

# CNGR

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

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

Stock Code : 2579

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**2025**  
ANNUAL REPORT

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# Definitions and Corporate Information

“A Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are listed on the Shenzhen Stock Exchange and domestic share(s) traded in RMB
“A Shareholder(s)”	holder(s) of the A Share(s)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“ATL”	Amperex Technology Limited (寧德新能源科技有限公司) and its subsidiaries
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CAM”	active materials used in the cathode of new energy batteries, responsible for storing and releasing electrical energy during charge and discharge cycles
“cathode materials”	one of the main components of a lithium-ion battery, the performance of the cathode material directly affects various performance indicators of the battery. Specifically, these include ternary cathode materials, lithium cobalt oxide cathode materials, lithium iron phosphate cathode materials, and lithium manganese oxide cathode materials
“CATL”	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司)
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Chinese Mainland” or “PRC”	the People’s Republic of China
“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
“cobalt-based materials”	cobalt-based new energy materials, mainly include LCO pCAM
“Cobalt tetroxide”	Cobalt tetroxide ( $\text{Co}_3\text{O}_4$ ) is a precursor that can react with lithium salts to further produce lithium cobalt oxide cathode materials
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the 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 are listed on the Shenzhen Stock Exchange (stock code: 300919) and H Shares are listed on the HKEX (stock code: 2579)
“Controlling Shareholders”	has the meaning ascribed thereto in the Hong Kong Listing Rules, and unless the context otherwise requires, refers to Mr. Deng, Ms. Wu, Zhongwei Holding and Hongxin Chengda
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)

## Definitions and Corporate Information

“Director(s)”	director(s) of the Company
“Easpring Technology”	Beijing Easpring Material Technology Co., Ltd. (北京當升材料科技股份有限公司)
“EIT”	Enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“Employee Stock Ownership Scheme”	the employee stock ownership scheme adopted by the Shareholders in November 2022
“ESG”	environmental, social and governance
“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
“Glencore”	Glencore AG
“Global Offering”	the global offering of 104,225,400 H Shares as described in the Prospectus
“Group”, “our Group”, “we”, “our”, “us” or “CNGR”	our Company and its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be)
“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
“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 Xinyang”	Guizhou Zhongwei Xinyang 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 is/are traded in HK dollars and are listed on the Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“HKD”, “HK\$” or “Hong Kong Dollars”	Hong Kong dollars and cents, the lawful currency of Hong Kong

## Definitions and Corporate Information

“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%
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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)
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons
“IXM”	IXM S.A.
“Jinchuan”	Jinchuan Group Co. Ltd. (金川集團股份有限公司)
“LCO”	lithium cobalt oxide ( $\text{LiCoO}_2$ ), a chemical compound and a commonly used CAM in lithium-ion batteries
“LFMP”	lithium iron manganese phosphate ( $\text{LiFeMnPO}_4$ ), a type of lithium-ion battery CAM made up of lithium, iron, manganese, and phosphate
“LFP”	lithium iron phosphate ( $\text{LiFePO}_4$ ), a chemical compound and a commonly used CAM in lithium-ion batteries
“LG Chem”	LG Chem. Ltd., under the LG Group
“LME”	the London Metal Exchange
“Listing”	the listing of the H Shares on the Main Board of the HKEX on November 17, 2025
“Listing Date”	the date, being November 17, 2025, on which the H Shares were listed on the Stock Exchange and from which dealings in the H Shares are permitted to commence on the Stock Exchange

## Definitions and Corporate Information

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“low-grade nickel matte”	an intermediate smelting product with a nickel content typically ranging between 10% to 30%
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“MHP”	mixed hydroxide precipitate, a nickel intermediate product used in the production of nickel sulfate, nickel plate, and other nickelcobalt materials
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Deng”	Mr. Deng Weiming (鄧偉明), one of our Controlling Shareholders and the spouse of Ms. Wu
“Ms. Wu”	Ms. Wu Xiaoge (吳小歌), one of our Controlling Shareholders and the spouse of Mr. Deng
“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
“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
“NFPP”	Sodium iron phosphate compound ( $\text{Na}_4\text{Fe}_3(\text{PO}_4)_2\text{P}_2\text{O}_7$ ), a chemical compound and a polyanion type of Sodium-ion cathode active material
“nickel-based materials”	Nickel-based new energy materials, mainly include NCM/NCA pCAM
“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

