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value (Continued):

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	521,960	—	—	521,960
Trade and bills receivables	—	453,533	—	453,533
Financial assets at fair value through profit or loss	1,282	2,038,872	—	2,040,154
Derivative financial instruments	148,554	—	—	148,554
Total	671,796	2,492,405	—	3,164,201

Liabilities measured at fair value:

As at September 30, 2025 (unaudited)

		Fair value measurement using		
	As at September 30, 2025	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	6,792	6,792	—	—

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value (Continued):

As at December 31, 2024

		Fair value measurement using		
	As at December 31, 2024	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments . . .	100,497	3,159	97,338	—

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

29. EVENT AFTER September 30, 2025

The Group had no significant events subsequent to September 30, 2025.

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), or the Individual Income Tax Law, lastly amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) lastly amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by mainland China companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差異化個人所得税政策有關問題的通知》) jointly issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號檔廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us.

Enterprise Investor

In accordance with the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》)

issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on December 6, 2024 (hereinafter collectively referred to as the "CIT Law"), the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

Pursuant to the Notice on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT and effective on November 6, 2008, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008. The Reply on the Collection of EIT on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》), promulgated by the SAT on July 24, 2009 and effective on the same day, further provides that PRC-resident enterprises listed on mainland China and overseas stock exchanges by issuing stocks must withhold EIT at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (hereinafter referred to as the "the Arrangement"), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the

corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (hereinafter referred to as "Circular 36"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "Local Additional Tax"), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the State Administration of Tax on March 20, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The State Administration of Taxation has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on December 31, 2009, the Ministry of Finance, SAT and China Securities Regulatory Commission jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》), which came into effect on December 31, 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) jointly issued and implemented by such

departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the CIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on November 5, 2016 and effective on December 5, 2016, transfer spread income derived by enterprise investors in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in mainland China to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Inter-connected Mechanisms for Trading on the Shanghai and Hong Kong Stock Markets and for Trading on the Shenzhen and Hong Kong Stock Markets and on the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the MOF, the SAT and the CSRC on December 4, 2019 and effective on December 5, 2019, and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. In particular, dividends and bonus income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on 10 June 2021 and came into effect on 1 July 2022, the purchase and disposal of H shares by non-mainland China investors outside of mainland China are not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Duty

Pursuant to the laws of mainland China, no estate duty is currently levied in mainland China.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please refer to the section headed "Regulatory Overview" in this Document.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi. The State Administration of Foreign Exchange (hereinafter referred to as "SAFE"), with the authorization of the People's Bank of China (hereinafter referred to as "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

The Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Control Regulations"), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment(《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

In accordance with the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》)(the "**SAFE Circular No.21**"), which was promulgated on 10 May, 2013 with effect from 13 May 2013, amended on 10 October, 2018 and partially abolished on 30 December, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular No.19**"), promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on 30 December, 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign- invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been onlent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

According to the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular No.28**"), which was promulgated on October 23, 2019, come into effect on the same day and partially amended on December 4, 2023,. The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled "Regulatory Overview" in this Document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the "Legislation Law," lastly amended by NPC on March 13, 2023 and effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provisions of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of

laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to amend or annul any inappropriate laws formulated by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to amend or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the SCNPC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall give interpretations on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities which have enacted these regulations shall provide interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) lastly amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) lastly amended by SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-instance trial system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts become final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the president of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), or the "Civil Procedure Law" lastly amended by the SCNPC on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the mainland China must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organizations, the PRC court may apply the same limitations to the citizens, legal person or other organizations of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a lawyer from Mainland China if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the mainland China, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties involved must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the mainland China or whose property is not

within the mainland China, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the mainland China enforcement procedures if the mainland China has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the mainland China, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in mainland China seeking a listing on Hong Kong Stock Exchange is mainly subject to the following laws and regulations of Mainland China.

The Company Law was lastly revised on December 29, 2023 and came into effect on July 1, 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023 and were applicable to the direct and indirect overseas offering and listing of PRC domestic companies' securities.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the "Guidelines for Articles of Association", which was lastly amended by the CSRC and came into effect on March 28, 2025.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the Mainland China.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date

of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property right, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issues of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. A joint stock limited company may issue shares at a par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholders information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer itself shall file with the CSRC.

Increase of Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at

shareholders' meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of Shares

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital; (ii) merging with other company that holds the shares of the company; (iii) using the shares for employee stocks plan or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the listed company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of our Company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholders' meeting or 5 days prior to the record date for a company's distribution of dividends. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a

securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

Shareholders

Under the Company Law and the Articles of Association Guidelines, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the Company's articles of association, share register, counterfoil of Company debentures, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports and to make proposals or enquiries on the Company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other forms of profit distribution according to the proportion of shares they hold;
- in the event of the termination or liquidation of the Company, the right to participate in the distribution of the residual properties of the Company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the Company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the Company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the Company's articles of association.

Shareholders' Meetings

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the board of directors; (iii) to examine and approve reports of the supervisory committee; (iv) to examine and approve a

company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the company's articles of association; (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An interim shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital; (iii) shareholders individually or jointly holding 10% or more of the company's shares request; (iv) when deemed necessary by the board of directors; (v) the supervisory committee proposes to convene the meeting; (vi) other circumstances as stipulated in the articles of association.

Shareholders' meeting shall be convened by the board of directors and presided over by the chairperson of the board of directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board should convene and preside over shareholders' meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of interim meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of

the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of offices hall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The board of directors exercises the following functions and powers: (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings; (ii) to implement the resolutions of the shareholder's general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for cake, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

The board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without capacity or with restricted capacity; (ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) a person who was legal representative of a company or enterprise which had its business license revoked due to violation of the law and had been

closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' meetings and convene and preside over board meetings; and (ii) to examine the implementation of resolutions of the board of directors; (iii) to exercise other powers conferred by the board of directors.

Supervisory Committee

A joint stock limited company may establish an audit committee composed of directors of the board of directors in accordance with the company's bylaw which exercises the functions of the board of supervisors specified in this Law and is not required to have a board of supervisors or supervisors.

A joint stock limited company that is small or has a small number of shareholders is not required to establish a board of supervisors but shall have one supervisor who exercises the functions of the board of supervisors as provided for in this Law.

Except for the above-mentioned two special circumstances, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the supervisory committee shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. A director and a senior officer of the company shall not serve concurrently as a supervisor.

The supervisory committee shall have a chairman and may have a vice chairman. The chairman and deputy chairman of the supervisory committee shall be elected by more than half of all supervisors. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. Where the chairman of the supervisory committee is unable or fails to perform his/her duties, the vice chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. Where the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a supervisor jointly nominated by more than half of all the supervisors.

Each term of a supervisor shall be three years, and a supervisor may continue to serve his post if he is re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors' results in the number of supervisors being less than the quorum.

The supervisory committee shall convene a meeting at least every six months. According to the Company Law, the supervisory committee shall make resolutions with the consent of a majority of all supervisors.

The supervisory committee exercises the following functions and power:

- to review the company's financial position;

- to supervise the directors and senior management in the performance of their duties and to propose the dismissal of directors or senior management who violate laws, regulations, the articles of association or resolutions of the general meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the Company Law;
- to initiate proposals for resolutions to general meetings;
- to initiate proceedings against directors and senior management;
- other powers and functions stipulated by the articles of association; and

The supervisors may attend the meetings of the board and may inquire about or put forth proposals on matters covered by resolutions of the board. The supervisory committee may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

According to Guidelines for Articles of Association, the company's board of directors shall establish an audit committee to exercise the supervisory authority stipulated by the "Company Law."

Manager and Senior Management

Pursuant to the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors. Other provisions in the articles of association on the manager's powers shall also be complied with.

The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. The directors, supervisors and senior management are prohibited from:

- embezzling the property of the company and misappropriating the funds of the company;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- taking advantage of power to accept bribes or other illegal income;
- accepting and possessing commissions paid by a third party for transactions conducted with the company;

- unauthorized divulgence of confidential business information of the company;
- other acts in violation of the duty of loyalty to the company;

Where directors, supervisors and senior management who directly or indirectly contract or conduct a transaction with the company shall report to the board of directors or the shareholders' meeting on matters related to the contracting or conducting the transaction, and seek approval by resolution of the board of directors or the shareholders' meeting in accordance with the company's bylaw. If the close relatives of directors, supervisors, and senior management, enterprises under direct or indirect control of directors, supervisors, senior management, or their close relatives, and affiliates in any other affiliation relationship with directors, supervisors, and senior management contract or conduct transactions with the company, the provisions of the preceding paragraph shall report to the board of directors or the shareholders' meeting on matters related to the contracting or conducting the transaction, and seek approval by resolution of the board of directors or the shareholders' meeting in accordance with the company's articles of association.

Directors, supervisors and senior management shall not take advantage of his position to take a business opportunity belonging to the company for himself or another person, except under any of the following circumstances:

- which has been reported to the board of directors or the shareholders' meeting and received approval by resolution of the board of directors or the shareholders' meeting according to the Company's articles of association.
- the company is unable to take the business opportunity according to laws, administrative regulations, or the company's articles of association.

Directors, supervisors and senior management shall not conduct the same kind of business as the company on his own account or on the account of another person, without reporting to the board of directors or the shareholders' meeting, without approval by resolution of the board of directors or the shareholders' meeting according to the company's articles of association.

Directors, supervisors and senior management who contravene any law, regulation or the company's articles of association in the performance of his/her duties and result in any loss to the company shall be personally liable to the company.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the board of supervisors and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the

end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

Under the Company Law, a joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

According to the Guidelines for Articles of Association, the company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports. The audit fee of an accounting firm shall be decided by the shareholders' meeting.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In the event of a company registration, the amendments to the articles of association shall be registered with the relevant registration authorities. Pursuant to the Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances: (i) where, after any amendment to the Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended; (ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and (iii) where the shareholders' general meeting decides to amend the articles of association.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws; (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with item (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Overseas Listing Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of Article 16 of the Overseas Listing Trial Measures.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

SECURITIES LAW AND REGULATIONS

The Securities Law of the People's Republic of China, which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply

with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

According to the Securities Law of the PRC (2019 Revision) (《中華人民共和國證券法(2019修訂)》) and the Administrative Measures on Acquisition of Listed Companies (《上市公司收購管理辦法》), where the shares held by an investor (including an overseas investor) through securities transactions on a stock exchange or jointly with others through an agreement or other arrangements attain 5% of the issued voting rights shares (including A-shares and H-shares) of a listed company, the investor shall submit a written report to the CSRC and SZSE within three days, notify the listed company and make an announcement. Whenever the investor's shares with voting rights in the said listed company are increased or reduced by 1%, the investor shall notify the listed company on the day following such occurrence, and make an announcement.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》), or the Arbitration Law, last amended by the SCNPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people's court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

Judicial Judgment and its Enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

This Appendix is primarily intended to provide potential investors with an overview of the Articles of Association. The following information is a summary and therefore may not contain all the information that is material to potential investors.