## Definitions and Corporate Information

“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
“PRC” or “China”	the People’s Republic of China
“PRC Company Law”	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 Law”	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong, the Macau Special Administrative Region and the relevant regulations of Taiwan region
“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
“POSCO Future M”	POSCO Future M Co., Ltd.
“POSCO Holdings”	POSCO Holdings Inc
“Prospectus”	the prospectus of the Company dated November 7, 2025
“PT Zhongtsing”	PT Zhongtsing New Energy, a limited liability company established in Indonesia on May 4, 2021 and a subsidiary of the Company
“R&D”	research and development
“Reporting Period”	for the year ended December 31, 2025
“Restricted Share Incentive Schemes”	the 2022 Restricted Share Incentive Scheme and 2023 Restricted Share Incentive Scheme
“RMB”	the lawful currency of the PRC
“Samsung SDI”	Samsung SDI Co., Ltd., a subsidiary of the Samsung Group
“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 or supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Listing Rules”	Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, as amended or supplemented from time to time
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“SHFE”	the Shanghai Futures Exchange

## Definitions and Corporate Information

“SMM”	the Shanghai Metals Market
“sodium-based materials”	sodium-based new energy materials, mainly include sodium-based pCAM and CAM
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “HKEX”	The Stock Exchange of Hong Kong Limited
“Sunwoda”	Sunwoda Electronic Co., Ltd. (欣旺達電子股份有限公司)
“Tengyuan Cobalt”	Ganzhou Tengyuan Cobalt New Material Co., Ltd. (贛州騰遠鈷業新材料股份有限公司)
“Tesla”	Tesla (Shanghai) Co., Ltd. (特斯拉(上海)有限公司), Tesla, Inc.
“Trafigura”	Trafigura Pte. Ltd.
“ultra-high nickel pCAM/product”	nickel-based pCAM with nickel content of at least 90 mol%
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“Xiamen Tungsten”	Xiamen Tungsten Co., Ltd. (廈門鎢業股份有限公司)
“Zhenhua New Materials”	Guizhou Zhenhua New Materials Co., Ltd. (貴州振華新材料股份有限公司)
“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
“2023 Restricted Share Incentive Scheme”	the 2022 restricted share incentive scheme adopted in June 2023
“%”	per cent

*In this annual report, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

## CORPORATE INFORMATION

**Registered Office and  
Headquarters in the PRC**

Cross of No. 2 Avenue and No. 1 Avenue  
Dalong Economic Development Zone  
Tongren, Guizhou Province  
the PRC

**Principal Place of Business  
in Hong Kong**

Room 1915, 19/F  
Lee Garden One, 33 Hysan Avenue  
Causeway Bay  
Hong Kong

**Company's Website**

[www.cngrgf.com.cn](http://www.cngrgf.com.cn)

**Stock Code**

Hong Kong Stock Exchange: 2579  
Shenzhen Stock Exchange: 300919

## BOARD OF DIRECTORS

**Executive directors**

Mr. Deng Weiming (*Chairman*)  
Mr. Tao Wu  
Mr. Liao Hengxing  
Mr. Li Weihua  
Mr. Liu Xingguo  
Mr. Deng Jing

**Independent non-executive directors**

Mr. Cao Feng  
Mr. Hong Yuan  
Mr. Jiang Liangxing  
Ms. Wong Sze Wing

**Joint Company Secretaries**

Mr. Tang Huateng  
Ms. Wong Wai Yee, Ella

**Authorized Representatives**

Mr. Deng Jing  
Mr. Tang Huateng

**Audit Committee**

Mr. Cao Feng (*Chairman*)  
Ms. Wong Sze Wing  
Mr. Hong Yuan

**Strategy and ESG Committee**

Mr. Deng Weiming (*Chairman*)  
Mr. Tao Wu  
Mr. Jiang Liangxing

## Definitions and Corporate Information

### **Nomination, Remuneration and Appraisal Committee**

Mr. Hong Yuan (*Chairman*)  
Mr. Cao Feng  
Ms. Wong Sze Wing

### **Hong Kong Legal Adviser**

#### **Jingtian & Gongcheng LLP**

Suites 3203-3209, 32/F  
Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### **Auditor**

#### **Ernst & Young**

*Certified Public Accountants*  
*Registered Public Interest Entity Auditor under*  
*the Accounting and Financial Reporting Council Ordinance*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

### **Compliance Adviser**

#### **Somerley Capital Limited**

20F, China Building  
29 Queen's Road Central  
Hong Kong

### **Hong Kong H Share Registrar**

#### **Tricor Investor Services Limited**

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### **Principal Banks**

#### **Bank of China, Ningxiang Branch**

1/F, Shujinglicheng Comprehensive Building  
Renminbei Road, Yutan Avenue  
Ningxiang, Hunan Province  
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

# Financial Highlights

## CONDENSED CONSOLIDATED INCOME STATEMENTS

	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	<b>48,139,977</b>	40,222,890	34,273,223	30,343,742
Cost of Sales	<b>(42,362,029)</b>	(35,380,773)	(29,696,767)	(26,963,139)
Profit before tax	<b>1,927,201</b>	2,022,544	2,380,899	1,692,990
Profit for the year	<b>1,614,769</b>	1,787,755	2,100,489	1,539,426
Total comprehensive income for the year	<b>1,116,505</b>	1,642,937	2,373,711	1,501,735
Earnings per Share attributable to Ordinary Equity Holders of the Parent				
Basic and diluted	<b>1.65</b>	1.58	2.09	1.80

## CONDENSED CONSOLIDATED BALANCE SHEETS

	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>				
Non-current assets	<b>41,684,429</b>	39,176,747	32,044,317	21,112,556
Current assets	<b>39,923,436</b>	33,718,432	29,966,649	32,590,359
Total assets	<b>81,607,865</b>	72,895,179	62,010,966	53,702,915
<b>Equity and liabilities</b>				
Owner's equity	<b>24,135,093</b>	20,140,752	19,827,422	16,522,939
Total equity	<b>33,622,185</b>	29,488,567	27,923,693	20,344,134
Non-current liabilities	<b>18,109,359</b>	19,367,145	17,605,072	15,768,120
Current liabilities	<b>29,876,321</b>	24,039,467	16,482,201	17,590,661
Total liabilities	<b>47,985,680</b>	43,406,612	34,087,273	33,358,781
Total equity and liabilities	<b>81,607,865</b>	72,895,179	62,010,966	53,702,915

# Management Discussion and Analysis

## THE COMPANY'S MAIN BUSINESS DURING THE REPORTING PERIOD

The Company focuses on the new materials sector, leveraging materials science to drive high-quality development of the energy and power industry, as well as advanced technology industries. In recent years, guided by the strategic direction of “Technology Diversification, Globalization, Digitalization of Operations, and Industry Ecologization”, the Company has progressively established a new materials ecosystem covering resource extraction, smelting and processing, material production, and secondary resource recycling, represented by nickel-based, cobalt-based, phosphorus-based, and sodium-based systems. At the same time, the Company has built ten distinctive and mutually supportive global industrial bases targeting the global market, committing to “become a globally leading new materials science company”.

## THE COMPANY'S MAIN BUSINESS AND MAIN PRODUCTS

The Company's new materials ecosystem primarily includes nickel-based materials (high-nickel and ultra-high nickel precursors, precursors for solid-state batteries, precursors for the low-altitude economy, and cost-effective medium-nickel high-voltage precursors), cobalt-based materials (high-voltage tricobalt tetroxide), phosphorus-based materials (iron phosphate, lithium iron phosphate), sodium-based materials (polyanionic sodium-ion cathode materials, layered oxide sodium-ion cathode materials), and new energy metal products. These comprehensively cover technological routes such as ternary lithium batteries, lithium cobalt oxide batteries, lithium iron phosphate batteries, sodium-ion batteries, and solid-state/semi-solid-state batteries, and are widely used in fields such as EV, energy storage systems, consumer electronics, low-altitude aircraft, and robotics.

Among its various material series, the Company has taken the lead in realizing a closed-loop ecosystem for the nickel industry chain, from resources to materials. This not only improves the self-sufficiency of upstream raw materials but also allows for flexible selection of intermediate products such as nickel pig iron and nickel matte, or further processing into high-purity nickel plates for external sales, forming a complete product system. Simultaneously, starting with the nickel industry chain, the Company continues to proactively and economically deploy strategic resources in phosphorus and lithium, providing high-quality, low-cost resource support for perfecting the closed-loop ecosystem of subsequent materials.

The Company drives business development through technological leadership, comprehensively covering the global top-tier battery industry chain, forming a globalized and multi-dimensional high-quality core customer system that connects “complete vehicles, batteries, and cathode materials”. The Company's technology, quality, scale, and efficient responsiveness have been widely recognized by the industry. It has established stable cooperative relationships with leading domestic and international customers, including Xiamen Tungsten, Tesla, Easpring Technology, ECOPRO, BTR, Samsung SDI, L&F, Ronbay Technology, Zhenhua New Materials, LG Chem, BYD, CALB Group, CATL, Sunwoda, Panasonic, B&M Science and Technology, POSCO, SK On, and SVOLT Energy Technology.

In recent years, the Company has navigated industry cycles with efficient strategic execution and stable operating performance, continuously consolidating its leading position in the industry and achieving remarkable results in diversification, globalization, digitalization, and ecosystem development. In the current era of technological and productivity innovation, intensified global resource competition, and geopolitical conflicts driving energy transformation, the Company is also facing a critical turning point from “increased growth” to “quality improvement.” Facing a new round of industry cycles, the Company will leverage its comprehensive advantages in technology, resources, market, customers, cost, and ecosystem to achieve leapfrog development.