1. ISSUANCE OF SHARES

The shares of the Company shall be issued in an open, fair, and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

2. INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws, regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the Shareholders' meetings:

(i) Public issuance of shares;

(ii) Non-public issuance of shares;

(iii) Distribution of bonus shares to existing Shareholders;

(iv) Capitalization of common reverse fund;

(v) Other methods as provided for by laws and administrative regulations and the CSRC and other stock exchanges and securities regulatory bodies in the places where the shares of the company are listed.

The Company may decrease the registered share capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law and other regulations, the Articles of Association.

The Company shall not repurchase its own shares, unless otherwise under any of the following circumstances:

(i) Reducing the Company's registered share capital;

(ii) Merging with other companies which hold our shares;

(iii) Using the shares for an employee stock ownership plan or equity incentive plan;

(iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' meeting upon their request;

(v) Use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders.

The repurchase of the Company's shares by the Company may be carried out through public centralized trading, or other methods recognized under laws and administrative regulations, the CSRC and stock exchanges and securities regulatory bodies at the place where the Company's shares are listed. If the share repurchase is made under the circumstances stipulated (iii) , (v) and (vi) set out above, it shall be conducted through public centralized trading.

When the Company is to repurchase its own shares under the circumstances stipulated in (i) and (ii) above, a resolution of the Shareholders' meeting shall be resolved. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board passed by more than two-thirds of the directors attending the Board meeting in accordance with regulations of the Articles of Association or with the authorization of the Shareholders' meeting and the applicable securities regulatory rules of the place where the Company's shares are listed.

On the premise of complying with the securities regulatory rules of the place where the Company's shares are listed, after the Company has repurchased its own shares in accordance with the circumstances above, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

3. TRANSFER OF SHARES

Shares issued prior to the **[REDACTED]** of shares of the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded on the stock exchange. Where laws, administrative regulations or the securities regulatory authority of the state council has other provisions governing the transfer of company shares held by Shareholders and the actual controlling party of a company, those provisions shall prevail.

The directors and senior management of the Company shall declare the Company of their holdings of shares of the Company (including preference shares) and the changes therein. The shares transferred by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares in the same class of the Company. The shares of the Company held by them shall not be transferred within one year from the date on which the Company's shares are **[REDACTED]** for **[REDACTED]**. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company.

Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise with respect to the restrictions on the transfer, those provisions shall prevail.

Any gains from sale of Company's shares or other securities with the nature of equity by Shareholders holding 5% or more of the Company's shares, the directors and senior management members within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with the nature of equity by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the board of directors of the Company shall recover such gains from the above-mentioned parties. However, there is an exception for securities companies that hold more than 5% of the shares due to the purchase of surplus shares after the package sale, and other circumstances stipulated by the CSRC.

Shares or other securities with the nature of equity held by directors, senior management and individual Shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the board of directors of the Company fails to comply with the provision set forth above, the Shareholders are entitled to request the board of directors to do so within 30 days. If the board of directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the board of directors fails to implement the provisions set forth above, the responsible directors shall bear joint and several liability in accordance with the laws.

4. FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN OUR COMPANY

The Company or its subsidiaries (including affiliates of enterprises) shall not offer financial assistance in forms of gifts, loans, guarantees or borrowings for others to acquire the shares of the Company or its parent company, except for those implemented by employee stock ownership plans by the Company.

Upon the resolution of the Shareholders' meeting or the resolution adopted by the board of directors as authorized by the Articles of Association of the Company or by the Shareholders' meeting, the Company may provide financial assistance for other persons to acquire shares in the Company or its parents for the benefit of the Company, provided that the aggregate amount of such financial assistance shall not exceed 10% of the total issued share capital of the Company. The resolution of the board of directors shall be passed by two-thirds or more of all the directors.

5. SHAREHOLDERS

The Company shall establish a register of Shareholders in accordance with certificates provided by the securities registration and clearing authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The original register of Shareholders of H shares is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company enjoy the following rights:

(i) To receive dividends and other forms of interest distribution according to the number of shares held;

(ii) To legally require to hold, convene, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders' meeting and exercise corresponding speak rights and voting rights;

(iii) To supervise operations of the Company, provide suggestions or submit queries;

(iv) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To inspect and copy the Articles of Association, the register of Shareholders, Shareholders' meeting minutes, resolutions of meetings of the board of directors and financial and accounting reports; Shareholders who meet the requirements may inspect the Company's accounting books and accounting vouchers;

(vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(vii) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the Company;

(viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, securities regulatory rules where the Company's shares are listed, or the Articles of Association.

The provisions of the PRC Company Law, the Securities Law and other laws and administrative regulations shall apply to Shareholders who request to inspect or replicate the relevant materials of the company, who shall also offer the Company written document proofing the class and number of shares they held in the Company.

If the content of the resolution of the Company's Shareholders' meeting or board of directors violates laws, administrative regulations, the Shareholders have the right to request the people's court to clarify it invalid. If the convening procedures or voting methods of the Shareholders' meeting or the board of directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders have the right to request the people's court to revoke the resolution within 60 days from the date on which the resolution is made.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or Articles of Association by the directors or senior management other than members of the Audit Committee when performing their duties in the Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people's court. Where members of the Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the above Shareholders may submit a written request to the board of directors to file an action with the people's court.

In the event that the Audit Committee or the board of directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the people's court for the interest of the Company.

The obligations of Shareholders are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed and the subscription methods;

(iii) Not to withdraw Share capital unless prescribed otherwise in laws and regulations;

(iv) Not to abuse Shareholder's rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations, securities regulatory rules of the placewhere the Company's shares are listed and the Articles of Association.

Shareholders of a company who abuse their Shareholders' rights and cause the company or other Shareholders to suffer damages shall bear compensation liability in accordance with the laws. Shareholders of a company who abuse the independent legal person status of the company and limited liability of Shareholders to evade debts and cause damage to the interests of the creditors of the company shall bear joint liability for the company's debt.

The controlling Shareholder and actual controller of the company shall exercise their rights and perform their obligations in accordance with laws, administrative regulations, the provisions of the CSRC, and the rules of securities regulatory authorities where the Company's shares are listed, and shall safeguard the interests of the listed company.

When transferring their shares in the company, the controlling Shareholder and actual controller shall comply with the restrictive provisions on share transfer under applicable laws, administrative regulations, CSRC rules, and the securities regulatory rules of the place where the Company's shares are listed, as well as any commitments they have made regarding share transfer restrictions.

6. SHAREHOLDERS' MEETING

a) GENERAL PROVISIONS FOR SHAREHOLDERS' MEETINGS

The Shareholders' meeting of the Company comprises all Shareholders. The Shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with the laws:

(i) To elect or replace non-employee representative directors and to decide on matters relating to the remuneration of directors;

(ii) To examine and approve reports of the board of directors;

(iii) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(iv) To decide on any increase or decrease of the Company's registered capital;

(v) To decide on the issue of corporate bonds by the Company;

(vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vii) To amend the Articles of Association;

(viii) Resolution on the Company's appointment and dismissal of an accounting firm undertaking audit business of the Company;

(ix) To examine and approve the guarantees stipulated in the Articles of Association;

(x) To examine matters relating to the purchases and sales of the Company's material assets within one year, which exceed thirty percent of the Company's latest audited total assets;

(xi) To examine and approve matters relating to changes in the use of **[REDACTED]**;

(xii) To examine and approve the equity incentive plans and employee stock ownership plans;

(xiii) To examine and approve any related party transactions between the Company and the related person (except for the cash assets gifted to the Company and provision of guarantees) amounts to more than RMB 30 million, accounting for more than 5% of the absolute value of the latest audited net assets of the Company;

(xiv) To examine and approve the following transactions: major asset purchases or sales (excluding the purchase of raw materials, fuel, power, or the sale of products, goods, and other assets related to ordinary operations); external investments (including entrusted wealth management, investments in subsidiaries, etc., excluding the establishment or capital increase of wholly-owned subsidiaries); provision of financial assistance (including entrusted loans); provision of guarantees (including guarantees for subsidiaries); rental or lease assets; management-related contracts (including entrusted operations, agent operations, etc.); donation or receipt of

assets (excluding receipt of cash assets); debt or equity restructuring; transfer of R&D projects; licensing agreements; waiver of rights (including pre-emptive rights, pre-emptive right to subscribe capital contribution, etc.):

1. the total assets involved in the transaction account for more than 50% of the Company's latest audited total assets; if the total assets involved in the transaction have both book value and appraised value, the higher one shall prevail;

2. the operating income of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 50% of the Company's audited operating income in the latest accounting year and the absolute amount exceeds RMB50 million;

3. the net profit of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 50% of the Company's audited net profit in latest accounting year and the absolute amount exceeds RMB5 million;

4. the transaction amount (including assumed debts and expenses) of the transaction accounts for more than 50% of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million;

5. the audited profits arising from the transaction account for more than 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million;

6. other transactions as determined by the Shareholders' meeting in accordance with relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

Where negative values are involved in the calculation of the aforementioned indicators under items 1 to 5, the absolute amounts of such figures shall be applied in the computation.

(xv) To examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, which shall be decided by the Shareholders' meeting.

The Shareholders' meeting may authorize the Board of directors to make resolutions on issuance of bonds by the Company.

The following acts of external guarantee of the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

(i) The single guarantee for an amount more than 10% of the Company's audited net assets in the latest period;

(ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company and holding subsidiaries of the Company has exceeded 50% of the Company's audited net assets in the latest period;

(iii) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(iv) The total amount of guarantee provided by a company exceeds 50% of the latest audited net assets of the company within twelve consecutive months and the absolute amount exceeds RMB50 million;

(v) Basis of the cumulative guarantee amount within twelve consecutive months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's audited total assets in the latest period;

(vi) The guarantee to be provided to a Shareholder, or to an actual controller or related party thereof;

(vii) Other guarantees required by the laws, administrative regulations, departmental rules, relevant provisions of the Shenzhen Stock Exchange, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

When the board of directors reviews guarantee matters, in addition to approval by a majority of all directors, approval must also be obtained from more than two-thirds of the directors present at the Board meeting. When the Shareholders' meeting reviews the guarantee matters mentioned in item (v) of the preceding paragraph, approval must be obtained from more than two-thirds of the voting rights held by the Shareholders present at the meeting.

When the Shareholders' meeting reviews proposals for guarantees provided to Shareholders, actual controller, and related party thereof, the Shareholder in question or the Shareholder under the control of the actual controller shall not participate in the voting on such proposals. The voting on such proposals shall be passed by a majority of the voting rights held by the other Shareholders present at the Shareholders' meeting. When the company provides guarantees for Shareholders, actual controller, and related party thereof, the Company must require such Shareholders, actual controller, and related party thereof to provide counter-guarantees, and the provider of counter-guarantee shall possess actual fulfillment capability.

The Company may provide guarantees for wholly-owned subsidiaries, or for controlled subsidiaries where other Shareholders of the controlled subsidiary provide guarantees in proportion to their equity interests, and in compliance with relevant regulatory rules of the stock exchange in the place where the Company's share is listed, such guarantees may be exempt from submission for review by the Shareholders' meeting if they fall under items (i) to (iv) of the preceding paragraph.

The Shareholders' meetings are divided into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary Shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(i) The number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(ii) The uncovered losses of our Company reach one-third of its total share capital;

(iii) A request from Shareholders who separately or jointly hold ten percent or more shares (including preference shares with restored voting rights) in the Company;

(iv) The board of directors considers it necessary;

(v) The Audit Committee proposes that such a meeting shall be held;

(vi) Other circumstances stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

b) CONVENING OF SHAREHOLDERS' MEETINGS

The Shareholders' meeting shall be convened by the board of directors, which shall convene the Shareholders' meeting within the prescribed time limit . After obtaining the consent of a majority of all independent directors, an independent director has the right to propose to the board of directors to convene a special Shareholders' meeting. Upon receiving such a proposal, the board of directors shall, in accordance with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special Shareholders' meeting. If the board of directors agrees to convene a special Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after making the board resolution. If the board of directors disagrees to convene a special Shareholders' meeting, it shall state the reasons and make an announcement.

Where the Audit Committee propose to the board of directors to convene a special Shareholders' meeting, it shall submit such proposal in writing to the board of directors. The board of directors shall, in accordance with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and this Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special Shareholders' meeting.

If the board of directors agrees to convene a special Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the board of directors disagrees to convene a special Shareholders' meeting, or fails to provide feedback within ten days of receipt, it shall be deemed that the board of directors is unable or fails to perform its duty to convene the Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than ten percent of the Company's shares (including preference shares with restored voting rights) and requests the board of directors to convene a special Shareholders' meeting shall submit such request in writing to the board of directors. The board of directors shall, in accordance with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Company's Articles of Association, provide a written response within ten days of receipt, indicating whether it agrees or disagrees to convene a special Shareholders' meeting.

If the board of directors agrees to convene a special Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the board of directors disagrees to convene a special Shareholders' meeting, or fails to provide feedback within ten days of receipt, Shareholders who individually or collectively hold more than ten percent of the Company's shares (including preference share with restored voting rights) and propose to the Audit Committee to convene a special Shareholders' meeting shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene a special Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders.

If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the Shareholders' meeting. In such cases, Shareholders who individually or collectively hold more than ten percent of the Company's shares (including preference shares with restored voting rights) for a continuous period of 90 days or more may convene and preside over the meeting on their own.

Where the Audit Committee or Shareholders decide to convene a Shareholders' meeting on their own, a written notice must be given to the board of directors and a record must be filed with the stock exchange.

c) PROPOSALS AND NOTICES OF SHAREHOLDERS' MEETINGS

The Company may convene a Shareholders' meeting, and the board of directors, the Audit Committee, as well as Shareholders who individually or collectively hold more than one percent of the Company's shares (including preference shares with restored voting rights), have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than one percent of the Company's shares (including preference shares with restored voting rights) may submit a temporary proposal in writing to the convener ten days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within two days after receiving the proposal, announcing the content of the temporary proposal, and submit such temporary proposal to the Shareholders' meeting for review. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the Company's Articles of Association, or if it is not within the scope of the Shareholders' meeting's authority. If, according to the securities regulatory rules of the place where the Company's stock is listed, the Shareholders' meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's stock is listed. The Company shall not increase the shareholding required for the Shareholders to submit the temporary proposals.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the Shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

The Shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the Shareholders' meeting or that do not comply with the provisions of the Company's Articles of Association.

The convener shall notify each Shareholder in writing (including by announcement) at least twenty days before the annual Shareholders' meeting, and at least fifteen days before the special Shareholders' meeting.

A notice of a Shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all Shareholders of ordinary shares (including preference Shareholders with restored voting rights) and Shareholders holding shares with special voting rights are entitled to attend Shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a Shareholder of the Company;

(iv) the shareholding registration date of the Shareholders entitled to attend the general meeting;

(v) the name and telephone number of the permanent contact person for the meeting;

(vi) the time and procedure for voting online or through other means.

d) CONVENING OF SHAREHOLDERS' MEETINGS

All Shareholders of ordinary shares (including preference Shareholders with restored voting rights) and Shareholders holding shares with special voting rights or their proxies registered on the record date for

equity registration shall be entitled to attend the Shareholders' meeting. They shall have the right to speak and exercise voting rights in accordance with relevant laws, regulations, and the Articles of Association (unless individual Shareholders are required to abstain from voting on certain matters under the securities regulatory rules of the place where the Company's stock is listed).

Shareholders may attend the Shareholders' meeting in person or appoint a proxy to attend, speak and vote on their behalf. The Shareholders' meeting shall be presided over by the chairman of the board. If the chairman is unable or fails to perform his duties, the meeting shall be presided over by a director elected by a majority of the directors.

If the Shareholders' meeting is convened by the Audit Committee, it shall be presided over by the convenor of the Audit Committee. If the convenor of the Audit Committee is unable or fails to perform his duties, one member of the Audit Committee shall be elected by a majority of members of the Audit Committee to preside over the meeting.

If the Shareholders' meeting is convened by the Shareholders themselves, the convenor or a representative elected by the conveners shall preside over the meeting. If the presiding officer of the meeting violates the rules of procedure and prevents the meeting from proceeding, upon the agreement of more than half of the Shareholders present and entitled to vote, the Shareholders' meeting may elect one person to serve as the presiding officer to continue the meeting.

The Company shall establish rules of procedure for the Shareholders' meeting, which shall detail the procedures for holding, convening and voting at the Shareholders' meeting, including notification, registration, review of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, record-keeping and signing, and announcement. The rules shall also specify the principles and specific content of the authorization granted by the Shareholders' meeting to the board of directors.

e) VOTING AT THE SHAREHOLDERS' MEETING

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' meeting shall be passed by more than half of the voting rights held by the Shareholders present at the Shareholders' meeting. A special resolution at a Shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting.

The following matters shall be approved by the Shareholders' meeting through ordinary resolutions:

(i) Work reports of the board of directors;

(ii) Plans of earnings distribution and recovery of losses schemes drafted by the board of directors;

(iii) Appointment or dismissal of the members of the board of directors, their remunerations and the payment method;

(iv) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders' meeting:

(i) The increase or reduction of the registered capital of the Company;

(ii) The division, spin-off, merger, dissolution and liquidation (including voluntarily liquidation) of the Company;

(iii) Any amendment to the Articles of Association;

(iv) The purchase and sale of material assets or amount of guarantee provided to others by the Company within one year valued at more than thirty percent of the audited total assets of the Company as at the most recent period;

(v) Share option incentive plan;

(vi) Other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and considered by the Shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote, except for class Shareholders. Where the securities regulatory rules at the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

Where material issues affecting the interests of minority Shareholders are considered at the Shareholders' meeting, the votes of minority Shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

Pursuant to the requirements of relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, if any Shareholder is required to abstain from voting on relevant proposal or any Shareholder is restricted to voting only for or against a designated proposal, any vote cast by such Shareholder or his/her representatives in violation of the aforementioned requirements or restrictions shall not be counted in the voting results.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at Shareholders' meeting. If a Shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the "Securities Law," the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the Shareholders' meeting for thirty-six months after the purchase. The board of directors of a Company, independent directors, Shareholders holding more than one percent of the voting shares, or investor protection institutions established in accordance with provisions of laws, administrative regulations or the CSRC, may publicly solicit Shareholders' voting rights. When soliciting Shareholders' voting rights, specific voting intentions and other relevant information shall be fully disclosed to the solicited parties. No Shareholders' voting rights shall be solicited in a paid or disguised paid manner. Except for the statutory conditions, the Company shall not impose a minimum shareholding restriction on the solicitation of voting rights.

When the Shareholders' meeting reviews matters related to related-party transactions, associated Shareholders shall not participate in the voting, and the number of shares they represent with voting rights shall not be included in the total number of valid votes; the announcement of the Shareholders' meeting resolution shall fully disclose the voting situation of non-associated Shareholders.

7. DIRECTORS

Directors may include executive directors, non-executive directors, and independent directors. The non-executive director means the director who does not hold a management position in the Company.

Directors of the Company shall be individuals, and a person may not serve as a director of the Company in case of any of the following circumstances:

(i) the person without civil conduct capacity or with limited civil conduct capacity;

(ii) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

(iii) the person who is a former director, factory director or president of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;

(iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license;

(v) the person listed as a judgment defaulter by the people's court because the amount of debt he bears is relatively large and the debt is not paid off when it is due;

(vi) the person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;

(vii) the person who has been publicly determined by a stock exchange to be unfit to serve as directors, senior management personnel of a listed company, and the period of such determination has not expired;

(viii) other contents stipulated by laws, administrative regulations or departmental rules or the securities regulatory rules of the place where the shares of the Company are listed.

Where a director is elected or appointed in violation of this article, the election, appointment or engagement shall be invalid. If a director falls under the circumstance of this article during his or her tenure, the Company shall dismiss him or her from office and cease his/her performance of duties.

Directors are elected or replaced by the Shareholders' meeting and may be removed from office by the Shareholders' meeting before the expiration of their term, however no such removal shall prejudice to the directors' claim for compensation available under any contract. The term of office for directors is three years, and they may be re-elected for consecutive terms. If relevant securities regulatory rules of the place where the Company's stock is listed have other provisions regarding the re-election of directors, such provisions shall apply.

The term of office for directors begins on the date of their appointment and ends when the current board of directors' term expires. If the term of office for directors expires and a timely re-election has not taken place, the outgoing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, securities regulatory rules in the place where the Company's shares are listed and the Company's Articles of Association until the newly elected directors take office.

Directors may concurrently hold the position of other senior management positions, but the total number of directors who concurrently hold the position of other senior management positions and directors who are employees' representatives shall not exceed half of the total number of directors of the company.