## **COMPANY BUSINESS MODEL**

### **1. Procurement Method**

The Company adopts a “production-to-order, centralized procurement” model. Production plans are formulated based on sales plans and contracts, and procurement plans are developed based on material inventory, production plans, and actual inventory levels. Procurement is conducted monthly. The Company’s main raw materials are nickel laterite ore, MHP, high-grade nickel matte, low-grade nickel matte, cobalt intermediates, manganese sulfate, cobalt chloride, and other auxiliary materials. Procurement prices are primarily determined based on spot prices on the SMM and futures prices on the LME. To ensure timely supply and stable quality of key raw materials, the Company has established long-term cooperative relationships with well-known domestic and international suppliers such as ATL, Tsingshan Group, Glencore, Xiamen ITG, BHP, Xiamen Xiangyu, and Tengyuan Cobalt. A supplier evaluation management system has been implemented to strengthen supply chain management, creating a relatively stable, appropriately competitive, and dynamically adjustable list of qualified suppliers, ensuring a continuous, stable, high-quality, and reasonably priced supply of raw materials.

### **2. Production Model**

The Company adopts a “production-to-order” model, developing and implementing production plans based on downstream customer orders and demand forecasts. The Company’s operations headquarters formulates production plans based on sales plans, product inventory, workshop production capacity, and sales contracts. Simultaneously, the production operations center and quality management center effectively control all aspects and factors related to the production and service processes to ensure that each production and service provision process is conducted in a controlled manner according to prescribed methods, thereby guaranteeing product quality. Regarding production control procedures, the Company strictly controls production technology levels and product quality control standards, monitors the entire production process, and conducts quality inspections on the final products.

### **3. Sales Model**

The Company’s main products are sold through a self-operated sales model, primarily involving the Company procuring raw materials based on sales orders and independently conducting production and sales.

During the Reporting Period, the Company’s direct customers for its cathode materials and precursor products were mainly large, well-known domestic and international lithium battery cathode material manufacturers, lithium battery manufacturers, and EV manufacturers.

The Company’s operations headquarters is responsible for customer development and market expansion. Upon contacting potential new customers, it will conduct joint investigations, evaluations, factory visits, sample testing, and other certification procedures with the customers to ensure the products are included in the customers’ qualified supplier systems or directories. Sales contracts and orders will be drafted with customers as needed. Before formally signing contracts with customers, the operations headquarters, central research institute, and quality management center will review the signed agreements, such as the “Quality Agreement” and “Environmental Protection Agreement.” After the review is approved, the operations headquarters will reasonably formulate a sales plan, ensuring the quantity and schedule of products required by customers. The procurement department of the operations headquarters will support the execution of sales contracts based on inventory conditions.

The Company generally implements a product pricing mechanism with downstream customers based on the cost of main raw materials plus processing fees. When confirming purchase orders with customers, the Company provides quotations for specific specifications, models, and quantities of products. The quotation formula comprises the pricing basis of various metal salt raw materials and processing fees. The pricing basis for various metal salt raw materials is the market price of those materials, while the processing fees are determined by the Company based on the product's manufacturing process, market supply and demand, target profit, and customer negotiation.

The Company's new energy metal products adopt a self-operated sales model, with the Company headquarters and global regional sales teams directly connecting with downstream customers to achieve direct production and sales. Core customers focus on large international metal traders and lithium battery cathode material manufacturers.

Based on customer orders and demand forecasts, the Company operates on a "Order first, produce later" model, matching integrated "resource-smelting-materials" production capacity. Production plans are developed based on signed orders, clearly defining core requirements such as product specifications, delivery cycles, and quality standards to ensure precise matching of production and sales. For long-term cooperative clients, demand is forecasted by analyzing historical order data and assessing industry trends, reserving some capacity in advance to improve response speed. Production plans are deeply coordinated with customer order cycles, with monthly orders corresponding to short-term production schedules and long-term contracts corresponding to annual capacity planning, achieving flexible production and efficient delivery.

## I. INDUSTRY COMPETITIVE LANDSCAPE

### 1. The Company's Industry Position

The Company's new materials ecosystem's main products include nickel-based materials, cobalt-based materials, phosphorus-based materials, sodium-based materials, and new energy metal products. In terms of nickel-based materials, the Company is a global leader and pioneer in the ternary precursor industry. Benefiting from a high-quality customer structure, forward-looking strategic layout, and superior product performance, the Company's product competitiveness continues to strengthen, and its market share in ternary precursors remains leading. According to Xinluo Data, in 2025, the Company's market share for ternary precursors reached 24%, maintaining the industry's top position for six consecutive years. The Company pioneered ultra-high nickel precursors in the industry, holding a leading market share in high-nickel and ultra-high nickel products. It is also among the leading companies in the solid-state battery field, shipping approximately 100 tons of solid-state precursors during the Reporting Period. This gives it a first-mover advantage in the industry trends of future battery performance improvements, the widespread adoption of solid-state batteries, and the implementation of new applications such as robotics and low-altitude aircraft.