Directors shall owe the following duties of diligence to the Company:

(i) They shall exercise the rights granted to them by the Company with prudence, diligence, and care to ensure that the Company's business activities comply with national laws, administrative regulations, and all national economic policies, and that business operations do not exceed the scope of business specified in the business license;

(ii) They shall treat all Shareholders fairly;

(iii) They shall ensure that they have sufficient time and energy to participate in the affairs of the Company, to pay continuous attention to events that may have a significant impact on the production and operation of the Company; promptly understand the status of the Company's business operations and management, and report to the board of directors in a timely manner on problems in the Company's business activities, and not to shirk their responsibilities on the grounds that they are not directly engaged in business management or are not aware of them;

(iv) They shall sign a written confirmation on the Company's regular reports to ensure that the information disclosed by the company is true, accurate, and complete;

(v) They shall provide relevant information and materials to the Audit Committee truthfully and shall not obstruct the Audit Committee from exercising its powers;

(vi) They shall in principle attend the board of directors in person and prudently assess the risks and benefits that may arise from matters concerned; if for any reason a director cannot attend the board of directors in person, he or she should choose and appoint a proxy cautiously;

(vii) They shall actively promote the compliant operation of the Company, to supervise the Company's true, accurate, complete, fair and timely performance of its information disclosure obligations, and to promptly correct and report on the Company's violations of law and regulations;

(viii) They shall promptly report to the board of directors and supervise the Company's performance of its information disclosure obligations when it learns that the Company's Shareholders, de facto controllers and their associates have misappropriated the Company's assets, abused their control and other circumstances that harm the interests of the Company or other Shareholders;

(ix) They shall strictly fulfill the commitments made;

(x) Other duties of diligence as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's stock is listed, and the Company's Articles of Association.

Directors may resign before the expiration of their term. A director's resignation shall be submitted to the Company in writing and shall become effective immediately upon receipt by the Company. The Company shall make the requisite disclosures regarding such resignation within two trading days.

Without the provisions of the company's Articles of Association or the lawful authorization of the board of directors, no director shall act on behalf of the company or the board of directors in their personal capacity. When a director acts in their personal capacity, if a third party would reasonably believe that the director is acting on behalf of the company or the board of directors, the director shall make a prior declaration of their position and identity.

8. BOARD OF DIRECTORS

The Company has established a board of directors which shall be accountable to the Shareholders' meetings. The board of directors comprises ten directors.

The Board shall exercise the following duties and powers:

(i) to convene Shareholders' meetings and report its work to the Shareholders' meetings;

(ii) to implement the resolutions of the Shareholders' meetings;

(iii) to resolve business operation plans and investment plans of the Company;

(iv) to formulate the profit distribution plans and plans for recovery of losses of the Company;

(v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(vi) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;

(vii) to determine on such matters as the external investments, purchase or sale of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions of the Company;

(viii) to determine the internal management structure of the Company;

(ix) to determine the appointment or dismissal of the president of the Company, the Board secretary and other senior management, and decide their remuneration, awards and penalties; and based on the nomination of the president, to determine the appointment or dismissal of the senior management including vice president and chief financial officer of the Company and determine their remuneration, rewards and penalties;

(x) to formulate the basic management system of the Company;

(xi) to formulate proposals for any amendment of the Articles of Association;

(xii) to manage the information disclosure of the Company;

(xiii) to propose to the Shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;

(xiv) to listen to work reports of the president of the Company and review his/her work;

(xv) other duties conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or the Shareholders' meeting.

Matters beyond the scope of such authorization shall be submitted to the Shareholders' meeting for consideration.

The board of directors shall establish special committees such as audit committee, nomination, remuneration and appraisal committee, and strategy and ESG committees if necessary. The special committees shall be accountable to the board of directors, perform duties pursuant to the Company's Articles of Association and the authorization of the board of directors, and submit motions to the board of directors for deliberation and decision. All members of the special committees shall be directors, among which the audit committee, the nomination, remuneration and appraisal committee shall be chaired by independent directors, while the audit committee shall be chaired by an accounting professional. Members of the audit committee shall be directors that are not senior management personnel of the listed company.

The board of directors shall convene at least four regular meetings per year, called by the chairman, and all directors shall be notified in writing fourteen days prior to the meeting. Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the audit committee may propose to convene an extraordinary meeting of the board of directors. The chairman shall convene and preside over the board of directors meeting within ten days after receiving the proposal.

A meeting of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors must be passed by a majority of all directors. Voting on resolutions of the board of directors shall be conducted on a one person, one vote basis.

If a director has an associated relationship with the subject matter of a resolution of the board of directors, such director shall not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. A meeting of the board of directors may be held if more than half of the directors without associated relationships are present, and resolutions made at the meeting of the board of directors must be passed by a majority of the directors without associated relationships. If the number of directors without associated relationships attending the board of directors meeting is less than three, the matter shall be submitted to the Shareholders' meeting for review. If laws, regulations, or the securities regulatory rules of the place where the company's stock is listed impose additional requirements or restrictions on directors' participation in board of directors meetings and voting, such provisions shall prevail.

9. SENIOR MANAGEMENT MEMBERS

The Company shall have one president, which shall be appointed or dismissed by the board of directors. The Company may have certain executive/senior vice presidents as nominated by the president and chief financial officer, who shall be appointed or dismissed by the board of directors.

The president, executive/senior vice presidents, secretary to the board of directors, and the chief financial officer of the Company are considered senior management personnel of the Company.

The provisions in the Company's Articles of Association regarding the fiduciary duties and duties of care of directors shall also apply to senior management personnel.

The president is responsible to the board of directors and exercises the following powers:

(i) To preside over the Company's production and business management activities, implement the resolutions of the board of directors, and report work to the board of directors;

(ii) To implement the Company's annual business plan and investment programs;

(iii) To draft proposals for the establishment of internal management institutions of the Company;

(iv) To draft the Company's basic management systems;

(v) To formulate specific regulations of the Company;

(vi) To propose to the board of directors the appointment or dismissal of executive/senior vice presidents and the Chief Financial Officer;

(vii) To decide on the appointment or dismissal of management personnel other than those who should be appointed or dismissed by the board of directors;

(viii) To formulate the wages, benefits, rewards/penalties of the Company employees and decide on their engagement and dismissal;

(ix) To propose the convening of extraordinary meetings of the board of directors;

(x) Other powers granted by the Company's Articles of Association or the board of directors.

The president shall attend the meetings of the board of directors.

Senior management personnel of the Company shall faithfully perform their duties and safeguard the maximum interests of the Company and all Shareholders. If senior management personnel fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and the public Shareholders, they shall be liable for compensation in accordance with the law.

10. AUDIT COMMITTEE

The board of directors of the Company shall establish an audit committee to exercise power of the supervisory committee at stipulated by the PRC Company Law.

The audit committee comprises 3 members who are directors not holding senior management personnel positions of the Company, of which 3 are independent directors and the chairman shall be an accounting professional therein.

The audit committee shall be responsible for reviewing the Company's financial information and its disclosure, overseeing and assessing internal and external audits and internal control. The following matters shall be submitted to the board of directors for review upon approval by a majority of all members of the audit committee:

(i) Disclosure of financial information in financial accounting reports and periodic reports and internal control evaluation reports;

(ii) Appointment or dismissal of the accounting firm engaged in audit of the listed company;

(iii) Appointment or dismissal of the financial officer of the listed company;

(iv) Changes in accounting policies or estimates, or corrections of material accounting errors, except those due to changes in accounting standards;

(v) Other matters stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association.

The audit committee shall hold meetings at least once every quarter. Extraordinary meetings may be convened upon the request of two or more members or when the convenor deems it necessary. A meeting of the audit committee shall require the attendance of at least two-thirds of its members to be valid.

Resolutions of the audit committee shall be passed by a majority vote of its members. Each member of the audit committee shall have one vote in decision-making.

The work procedures of the audit committee shall be formulated by the board of directors.

11. FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

a) FINANCIAL ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and the requirements of relevant regulatory authorities of the PRC.

The Company shall submit and disclose the annual report to the CSRC's dispatched institutions and the stock exchange where the Company's share is listed within four months after the end of each fiscal year; submit and disclose the interim report to the CSRC's dispatched institutions and the stock exchange where the Company's share is listed within two months after the end of the first half of each fiscal year.

The Company shall not establish the statutory account books accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

b) DISTRIBUTION OF PROFIT

When distributing after-tax profits of the year, the Company shall allocate ten percent of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached fifty percent or more of the Company's registered capital, the Company needs not to make any further allocations to that fund. Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

After the Company has extracted the statutory surplus reserve from the post-tax profit, it may, upon resolution of the Shareholders' meeting, extract a discretionary surplus reserve from the post-tax profit.

The remaining post-tax profit after the Company has made up for losses and extracted surplus reserves shall be distributed in proportion to the shares held by the Shareholders, unless otherwise specified under the Articles of Association.

If the Shareholders' meeting violates the PRC Company Law and distributes profits to the Shareholders, the Shareholders must return the profits distributed in violation of the regulations to the Company; where loss is caused to the Company, Shareholders and directors and senior management personnel taking in charge shall hold liability for compensation.

Shares held by the Company itself do not participate in the profit distribution.

The Company must appoint one or more collection agents in Hong Kong for the H-Shareholders. The collection agent shall collect and hold on behalf of the relevant H-Shareholders the dividends and other payments distributed by the Company in respect of the H-shares, pending payment to such H-Shareholders. The collection agent appointed by the Company shall meet the requirements of laws and regulations and the securities regulatory rules of the place where the Company's share is listed.

The Company's profit distribution policy maintains continuity and stability, while also considering investors' rational investment returns and the Company's sustainable development. The Company's board of directors and Shareholders' meeting will fully consider the opinions and requirements of minority Shareholders in the decision-making and argumentation process of the profit distribution policy.

c) INTERNAL AUDIT

The Company implements an internal audit system which is equipped with dedicated audit personnel to conduct internal audits for supervision of financial income and expenditure and economic activities of the Company.

The internal audit institution shall be accountable to the board of directors.

d) APPOINTMENT OF AN ACCOUNTING FIRM

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed.

The appointment, dismisses or non-renewal appointment of accounting firm by the Company shall be decided by ordinary resolutions at Shareholders' meetings. The Board shall not appoint accounting firm before the approval of the Shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

12. MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

a) MERGER, DIVISION, CAPITAL INCREASE, AND CAPITAL REDUCTION

Merger of the Company may take the form of absorption or establishment of a new company. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within ten days as of the date of the resolution for the merger and shall publish an announcement on the press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within thirty days as of the date of such resolution.

A creditor may within thirty days as of the receipt of the notice or, in case where he/she fails to receive such notice within forty-five days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within ten days as of the date of the resolution for the division and shall publish an announcement on the press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within thirty days as of the date of such resolution. The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before the division.

b) DISSOLUTION AND LIQUIDATION

The Company shall be dissolved upon the occurrence of the following events:

(i) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;

(ii) a resolution on dissolution is passed by a Shareholders' meeting;

(iii) dissolution is required due to the merger or division of the Company;

(iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;

(v) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing ten percent or above of the voting rights of the Company may plead the court to dissolve the Company.

In the event of the dissolution of the Company as specified in the preceding paragraph, it shall announce the dissolution of the company through the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within ten days.

If the Company is dissolved due to the provisions mentioned in items (i), (ii), (iv), and (v) of the Articles of Association, a liquidation shall be conducted. The directors shall be the obligors for the Company's liquidation and must form a liquidation group within fifteen days from the date the cause for dissolution arises to carry out the liquidation.

The liquidation group is composed of directors, unless otherwise provided by the Articles of Association or the Shareholders' meeting decides to elect another person.

If the liquidation obligor fails to perform liquidation obligations in a timely manner and causes losses to the Company or creditors, he shall be liable for compensation.

The liquidation group shall notify the creditors within ten days from the date of its establishment and announce it in the newspapers or the National Enterprise Credit Information Publicity System within sixty days. Creditors shall declare their claims to the liquidation group within thirty days from the date of receiving the notice, or within forty-five days from the date of the announcement if they have not received the notice.

When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has sorted out the Company's assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the Shareholders' meeting or the court for confirmation.

The Company's assets shall be used to pay the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the Company's debts. The remaining assets shall be distributed among the Shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the Shareholders before the aforementioned provisions have been complied with.

After sorting out the Company's assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company's assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law. After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

Upon the completion of the Company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the Shareholders' meeting or the court for confirmation, and file it with the Company registration authority to apply for the cancellation of the Company registration. If the Company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

13. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

(i) after amendments are made to the PRC Company Law or other relevant laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed;

(ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(iii) the Shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the Shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the Shareholders' meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Any amendment to the Articles of Association that is required to be disclosed in accordance with laws and regulations shall be announced in accordance with provisions thereof.

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation

The Company was established as a limited liability company under the laws of the PRC on September 15, 2014 and was converted into a joint stock company with limited liability on November 12, 2019. The Company completed the listing of A Shares on the Shenzhen Stock Exchange (stock code: 300919) in December 2020. As of the Latest Practicable Date, the registered capital of the Company was RMB938,028,458.

The Company has established a place of business in Hong Kong at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 7, 2025, with Ms. Wong Wai Yee, Ella of Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong being appointed as the Hong Kong authorized representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the PRC, its corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in "Regulatory Overview" and "Appendix V — Summary of Articles of Association" in this Document, respectively.

Changes in the Share Capital of the Company

On October 13, 2023, the Company completed the cancelation of 809,473 restricted Shares repurchased under its 2022 Restricted Share Incentive Scheme. Following this cancelation, the total number of Shares decreased from 670,633,576 to 669,824,103.

On May 29, 2024, the Company implemented its 2023 annual dividend distribution (the "**2023 Annual Dividend Distribution**"), capitalizing capital reserve to issue 4 new Shares for every 10 Shares held by Shareholders (excluding 3,885,100 repurchased Shares). The 2023 annual dividend distribution resulted in a total increase of 266,375,601 Shares, which increased the total number of Shares from 669,824,103 to 936,199,704.

On July 10, 2024, the Company completed the cancelation of 1,636,045 restricted Shares repurchased under its 2022 Restricted Share Incentive Scheme. Following this cancelation, the total number of Shares decreased from 936,199,704 to 934,563,659.

On August 28, 2024, the Company's total number of Shares increased from 934,563,659 to 937,089,814, upon the vesting of 2,526,155 restricted Shares previously granted under the 2023 Restricted Share Incentive Scheme.

On July 2, 2025, the Company completed the cancelation of 1,840,211 restricted Shares repurchased under its 2022 Restricted Share Incentive Scheme. Following this cancelation, the total number of Shares decreased from 937,089,814 to 935,249,603.

On July 11, 2025, the Company's total number of Shares increased from 935,249,603 to 938,028,458, upon the vesting of 2,778,855 restricted Shares previously granted under the 2023 Restricted Share Incentive Scheme.

A repurchase mandate for the repurchase of A Shares for the purpose of our Company's share incentive or employee stock ownership plan was approved by the Board on August 24, 2023 (the "**2023 Repurchase Mandate**"). The 2023 Repurchase Mandate was valid for 12 months from the date of approval of the

repurchase mandate by the Board. As of August 16, 2024, the repurchase of A Shares was completed under the 2023 Repurchase Mandate with a total of 6,873,880 A Shares repurchased pursuant to transactions conducted between August 25, 2023 and August 16, 2024. Upon repurchase, the repurchased A Shares are held under our Company stock repurchase account and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be canceled.

A repurchase mandate for the repurchase of A Shares for the purpose of our Company's share incentive or employee stock ownership plan was approved by the Board on November 4, 2024 (the "**2024 Repurchase Mandate**"). The 2024 Repurchase Mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. As of the Latest Practicable Date, the Company has repurchased a total of 22,958,992 A Shares under the 2024 Repurchase Mandate. Upon repurchase, the repurchased A Shares are held under our Company stock repurchase account and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be canceled. As of the Latest Practicable Date, the Company held 29,832,872 repurchased A Shares in total.

Save as disclosed in this Document, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this Document.

Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I.

On July 6, 2023, the registered share capital of Hunan Zhongwei New Energy increased from RMB3,832,500,000 to RMB4,197,500,000. On March 27, 2025, the registered share capital of Hunan Zhongwei New Energy increased from RMB4,197,500,000 to RMB4,816,631,300.

On September 20, 2023, the registered share capital of Guizhou Zhongwei Xingyang increased from RMB1,875,000,000 to RMB3,125,000,000.

On October 27, 2023, the registered share capital of Guizhou Zhongwei Resources Recycling increased from RMB681,743,500 to RMB721,379,750.

On December 28, 2023, the issued share capital of CNGR Hong Kong increased from HK$3,500,000,000 to HK$3,700,000,000.

On February 29, 2024, the registered share capital of Guangxi Zhongwei New Energy increased from RMB4,900,000,000 to RMB6,100,445,435. On July 6, 2024, the registered share capital of Guangxi Zhongwei New Energy increased from RMB6,100,445,435 to RMB6,373,273,943.

Save as disclosed above, there has been no alteration in the share capital of the Major Subsidiaries of the Company within two years immediately preceding the date of this Document.

Resolutions Passed by Our Shareholders' General Meeting of Our Company in Relation to the [REDACTED]

At the general meeting of the Shareholders held on April 17, 2025, the following resolutions, among other things, were duly passed:

(i) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares will be **[REDACTED]** on the Hong Kong Stock Exchange;

(ii) the number of H shares to be **[REDACTED]** shall be no more than 15% of the total issued share capital of our Company as enlarged by the **[REDACTED]**, and the grant of the **[REDACTED]** in respect of no more than 15% of the number of H Shares to be **[REDACTED]** initially under the **[REDACTED]**;

(iii) authorization of the Board and its authorized individuals to handle all matters relating to, among other things, the **[REDACTED]**, the **[REDACTED]** and **[REDACTED]** of H Shares on the Hong Kong Stock Exchange; and

(iv) subject to the completion of the **[REDACTED]**, the conditional adoption of the revised Articles of Association, which shall become effective on the **[REDACTED]**, and the authorization to the Board and its authorized individuals to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules, and upon the request from the Hong Kong Stock Exchange and relevant PRC regulatory authorities.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The Group has entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that is or may be material:

(a) **[REDACTED]**.

Intellectual Property

As at the Latest Practicable Date, the following intellectual property rights are or may be material to the Group's business.

Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.	中伟	1	the Company	PRC	15258275	October 13, 2035
2.	中伟	1	the Company	PRC	18760669	May 20, 2027
3.	CNGR中伟	1	the Company	PRC	62118355	July 13, 2032
4.	CNGR	1	the Company	PRC	39555608	February 27, 2030
5.	CNGR	9	the Company	PRC	39567182	February 27, 2030
6.	CNGR	12	the Company	PRC	39547293	February 27, 2030

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
7.	CNGR	39	the Company	PRC	39558382	February 27, 2030
8.	CNGR	40	the Company	PRC	39549529	February 27, 2030
9.		6	the Company	PRC	55651327	November 20, 2031
10.		9	the Company	PRC	55684070	November 20, 2031
11.		16	the Company	PRC	55648747	November 20, 2031
12.		18	the Company	PRC	55659485	November 20, 2031
13.		28	the Company	PRC	55684552	November 20, 2031

Domain Name

As at the Latest Practicable Date, the Group had registered the following domain name which is material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1.	www.cngrgf.com.cn	the Company	May 21, 2029

Patents

As at the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
1.	Sodium-ion Battery Precursor and Its Preparation Method, Sodium-ion Battery Cathode Material, Sodium-ion Battery, and Electrical Equipment (鈉離子電池正極材料前驅體及其製備方法、鈉離子電池正極材料、鈉離子電池及涉電設備)	Invention	the Company	PRC	202211188250.3	September 28, 2022	September 27, 2042
2.	Nickel-Cobalt-Manganese Precursors and Cathode Materials Based on Core-Shell Structures and Their Preparation Methods (基於殼核結構的鎳鈷錳前驅體、正極材料及其製備方法)	Invention	the Company	PRC	202210761463.4	June 29, 2022	June 28, 2042
3.	Method for Recovering Manganese and Zinc from Metal-Containing Slag (從含金屬渣中回收錳、鋅的方法)	Invention	the Company	PRC	202210690888.0	June 17, 2022	June 16, 2042

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
4.	Ternary Cathode Material Precursor and Its Preparation Method, Ternary Cathode Material, Lithium-ion Battery, and Electrical Equipment (三元正極材料前驅體及其製備方法、三元正極材料、鋰離子電池及正極和涉電設備)	Invention	the Company	PRC	202210101448.7	January 27, 2022	January 26, 2042
5.	A Ternary Cathode Material Precursor and Its Preparation Method, Ternary Cathode Material, and Lithium-ion Battery (一種三元正極材料前驅體及其製備方法、三元正極材料及鋰離子電池)	Invention	the Company	PRC	202111658218.2	December 30, 2021	December 29, 2041
6.	A Single-Crystal Ternary Cathode Material and Its Preparation Method, and Lithium-ion Batteries (一種單晶三元正極材料及其製備方法、鋰離子電池)	Invention	the Company	PRC	202111627186.X	December 28, 2021	December 27, 2041

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
7.	Ternary Cathode Material Precursors and Their Preparation Methods, Cathode Materials, Cathode Slurries, Lithium-ion Batteries, and Cathodes and Electric-Related Devices (三元正極材料前驅體及製備方法、正極材料、正極漿料、鋰離子電池及正極和涉電設備)	Invention	the Company	PRC	202111623510.0	December 28, 2021	December 27, 2041
8.	Cobalt Composite Hydroxide and Its Preparation Method, Cathode Materials for Lithium-ion Batteries, and Lithium-ion Batteries (鈷複合氫氧化物及其製備方法、鋰離子電池正極材料及鋰離子電池)	Invention	the Company	PRC	202111610311.6	December 27, 2021	December 26, 2041