Regarding cobalt-based materials, the Company has been the world's number one seller of cobalt-based precursor materials for six consecutive years. All of its cobalt-based precursors utilize high-voltage (above 4.45V) technology, and it pioneered the 4.55V high-voltage cobalt-based precursor in the industry, effectively filling key industry gaps in high-voltage applications and the high-end market, providing an ideal solution for the high-performance battery demand in the consumer electronics sector driven by the AI wave.

Regarding phosphorus-based materials, the Company entered the phosphorus-based materials field in 2022. Leveraging its accumulated advantages in materials science and fully utilizing its late-mover advantage, significant progress has been made in the "mineral-chemical-material-recycling" ecological closed loop. According to Zeyan Consulting data, the Company's iron phosphate achieved leapfrog growth with outstanding product performance. In 2025, its sales volume ranked first in the external sales market (excluding industry self-supply), becoming an important profit growth driver for the Company in the future.

In the field of sodium-based materials, the Company pioneered a low-cost polyanionic polymer (NFPP) precursor for sodium-ion batteries, achieving mass production through a dual-technology route of "polyanionic+layered oxide." Sodium-based material shipments have reached the thousand-ton level. Prior to the large-scale commercial application of sodium-ion batteries, the Company has already built a first-mover advantage in terms of customer base, technology reserves, and production supply capabilities.

Regarding recycling, the Company has built recycling facilities at its domestic production bases to recover valuable metals such as nickel, cobalt, and lithium from mixed metal concentrates (black powder). The Company is one of the few domestic enterprises recognized by the Ministry of Industry and Information Technology that can both classify waste batteries and dismantle them to extract black powder.

## 2. The Company's Core Technology Level and Advantages

The Company focuses on the field of new materials, driving business growth through technological leadership and continuously promoting the high-quality development of the energy and power industry and cutting-edge technology industries through materials science. The Company has established a full-stack, integrated R&D platform covering the entire lifecycle, from mineral smelting technology and new material research and development to large-scale production, production equipment design and optimization, product testing and evaluation, and end-use material recycling, achieving seamless integration from R&D results to large-scale production.

Over the years, the Company has accumulated rich technological expertise and advantages, achieving numerous pioneering results in the industry. This has helped the Company and its downstream customers respond quickly to market changes, continuously optimize material performance, efficiently iterate products, and drive cost reduction across the industry chain. The Company's core technological level and advantages enable it to achieve sustainable development, consolidate its leading position, and lead industry upgrading.

The Company boasts abundant technological achievements in materials R&D, production processes, cost reduction and efficiency improvement, and application scenarios, some of which are listed below:

- (1) During the Reporting Period, the Company made significant breakthroughs in precursor synthesis technology for solid-state batteries, further enhancing the materials' cycle stability and mitigating phase transitions and cracking issues under high voltage. This ensures the Company is among the industry's first tier in solid-state battery technology R&D and industrialization, laying a solid foundation for future technological breakthroughs and large-scale commercial application.
- (2) During the Reporting Period, the Company launched the industry's first ternary precursor product synthesized via the carbonate coprecipitation route. It developed the carbonate ternary coprecipitation process for the first time, simultaneously developing new auxiliary materials, process flows, equipment, and environmental protection processes. Production capacity increased by approximately 200% to 300%. Several new equipment units were applied for the first time in the ternary industry, achieving a significant cost reduction of approximately 20%. Leveraging its cost and performance advantages, the ternary carbonate-based precursor product has attracted significant attention and certification from top-tier end-users in the industry.
- (3) The multi-stage series combination coprecipitation technology was successfully applied for the first time. By implementing targeted synthesis and segmented process control at each stage of particle growth in different reactors, it enables efficient, high-yield customized design of precursors featuring gradient concentration from core to shell, multi-structure, controllable morphology, and specific doping elements. Precursors prepared using this process exhibit excellent properties, including high capacity, high compacted density, long cycle life, high rate performance, and low direct current internal resistance.
- (4) During the Reporting Period, the Company launched the first high-concentration doping + coating medium-nickel high-voltage single crystal sample. This product features low cost, high capacity, low impedance, and good cycle performance, providing material support for the battery material requirements of the intelligent driving sector, such as high energy density, long lifespan, and fast charging capability.