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
9.	A Cobalt Carbonate Material Doped with Aluminum and Its Preparation Method, Cobalt Oxide Doped with Aluminum, and Lithium Cobaltate Cathode Materials (一種摻鋁碳酸鈷材料及其製備方法、摻鋁四氧化三鈷及鋰鈷酸正極材料)	Invention	Hunan Zhongwei New Energy	PRC	202111570481.6	December 21, 2021	December 20, 2041
10.	Amorphous Cobalt Hydroxide with High Aluminum Doping and Its Preparation Method and Applications (無定型高摻鋁氫氧化鈷及其製備方法和應用)	Invention	Hunan Zhongwei New Energy	PRC	202111158863.8	September 30, 2021	September 29, 2041
11.	A Method for Pre-treatment of Ternary Cathode Sheets to be Recycled (一種預處理待回收三元正極片的方法)	Invention	Guizhou Zhongwei Resources Recycling	PRC	202111155018.5	September 29, 2021	September 28, 2041

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
12.	Cobalt Oxide and Its Preparation Method, and Lithium-ion Batteries (一種四氧化三鈷及其製備方法和鋰離子電池)	Invention	Hunan Zhongwei New Energy	PRC	202110997578.9	August 27, 2021	August 26, 2041
13.	A High-Grade Nickel Matte Atmospheric Leaching Method and Nickel Sulfate (一種高冰鎳常壓浸出方法及硫酸鎳)	Invention	Hunan Zhongwei New Energy	PRC	202110863150.5	July 29, 2021	July 28, 2041
14.	Ternary Precursors and Their Preparation Methods, Cathode Materials for Lithium-ion Batteries, and Lithium-ion Batteries (三元前驅體及其製備方法、鋰離子電池正極材料及鋰離子電池)	Invention	the Company	PRC	202011535743.0	December 23, 2020	December 22, 2040

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
15.	Cathode Material Coating Agent and Its Preparation Method, Cathode Materials for Lithium-ion Batteries, Lithium-ion Batteries, and Electrical Devices (正極材料包覆劑及其製備方法、鋰離子電池正極材料、鋰離子電池及用電設備)	Invention	the Company	PRC	202011071680.8	October 9, 2020	October 8, 2040
16.	Treatment Methods of Nickel-Cobalt-Manganese Ternary Waste Materials (鎳鈷錳三元廢料的處理方法)	Invention	Guizhou Zhongwei Resources Recycling	PRC	202010962154.4	September 14, 2020	September 13, 2040
17.	Cobalt Hydroxide Oxide and Its Preparation Method, Lithium Cobaltate, Electrodes, and Lithium-Ion Batteries (羥基氧化鈷及其製備方法、鋰鈷酸、電極及鋰離子電池)	Invention	Hunan Zhongwei New Energy	PRC	201911066875.0	November 4 , 2019	November 3 , 2039

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
18.	A Smelting Furnace for Nickel Matte Smelting and a Method for Producing Low-Grade Nickel Matte (用於冶煉冰鎳的熔煉爐及低冰鎳的生產方法)	Invention	the Company	PRC	202111293657.8	November 3, 2021	November 2, 2041
19.	A Method for Producing Low-Grade Nickel Matte by Smelting and Sulfurizing Nickel Oxide Ore (一種氧化鎳礦熔融還原硫化生產低冰鎳的方法)	Invention	the Company	PRC	202110604271.8	May 31, 2021	May 30, 2041
20.	A Leaching Method for Sulfide Minerals (一種硫化礦物的浸出方法)	Invention	Guizhou Zhongwei Resources Recycling	PRC	202211737833.7	December 31, 2022	December 30, 2042

Software copyrights

As of the Latest Practicable Date, the Group had registered the following software copyrights which are material to its business:

No	Software Name	Registrant	Registration Number	Date of Registration
1.	Laboratory Management System V1.0 (實驗室管理系統V1.0)	the Company	2019SR0730185	July 16, 2019
2.	Material Search System V1.0 (找料系統V1.0)	the Company	2019SR0730176	July 16, 2019
3.	Production Planning System V1.0 (生產計劃系統V1.0)	the Company	2019SR0730677	July 16, 2019
4.	Quality Management System V1.0 (質量管理系統V1.0)	the Company	2019SR0730169	July 16, 2019
5.	Equipment Management System V1.0 (設備管理系統V1.0)	the Company	2019SR0731870	July 16, 2019

No	Software Name	Registrant	Registration Number	Date of Registration
6.	Intelligent Control Software for Producing Battery-Grade Manganese Sulfate from Metallic Manganese V1.0 (用金屬錳製電池級硫酸錳的智能控制軟件V1.0)	Guizhou Zhongwei Resources Recycling	2018SR583660	July 25, 2018
7.	Intelligent Control Software for Producing Battery-Grade Cobalt Sulfate from Metallic Cobalt V1.0 (用金屬鈷製電池級硫酸鈷的智能控制軟件V1.0)	Guizhou Zhongwei Resources Recycling	2018SR583660	July 25, 2018
8.	Intelligent Control System for Laser Cutting of Used Lithium Battery Module Housings V1.0 (激光切割廢舊鋰電池模組外殼智能控制系統V1.0)	Guizhou Zhongwei Resources Recycling	2018SR583664	July 25, 2018
9.	Automatic Control System for Producing Battery-Grade Nickel Sulfate from Nickel Briquette and Nickel Powder V1.0 (鎳豆、鎳粉製電池級硫酸鎳的自動控制系統V1.0)	Guizhou Zhongwei Resources Recycling	2018SR580995	July 25, 2018
10.	Automated Control Software for Dismantling Used Lithium Batteries V1.0 (廢舊鋰電池拆解自動化控制軟件V1.0)	Guizhou Zhongwei Resources Recycling	2018SR335586	May 14, 2018
11.	Intelligent Control Software for Hydrometallurgical Recycling of Used Power Lithium Batteries V1.0 (濕法回收廢舊動力鋰電池智能控制軟件V1.0)	Guizhou Zhongwei Resources Recycling	2018SR323770	May 10, 2018
12.	Automatic Control System for Purification, Extraction, and Separation in the Recycling of Power Batteries V1.0 (回收動力電池淨化萃取分離自動控制系統V1.0)	Guizhou Zhongwei Resources Recycling	2018SR323754	May 10, 2018
13.	Automated Control System for Recycling Lithium Iron Phosphate from Used Lithium Batteries V1.0 (廢舊鋰電池回收磷酸鐵鋰自動控制系統V1.0)	Guizhou Zhongwei Resources Recycling	2018SR323742	May 10, 2018
14.	Ion Exchange Recycling System for Used Power Lithium Batteries V1.0 (廢舊動力鋰電池離子交換法回收系統V1.0)	Guizhou Zhongwei Resources Recycling	2018SR324639	May 10, 2018
15.	Laboratory Management System V1.0 (實驗室管理系統V1.0)	the Company	2019SR0730185	July 16, 2019
16.	Material Search System V1.0 (找料系統V1.0)	the Company	2019SR0730176	July 16, 2019
17.	Production Planning System V1.0 (生產計劃系統V1.0)	the Company	2019SR0730677	July 16, 2019

No	Software Name	Registrant	Registration Number	Date of Registration
18.	Quality Management System V1.0 (質量管理系統V1.0)	the Company	2019SR0730169	July 16, 2019
19.	Equipment Management System V1.0 (設備管理系統V1.0)	the Company	2019SR0731870	July 16, 2019
20.	Workshop Batch Management System V1.1 (車間批次管理系統V1.1)	Hunan Zhongwei New Energy	2023SR1657028	December 18, 2023
21.	Zhongwei Big Data Management System V1.0 (中偉大數據管理系統V1.0)	Hunan Zhongwei New Energy	2023SR1708724	December 21, 2023
22.	Workshop Formulation Management System V2.0 (車間配方管理系統V2.0)	Hunan Zhongwei New Energy	2023SR1710625	December 21, 2023
23.	Energy Data Acquisition System V1.0 (能源數據採集系統V1.0)	Hunan Zhongwei New Energy	2023SR1711013	December 21, 2023
24.	Workshop Data Acquisition System V1.1 (車間數據採集系統V1.1)	Hunan Zhongwei New Energy	2023SR1711871	December 21, 2023
25.	Pyrometallurgical Data Acquisition and Monitoring System (Abbreviated: Pyrometallurgical Data Acquisition) V1.0 (火法數據採集與監控系統（簡稱：火法數採）V1.0)	the Company	2025SR0117385	January 17, 2025
26.	Automated Stereoscopic Warehouse WMS and ERP Integration System (Abbreviated: WMS and ERP Integration System) V1.0 (自動化立體倉庫 WMS 與 ERP 集成系統（簡稱：WMS 與 ERP 集成系統）V1.0)	the Company	2025SR0117567	January 17, 2025

DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors and Chief Executive of the Company

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), so far as our Directors are aware, the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (1) will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, will be as follows:

Interests/Short Positions in the Company

Name of Shareholder	Nature of Interest	Type of Shares	Number of Shares Held or Interested	Approximate Percentage of interest in A Shares of our Company immediately after the [REDACTED]	Approximate Percentage of interest in Shares of our Company immediately after the [REDACTED]
Mr. Deng	Beneficial owner	A Shares	29,570,194	3.15%	**[REDACTED]**%
	Interest in controlled corporations[(1)(2)]	A Shares	528,484,872	56.34%	**[REDACTED]**%
Mr. Tao Wu	Beneficial owner[(3)]	A Shares	1,141,343	0.12%	**[REDACTED]**%
Mr. Liao Hengxing	Beneficial owner[(4)]	A Shares	637,058	0.07%	**[REDACTED]**%
Mr. Li Weihua	Beneficial owner[(5)]	A Shares	822,979	0.09%	**[REDACTED]**%

Notes:

(1) As at the Latest Practicable Date, Zhongwei Holding was held by Mr. Deng as to 65% and by Ms. Wu as 35%, and Hongxin Chengda was owned as to 1% by Ms. Wu as the general partner and as to 99% by Mr. Deng as the limited partner. Mr. Deng and Ms. Wu are husband and wife. Zhongwei Holding directly held 481,600,000 A Shares and Hongxin Chengda directly held 17,052,000 A Shares. Therefore, Mr. Deng is deemed to be interested in all the A Shares held by Zhongwei Holding and Hongxin Chengda under the SFO, which is 498,652,000 A Shares in total.

(2) As at the Latest Practicable Date, there were 29,832,872 A Shares repurchased and held in the Company's stock repurchase account as treasury shares. Mr. Deng and Ms. Wu, through Zhongwei Holding and Hongxin Chengda, directly and indirectly controls more than one-third of the voting power at the general meetings of the Company and would be taken to have an interest in such repurchased A Shares held by the Company under the SFO.

(3) As of the Latest Practicable Date, Mr. Tao Wu was interested in 1,141,343 A Shares held by him and 33,942 A Shares held under the Restricted Share Incentive Schemes.

(4) As of the Latest Practicable Date, Mr. Liao Hengxing was interested in 637,058 A Shares held by him and 26,416 A Shares held under the Restricted Share Incentive Schemes.

(5) As of the Latest Practicable Date, Mr. Li Weihua was interested in 822,979 A Shares held by him and 33,942 A Shares held under the Restricted Share Incentive Schemes.

(6) All interests stated above are long position.

Interests/Short Positions in the Associated Corporations

Name of Director	Name of Associated Corporation	Nature of Interest	Percentage of Interest
Mr. Deng	Zhongwei Holding (1)	Beneficial owner	65%
		Interest of spouse	35%
Mr. Deng	Hunan Rongrun Gongmao Co., Ltd. (湖南融潤工貿有限公司) (2)	Beneficial owner	5%
		Interest in controlled corporations	95%

Notes:

(1) As at the Latest Practicable Date, Zhongwei Holding was held by Mr. Deng as to 65% and by Ms. Wu as 35%. Mr. Deng and Ms. Wu are husband and wife. Zhongwei Holding is a limited liability company incorporated in the PRC and does not issue any shares.

(2) As of the Latest Practicable Date, Hunan Rongrun Gongmao Co., Ltd. was held by Mr. Deng as to 5% and by Zhongwei Holding as to 95%. Hunan Rongrun Gongmao Co., Ltd. is a limited liability company incorporated in the PRC and does not issue any shares.

Save as disclosed above, none of the Directors or the chief executive of the Company will, immediately following the completion of the **[REDACTED]**, have an interest and/or short position (as applicable) in the Shares, underlying shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Disclosure of Interests of Substantial Shareholders

Save as disclosed below and the disclosure in the section headed "Substantial Shareholders", our Directors are not aware of any other person who will, immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

Subsidiary of our Company	Registered Capital/ Issued Share Capital	Name of the Shareholder	Approximate percentage of Interest
Guizhou Zhongwei Resources Recycling	RMB721,379,750	Guizhou Ecological Environmental Protection Development Equity Investment Fund Partnership (Limited Partnership) (貴州省生態環保發展股權投資基金合夥企業(有限合夥))	11.58%
Guizhou Zhongwei New Energy Technology Company Limited* (貴州中偉新能源科技有限公司)	RMB1,875,000,000	Guizhou New Industrialization Development Equity Investment Fund Partnership (Limited Partnership) (貴州省新型工業化發展股權投資基金合夥企業(有限合夥))	21.3%
Guizhou Zhongwei Xingyang	RMB3,125,000,000	Guizhou New Industrialization Development Equity Investment Fund Partnership (Limited Partnership) (貴州省新型工業化發展股權投資基金合夥企業(有限合夥))	48%
DNI	IDR1,403,752,000,000	Debonair Nickel Private Limited	49.9%
PT Jade Bay Metal Industry	IDR971,809,965,000	Debonair Nickel Private Limited	49.9%
NNI	IDR3,772,548,000,000	Jiangsu Delong Nickel Industry Co., Ltd. (江蘇德龍鎳業有限公司)	33%
PT Zhongtsing	IDR1,994,604,000,000	Rigqueza International Pte., Ltd.	30%
Innovation West Mantewe PTE. LTD.	SGD100 and USD13,000,000	Walsin Lihwa Corporation	20%
CNP Advanced Material Technology Co., Ltd.	KRW14,170,400,000	POSCO Future M Co., Ltd.	20%
PT Anugerah Barokah Cakrawala	IDR743,750,000,000	PT Puusuli Laronanga Sukses	49%

Subsidiary of our Company	Registered Capital/ Issued Share Capital	Name of the Shareholder	Approximate percentage of Interest
PT CNGR Xing Xin New Energy	IDR71,855,000,000	Rigqueza International Pte., Ltd.	30%
PT CNGR Xingqiu New Energy	IDR114,968,000,000	Rigqueza International Pte., Ltd.	30%
PT CNGR Xingquan New Energy	IDR71,855,000,000	Rigqueza International Pte., Ltd.	30%
PT BUMI HALTENG MINING	IDR12,335,000,000	IRAWAN TANTO	33.51%
PT HARUM SUKSES MINING	IDR47,923,000,000	IRAWAN TANTO	35.83%

FURTHER INFORMATION ABOUT OUR DIRECTORS

Particulars of the Service Contracts

Each of our Directors [has entered into] a service contract with our Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract with any member of the Group (other than contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

For details of the remuneration of Directors, see "Directors and Senior Management – Remuneration of Our Directors and Senior Management" and Note 8 in "Appendix I – Accountants' Report".

Disclaimers

(a) Save as disclosed in this Document, none of the Directors or any of the experts referred to in "Other Information – Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this Document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save as disclosed in this Document, none of the Directors or any of the experts referred to in "Other Information – Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the business of the Group.

(c) Save as disclosed in this Document, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are **[REDACTED]** on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

(d) Within two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor is proposed to be paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transactions described in this Document.

(e) So far as is known to the Directors, none of the Directors or their close associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the five largest customers or the five largest suppliers of the Group.

SHARE SCHEMES

Employee Stock Ownership Scheme

Our Company adopted the Employee Stock Ownership Scheme in November 2022, which was terminated as of the Latest Practicable Date. Given the Employee Stock Ownership Scheme does not involve issue of new Shares by our Company, the terms of the Employee Stock Ownership Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Participants of the scheme

The participants of the Employee Stock Ownership Scheme include directors (excluding independent directors), supervisors, senior management, key management personnel, core employees, and other personnel deemed by the Board as requiring incentives, of our Company and its subsidiaries and branches.

(ii) Source of shares and participants' interest in the scheme

The designated account of the Employee Stock Ownership Scheme has purchased 7,778,037 A Shares from the open market at the price as set out under the Employee Stock Ownership Scheme. Each participant of the Employee Stock Ownership Scheme holds a certain percentage of interest in the scheme.

(iii) Administration of the scheme

The Employee Stock Ownership Scheme is subject to the approval of the Shareholders. Such scheme is administered by a committee (the "**Scheme Management Committee**"), the members of which are elected by the participants of the Employee Stock Ownership Scheme. The Scheme Management Committee oversees the day-to-day management of the Employee Stock Ownership Scheme and exercise shareholders' rights on behalf of the participants.

(iv) Term of the scheme

The Employee Stock Ownership Scheme is valid for a term of 24 months commencing from the date of announcement of the last transfer of the relevant A Shares to the designated account of the Employee Stock Ownership Scheme (the "**Commencement Date**"), which may be extended upon approval by the Scheme Management Committee and the Board. In February 2025, the Board approved to extend the term of the Employee Stock Ownership Scheme to May 29, 2027.

(v) Lock-up of the shares

The A Shares held by the Employee Stock Ownership Scheme are subject to a lock-up period of 12 months, commencing from the Commencement Date. After the expiry of the forgoing lock-up period, the Scheme Management Committee may sell the A Shares held by the Employee Stock Ownership Scheme and distribute the proceeds to the participants proportionately pursuant to the terms of the Employee Stock Ownership Scheme.

(vi) Total number of shares held by the scheme

As of the Latest Practicable Date, no A shares were held by the Employee Stock Ownership Scheme.

Restricted Share Incentive Schemes

The following is a summary of the principal terms of the Restricted Share Incentive Schemes. The terms of Restricted Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any further grant of restricted Shares by our Company after our **[REDACTED]**. Save as otherwise disclosed, the terms of each of the Restricted Share Incentive Schemes are substantially similar and are summarized below.

(i) Purpose

The purpose of the Restricted Share Incentive Schemes is to further improve our Company's long-term incentive mechanism, attract and retain outstanding talents, effectively align the interests of our Shareholders, our Company and our employees, and ensure that all parties jointly focus on our Company's sustainable growth. The Restricted Share Incentive Schemes are implemented to align the interests of the Shareholders with the interests of the Group and employee which will benefit the sustained development of our Group.

(ii) Administration

The Restricted Share Incentive Schemes are subject to the approval of the Shareholders' meeting, administration of the Board and the supervision of the board of supervisors and independent Directors of our Company.

(iii) Participants

The participants of the Restricted Share Incentive Schemes include directors, senior management, core technical personnel, and other personnel deemed by the board of directors as requiring incentives, of our Company and its subsidiaries. The scope of participants excludes independent directors, supervisors and shareholders or actual controller who individually or collectively hold 5% or more of the Shares of our Company and their spouse, parents and children.

(iv) Source and total number of Shares

Each restricted Share granted under the Restricted Share Incentive Schemes represents the right to receive one A Share at the grant price, which will be satisfied by A Shares issued by our Company. In May 2022, 3,993,835 A Shares (which was adjusted to 5,591,369 due to 2023 Annual Dividend Distribution) were issued by the Company for the 2022 Restricted Share Incentive Scheme. In July 2024, 2,526,155 A Shares were issued by the Company for the 2023 Restricted Share Incentive Scheme. The total number of Shares may be issued under each of the Restricted Share Incentive Schemes are as follows:

Restricted Share Incentive Scheme	Total number of Shares which may be issued under the respective scheme[1]
2022 Restricted Share Incentive Scheme	5,591,369[2]
2023 Restricted Share Incentive Scheme	13,777,918

Notes:

(1) All the share numbers in this table were adjusted due to 2023 Annual Dividend Distribution.

(2) According to the terms of the 2022 Restricted Share Incentive Scheme, the restricted Shares may be granted in batches and any further grant of restricted Shares shall be determined by the Board within 12 months following the approval of the 2022 Restricted Share Incentive Scheme by the Shareholders' meeting. Our Company granted the first batch of 3,993,835 restricted Shares in April 2022 and did not grant any further restricted Shares within the 12-month period under the 2022 Restricted Share Incentive Scheme. Therefore, the total number of Shares which could be issued under the 2022 Restricted Share Incentive Scheme is 3,993,835 (which was adjusted to 5,591,369 due to 2023 Annual Dividend Distribution).

(v) Date of grant and duration of the schemes

The first grant of restricted Shares shall be implemented, registered and announced within 60 days following the approval of the respective Restricted Share Incentive Schemes by the Shareholders' meeting. The further grant of restricted Shares shall be determined by the Board within 12 months following the approval of the respective Restricted Share Incentive Scheme by the Shareholders' meeting. The Restricted Share Incentive Schemes shall be effective from the date of completion of registration of the first grant of restricted Shares up to the date when all the restricted Shares granted under the respective Restricted Share Incentive Schemes are unlocked or vested or have been canceled or lapsed, provided that the term of the Restricted Share Incentive Schemes shall not exceed 60 months.

(vi) Restriction on Directors and the senior management team

If the grantee is a Director or a senior management of our Company, during the period of his or her term of employment, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds. No share held by such Director or senior management can be transferred within six months after termination of his or her employment. If the grantee is a Director or senior management of our Company or their spouse, parents or children, any income gained through sale of Shares within six months of purchase or purchase of Shares within six months of sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing restriction requirements, the grantee shall comply with the amended laws and regulations.

(vii) Conditions to the grant of restricted Shares

The restricted Shares under the Restricted Share Incentive Schemes will only be granted to selected participants if the following conditions are fulfilled:

(a) with respect to our Company, none of the following circumstances having occurred: (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year; (2) an audit report with an

adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control in financial report for the most recent fiscal year; (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing of A Shares; (4) applicable laws and regulations prohibit the implementation of any share incentive; or (5) any other circumstances determined by the CSRC.