- (5) During the Reporting Period, the first 225mAh/g high-nickel ultimate performance product for niche segments commenced mass production. This achievement is expected to play a significant role in high-power battery applications, especially in emerging scenarios like the low-altitude economy, with broad market prospects.
- (6) The Company developed an ultra-small particle size precursor synthesis technology that effectively prevents particle adhesion and agglomeration, solving the process challenges of easy adhesion during sintering and poor uniformity of single crystal particle size for ultra-small particles. This technology is primarily used in the large-small particle blending system for power batteries, helping the Company further expand its high-nickel market share and maintain its industry-leading position.
- (7) High-voltage tricobalt tetroxide synthesis technology, under the premise of ensuring cycle performance and charge-discharge capacity, increases the battery's charge cut-off voltage to 4.55V and above. The high-voltage series products are suitable for high-end electronics, providing an ideal solution for high-performance battery needs in the consumer electronics sector driven by the AI wave, helping the Company capture market share in the high-end smart consumer products segment.
- (8) Ultra-high specific surface area nano cobalt hydroxide synthesis technology. Nano cobalt hydroxide serves as a coating material for ternary cathode materials in the power sector. This technology can significantly enhance battery initial efficiency, cycle performance, etc., while substantially reducing processing costs, assisting the Company in capturing new markets in the power sector and creating higher profit margins.
- (9) Adopting the liquid-phase coprecipitation fourth-generation iron phosphate synthesis technology, the Company developed iron phosphate with concentrated particle size distribution and uniform primary particles. The lithium iron phosphate prepared from this precursor offers lower cost while meeting fourth-generation and above lithium iron phosphate indicator requirements, balancing performance such as compaction density, capacity, further improving the product system layout and enhancing the Company's competitiveness in the high-end phosphorus-based material sector.
- (10) Fourth-generation and above ultra-high compaction density lithium iron phosphate cathode material synthesis technology produces lithium iron phosphate that can meet the compaction density requirements for fourth-generation and above products while maintaining high compaction density and high capacity characteristics. This technology will help the Company quickly capture the high-end power lithium iron phosphate market.
- (11) The newly developed spherical lithium iron phosphate synthesis technology produces spherical lithium iron phosphate with good powder flowability, high tap density, low specific surface area, and high rate capability. It is suitable for applications in power batteries, start-stop batteries, etc., representing a crucial step for the Company to enter the overseas market with its phosphorus-based cathode materials.

- (12) Ultra-low-cost iron red method for lithium iron phosphate production technology. Based on the Company's proprietary phosphorus, lithium, and iron raw material resources, it utilizes lithium phosphate/lithium dihydrogen phosphate and iron red as raw materials for synthesizing lithium iron phosphate, combined with techniques such as particle size control, carbon coating, and doping optimization. This achieves integrated development from mining to raw materials to cathode products, aligning with customer demands for ultimate cost reduction. The fourth-generation lithium iron phosphate product synthesized using iron red and lithium dihydrogen phosphate/lithium phosphate, while achieving a comprehensive cost approximately 10% lower than the conventional lithium iron phosphate route, also exhibits excellent electrochemical performance (1C DC  $\geq$  142mAh/g, 1C platform rate  $\geq$  90%), profoundly meeting market and customer demands for ultimate performance and cost.
- (13) Targeting niche markets such as ultra-fast charging and start-stop power supplies, the Company developed a high-power lithium iron phosphate product, adding a product with high-power performance to the Company's phosphorus-based material portfolio.
- (14) Lithium iron manganese phosphate material, naturally extending from the technical system used for high-compaction-density lithium iron phosphate. The layout for high-voltage materials can effectively broaden the application scenarios of power batteries, helping the Company capture market share in the high-value-added phosphorus-based cathode material segment and establish a first-mover advantage in the competition for next-generation power lithium battery materials.
- (15) To address the relatively high cost of sodium-ion layered oxide cathode materials, the Company introduced low-cost industrial-grade iron sources, optimized the formulation components to reduce the nickel content in the product while maintaining product performance, and adopted an innovative complexing-agent-free process route to comprehensively reduce production costs. This provides directional guidance and technical reserves for the industrialization of sodium-ion layered oxides, enabling faster market penetration and enhanced product competitiveness in the future.
- (16) For sodium-ion polyanionic materials, through collaborative development of raw materials, precursors, and cathodes, the Company achieved the integration of the polyanionic (NFPP) process chain and stable scale-up of cathode material trial production. This resulted in the development of polyanionic (NFPP) cathode materials with high capacity and high compaction density, meeting the energy storage industry's requirements for a wide temperature range and long cycle life. This material has broad market application prospects and will help the Company seize opportunities in the sodium-ion battery market.

## II. INDUSTRY ANALYSIS

### (I) The Position of the Company's Industry in the Industry Chain

The Company's main business focuses on the research, development, production, and sales of new materials represented by nickel-based, cobalt-based, phosphorus-based, and sodium-based materials, with its various material series primarily used in the cathode material or precursor stages of new energy batteries. Cathode materials are the "heart" of lithium batteries, playing a decisive role in battery performance and accounting for the largest share of costs. Precursors, due to their highly inherited physicochemical properties from cathode materials, fundamentally determine the final performance of the battery, making them a highly technology- and capital-intensive segment of the industry chain and a key to building competitive barriers.