(b) with respect to a grantee, none of the following circumstances having occurred: (1) the grantee has been regarded as an inappropriate person by any stock exchange within the last 12 months; (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months; (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office due to material breach of laws and regulations within the last 12 months; (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law; (5) the grantee is prohibited from participating in any share incentive of listed companies according to laws and regulations; or (6) any other circumstances determined by the CSRC.

(viii) Unlocking and vesting of restricted Shares

The lock-up or vesting period for restricted Shares commences from date of grant of restricted Shares and the period between the date of completion of registration of the grant and the date of unlocking or vesting of the restricted Shares shall be 12 to 36 months. During the lock-up or vesting period, the restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt. In addition, the restricted Shares will only be unlocked or vested when (i) the conditions set out under paragraph (vii) above are fulfilled; and (ii) the annual assessment and performance targets as set out under the Restricted Share Incentive Schemes are achieved. The restricted Shares will be unlocked or vested after the lock-up or vesting period in accordance with the unlocking or vesting schedule as set out under the Restricted Share Incentive Schemes as follows:

(a) unlock or vested as to (i) 30% in the period between the first trading day following the 12-month anniversary of the grant registration date and the last trading day up to the 24-month anniversary of the grant registration date, (ii) 30% in the period between the first trading day following the 24-month anniversary of the grant registration date and the last trading day up to the 36-month anniversary of the grant registration date, and (iii) 40% in the period between the first trading day following the 36-month anniversary of the grant registration date and the last trading day up to the 48-month anniversary of the grant registration date; or

(b) unlock or vested as to (i) 50% in the period between the first trading day following the 12-month anniversary of the grant registration date and the last trading day up to the 24-month anniversary of the grant registration date, and (ii) 50% in the period between the first trading day following the 24-month anniversary of the grant registration date and the last trading day up to the 36-month anniversary of the grant registration date.

The grantees shall pay the grant price upon fulfillment of all the conditions of the restricted Shares to receive the A Shares. The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including capitalization of capital reserves, issue of bonus shares, share splits and consolidations and rights issues. The restricted Shares may be canceled by our Company or lapse upon occurrence of certain events as set out in the Restricted Share Incentive Schemes, including but not limited to the change of the positions of the grantee or termination of employment.

(ix) Dividend and voting rights

Upon issuance of the A Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

(x) Outstanding restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the Restricted Share Incentive Schemes was 4,268,494, representing approximately **[REDACTED]**% of the issued Shares immediately following the completion of the **[REDACTED]** (assuming that no changes are made to the issued share capital of the Company between the Latest Practicable Date and the **[REDACTED]**).

The following table sets forth the number of outstanding restricted Shares granted to Directors, senior management and connected persons of our Company under the Restricted Share Incentive Schemes as of the Latest Practicable Date:

Name of the grantee	Position	Date of grant	Number of outstanding restricted Shares	Grant price	Lock-up or vesting period	Approximate percentage of issued Shares immediately after the [REDACTED][(1)]
Tao Wu	Executive Director and Senior Vice President	July 3, 2023	33,942	RMB30.78	1-3 years	**[REDACTED]**%
Liao Hengxing	Executive Director and Executive Vice President	July 3, 2023	26,416	RMB30.78	1-3 years	**[REDACTED]**%
Li Weihua	Executive Director and Chief Expert	July 3, 2023	33,942	RMB30.78	1-3 years	**[REDACTED]**%
Liu Xingguo	Executive Director and Vice President	July 3, 2023	33,942	RMB30.78	1-3 years	**[REDACTED]**%
Zhu Zongyuan	Finance Director and Vice President	July 3, 2023	31,942	RMB30.78	1-3 years	**[REDACTED]**%
Tang Huateng	Board Secretary	July 3, 2023	10,142	RMB30.78	1-3 years	**[REDACTED]**%
Zou Chang	Supervisor of Guangxi Zhongwei New Energy	July 3, 2023	19,706	RMB30.78	1-3 years	**[REDACTED]**%
Li Ningzhen	Supervisor of Hunan Zhongwei New Energy	July 3, 2023	9,436	RMB30.78	1-3 years	**[REDACTED]**%
Yang Bo	Supervisor of Hunan Zhongwei New Energy	July 3, 2023	11,340	RMB30.78	1-3 years	**[REDACTED]**%

Name of the grantee	Position	Date of grant	Number of outstanding restricted Shares	Grant price	Lock-up or vesting period	Approximate percentage of issued Shares immediately after the [REDACTED][(1)]
Chen Hailei	Director of DNI and NNI	July 3, 2023	23,184	RMB30.78	1-3 years	**[REDACTED]**%
Li Cheng	Director of Hunan Zhongwei Zhengyuan and Guizhou Zhongwei New Material	July 3, 2023	28,946	RMB30.78	1-3 years	**[REDACTED]**%
Luo Yao	Supervisor of Hunan Zhongwei Zhengyuan	July 3, 2023	22,024	RMB30.78	1-3 years	**[REDACTED]**%
Dong Bengang	General manager of Hunan Zhongwei New Energy	July 3, 2023	15,748	RMB30.78	1-3 years	**[REDACTED]**%
Liu Yi	Director of Hunan Zhongwei New Energy and Guangxi Zhongwei New Energy	July 3, 2023	26,790	RMB30.78	1-3 years	**[REDACTED]**%
Zhou Wenxing	Director of Hunan Zhongwei New Energy	July 3, 2023	9,660	RMB30.78	1-3 years	**[REDACTED]**%
Fu Peiwen	Director of DNI	July 3, 2023	13,396	RMB30.78	1-3 years	**[REDACTED]**%
Huang Xing	Supervisor of Hunan Zhongwei New Energy, Hunan Zhongwei Zhengyuan and Guizhou Zhongwei New Material	July 3, 2023	7,728	RMB30.78	1-3 years	**[REDACTED]**%
Wang Jianqiang	Supervisor of Hunan Zhongwei New Energy	July 3, 2023	5,796	RMB30.78	1-3 years	**[REDACTED]**%

Name of the grantee	Position	Date of grant	Number of outstanding restricted Shares	Grant price	Lock-up or vesting period	Approximate percentage of issued Shares immediately after the [REDACTED](1)
Xiao Huishu	Director of Guangxi Zhongwei New Energy	June 20, 2024	14,000	RMB21.16	1-2 years	**[REDACTED]**%
Jiao Hua	Director of Guangxi Zhongwei New Energy	June 20, 2024	14,000	RMB21.16	1-2 years	**[REDACTED]**%

Note:

(1) The calculation is based on the assumption that the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the **[REDACTED]**.

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the Restricted Share Incentive Schemes as of the Latest Practicable Date:

Restricted Share Incentive Scheme	Number of grantees	Date of grant	Number of outstanding restricted Shares	Grant price	Lock-up or vesting period	Approximate percentage of issued Shares immediately after the [REDACTED](1)
2023 Restricted Share Incentive Scheme	1,030	July 3, 2023	3,314,258	RMB30.78	1-3 years	**[REDACTED]**%
	105	June 20, 2024	954,236	RMB21.16	1-2 years	**[REDACTED]**%

Note:

(1) The calculation is based on the assumption that the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the **[REDACTED]**.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall upon the Group.

Litigation

As of the Latest Practicable Date, so far as the Directors are aware, there is no litigation or claims of material importance pending or threatened against any member of the Group.

Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will receive a fee of US$500,000 for acting as a sponsor of our Company in connection with the proposed **[REDACTED]** on the Hong Kong Stock Exchange.

Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained, or referred to, in this Document are as follows:

Name of Expert	Qualifications
Morgan Stanley Asia Limited	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A corporation licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities under the SFO
Ernst & Young	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Cap. 588)
CM Law Firm	Company's PRC Legal Adviser
Santoso, Martinus and Muliawan Advocates	Company's Indonesian Legal Adviser
Lee & Ko	Company's Korean Legal Adviser
Asafo & Co.	Company's Morocco Legal Adviser
Frost & Sullivan	Independent industry consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its report, letter, and/or opinion (as the case may be) and references to its name included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the **[REDACTED]** and the **[REDACTED]**.

Binding Effect

This Document shall have the effect, if an application is made pursuant to this Document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Document from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Compliance Adviser

The Company has appointed Somerley Capital Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

Preliminary Expenses

The Company did not incur material preliminary expenses for the purpose of the Listing Rules.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2025, being the end of the period reported on in the Accountants' Report in Appendix I to this Document, and up to the date of this Document.

Promoters

The promoters of our Company are all of the 19 then shareholders of our Company immediately before our conversion into a joint stock company with limited liability. Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the **[REDACTED]**.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

Miscellaneous

Save as disclosed in this Document:

(a) Within the two years preceding the date of this Document, (i) no share or loan capital of the Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

(b) No share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option.

(c) There are no founder, management or deferred shares in our Company or any of its subsidiaries.

(d) Our Company has no outstanding convertible debt securities or debentures.

(e) There is no arrangement under which future dividends are waived or agreed to be waived.

(f) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this Document.

(g) Save for A Shares that are listed on the Shenzhen Stock Exchange and H Shares to be **[REDACTED]** in connection with the **[REDACTED]**, none of the equity securities of the Company is listed or dealt in on any other stock exchange nor is any **[REDACTED]** or permission to deal being or proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contract referred to in "Appendix VI — Statutory and General Information"; and

(b) the written consents referred to in "Appendix VI — Statutory and General Information".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.cngrgf.com.cn** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report and the report on the unaudited **[REDACTED]** financial information prepared by Ernst & Young, the texts of which are set out in "Appendix I — Accountants' Report" and "Appendix II — Unaudited **[REDACTED]** Financial Information", respectively;

(c) the audited consolidated financial statements of the Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;

(d) the legal opinion issued by CM Law Firm, the Company's PRC Legal Adviser, in respect of, among other things, the general matters and property interests of the Group under the PRC laws;

(e) the legal opinion issued by Lee & Ko, the Company's South Korean Legal Adviser, in respect of, among other things, the general matters and property interests of the Company's subsidiary under the South Korean laws;

(f) the legal opinion issued by Santoso, Martinus and Muliawan Advocates, the Company's Indonesian Legal Adviser, in respect of, among other things, the general matters and property interests of the Company's subsidiary under the Indonesian laws;

(g) the legal opinion issued by Asafo & Co., the Company's Morocco Legal Adviser, in respect of, among other things, the general matters and property interests of the Company's subsidiary under the Morocco laws;

(h) the industry report prepared by Frost & Sullivan referred to in the section headed "Industry Overview" in this Document;

(i) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with their unofficial English translations;

(j) the service contracts between each of the Directors and the Company referred to in "Appendix VI — Statutory and General Information";

(j) the material contract referred to in "Appendix VI — Statutory and General Information"; and

(k) the written consents referred to in "Appendix VI — Statutory and General Information".