Through its various materials, the Company comprehensively covers ternary lithium batteries, lithium cobalt oxide batteries, lithium iron phosphate batteries, sodium-ion batteries, and solid-state/semi-solid-state batteries. Nickel-based and cobalt-based precursor materials have maintained the world's number one sales position for six consecutive years, holding a leading industry position. In recent years, against the backdrop of cyclical pressures, resource competition, and industrial upgrading, the Company has extended its reach upstream and downstream from materials, establishing a new materials ecosystem covering resource extraction, smelting and processing, material production, and secondary resource recycling. On the resource side, the Company has proactively and economically secured three strategic resources: nickel, phosphorus, and lithium.

In terms of nickel, the Company has secured a supply of over 600 million wet tons of laterite nickel ore resources through equity participation, long-term agreements, and other means, forming a smelting capacity of about 200,000 metal tons of laterite nickel ore. In addition to supplying the Company's own nickel-based materials, the nickel products produced can be flexibly sold externally as intermediate products or further processed into high-purity nickel plates according to market conditions, thus achieving an ecological closed loop. In terms of phosphorus, the Company has built a production capacity of 200,000 tons of iron phosphate and 50,000 tons of lithium iron phosphate, and is accelerating the construction of the Kaiyang Xinchang phosphate mine with its own resources of approximately 98.44 million tons, gradually improving the ecological closed loop of the "mining, chemical, and material" industrial chain of phosphorus-based materials. In terms of lithium, the Company accurately and cost-effectively acquired two salt lake lithium mines in Argentina at the bottom of the industry cycle, controlling Lithium resources in lithium carbonate equivalent (LCE) of over 10 million tons, thus securing low-cost lithium resources for future development.

The Company's upstream industries include nickel intermediates, cobalt intermediates, phosphoric acid, and ferrous sulfate, which are required for the production of battery cathode materials and precursors. The Company's direct downstream industries are primarily the cathode material and battery industries, with main application fields including EV, energy storage, consumer electronics as well as emerging high-potential markets (such as low-altitude aircraft, intelligent robots, and electric vessels). The Company has established long-term and close cooperative relationships with well-known companies in the upstream and downstream of the industry chain, effectively ensuring the supply of raw materials for its main products and the continuous and stable growth of its sales volume.

Overall, the lithium battery industry has transitioned from a period of deep adjustment to an early recovery phase- a rebound and upward trend. Since the second half of 2025, the prosperity of all segments of the industry chain has increased simultaneously. After falling below 60,000 yuan/ton in the middle of the year, the price of battery-grade lithium carbonate has fluctuated significantly upward, and the prices of raw materials such as electrolytes, cathode materials, separators, and anode materials have all increased. On the demand side, the EV sales continued to climb, while the energy storage market maintains robust growth, and the rise of emerging scenarios such as the low-altitude economy and humanoid robots has also opened up new growth curves for the lithium battery industry. This has led to a comprehensive recovery in lithium battery material prices and production schedules, rapid depletion of industry chain inventory, and an overall increase in the prosperity of the sector. With the opportunities presented by technological and productivity innovation, intensified global resource competition, and geopolitical conflicts driving energy transformation, the lithium battery industry is poised for a new round of industrial cycle.

### **(II) Overview of Upstream Resource Development**

In 2025, the global energy transition deepened, the supply and demand structure of the lithium battery industry chain continued to optimize. Upstream nickel, phosphorus and lithium – the three core resources – serve as the fundamental support for new energy battery materials. The market exhibits significantly differentiation characteristics, with prominent resources strategic attributes, accelerated industry consolidation, and increased supply rigidity became the core lines of the year, marking a new stage in global resource competition and industry chain security.

#### **1. Nickel Resources**

During the Reporting Period, the core characteristics of the global nickel resource market were the reshaping of pricing logic due to supply policy adjustments in major producing countries, the coexistence of structural surplus and cost support. According to USGS data, global nickel reserves stood at approximately 130 million tons in 2025, with highly concentrated resource distribution. Indonesia accounted for over 42% of global reserves, solidifying its position as the world's top holder. On the supply side, global nickel production was approximately 3.81 million tons in 2025, a year-on-year increase of 6%, with Indonesia remaining the core of global supply, accounting for 67% of production. On the demand side, global nickel demand was approximately 3.60 million tons in 2025, a year-on-year increase of 5.5%. Stainless steel remains the largest consumption sector for nickel, accounting for nearly 70%, while nickel usage in the battery industry accounted for approximately 17%.

From the perspective of future development trends, driven by factors such as the demand for long-range high-end electric vehicles and the reduction of cobalt usage, the high-nickel technology pathway (e.g., 8-series and 9-series) is seeing accelerated implementation, nickel will always be one of the most important metallic elements in the battery industry; As solid-state battery technology gradually matures and moves toward commercialization, it will significantly drive a recovery in demand for ternary materials, with nickel continuing to possess strong demand growth potential in the future. Furthermore, the stainless-steel industry is witnessing stable demand growth, and the demand for and quality requirements of electrolytic nickel in high-end alloys (e.g., aerospace and nuclear power) and electroplating and electronics applications (e.g., semiconductors and automotive components) are increasing. At the same time, with the advancement of technologies such as AEMWE and solid-state hydrogen storage, nickel's share in the hydrogen energy sector will continue to increase, further underpinning future nickel demand.

Indonesia is a key player influencing the global nickel resource market. Since 2025, the Indonesian government has implemented a series of policies centered on “controlling supply and raising prices, prioritizing domestic production, and refined management.” These measures include reducing annual nickel mine work plan and cost budget (RKAB) quotas, lowering nickel mine production targets, strictly limiting smelting capacity, shortening review cycles, adjusting resource royalties, and cracking down on illegal mining. These measures have strengthened control over the nickel mine and smelting industries. The global nickel supply and demand situation is expected to gradually improve, alleviating the oversupply of nickel intermediates and supporting a volatile upward trend in LME nickel prices.

### **2. Phosphorus Resources**

In 2025, the phosphorus resource market exhibited a tight balance characterized by “rigidly tightening of supply and two-wheel drive of demand,” with resource scarcity becoming increasingly prominent. Simultaneously, the explosive growth in demand from the new energy sector promoted the strategic transformation of the phosphorus chemical industry. According to USGS data in 2025, global phosphate rock reserves totaled 74 billion tons, with a highly oligopolistic distribution. Morocco and Western Sahara accounted for 67.6% of global reserves. China’s phosphate rock reserves were 3.7 billion tons, ranking second globally. On the supply side, China’s phosphate rock production reached 121 million tons in 2025, a year-on-year increase of 11.5%. On the demand side, China’s phosphate rock demand was approximately 129 million tons in 2025, with the supply-demand gap continuing to widen. Demand for traditional phosphate fertilizers remained stable, while the surge in demand for new energy materials has positioned phosphorus-based battery materials as a growth engine. Explosive demand for lithium iron phosphate (LFP) has driven rapid expansion in phosphate rock, phosphoric acid, and iron phosphate, becoming the primary driver of incremental growth. The industry is accelerating its consolidation towards integrated mining and chemical production, with resource self-sufficiency and the ability to close the industrial chain becoming core competitive advantages, driving a steady upward shift in the central price of phosphate rock.

Looking ahead, the pattern of rigid global phosphate rock supply and continuous growth in demand will continue for a long time. Coupled with increasingly stringent environmental protection and mining regulations, scarcity will continue to drive up resource value. High demand for phosphorus in new energy applications is driving the upgrade of the phosphate chemical industry from traditional agricultural inputs to new energy materials. The industry will accelerate consolidation, with integrated mining and chemical processes and phosphate-lithium synergy becoming the mainstream models. Leading companies will strengthen resource control and downstream partnerships, building closed-loop industrial chains. Furthermore, global phosphate rock reserves are dwindling, significantly increasing the strategic importance of phosphate resources. For example, in February 2026, the United States issued an executive order officially listing phosphorus and glyphosate herbicide as strategic resources by elevating them to national security priorities. In the future, the dual strategic attributes of phosphorus resources as a “food security + energy security” resource will be further strengthened.

### 3. Lithium Resources

Following a period of deep adjustment in 2023-2024, the global lithium market transitioned from a “structural surplus” to a “weak supply-demand balance” in 2025. According to USGS data, global proven lithium reserves in 2025 were approximately 30 million tons of metallic lithium, with resources totaling approximately 115 million tons, mainly concentrated in Chile, Australia, Argentina, and China. On the supply side, the pace of expansion in South American salt lakes and Australian lithium mines slowed, and some high-cost projects faced exits, leading to a marginal decline in supply growth. According to ICC Xinluo Information’s calculations, global lithium resource supply in 2025 reached 1.8063 million tons of Lithium carbonate (LCE), a year-on-year increase of 26.85%. On the demand side, in addition to the fundamental demand for EV power batteries, the consumption of lithium resources in the energy storage sector is becoming a significant contributor to marginal growth. Global lithium resource demand in 2025 reached 1.6119 million tons of Lithium carbonate (LCE), a year-on-year increase of 40.88%. Against this backdrop, lithium carbonate prices have gradually recovered from historical lows.

Global lithium resource capital expenditure is expected to remain low in 2026-2027, with limited new supply. High-quality lithium resources are highly concentrated, geopolitical factors, resource nationalism trend impact supply stability. “Global high-quality resource deployment + recycling” have become two core strategies. Leading companies will accelerate their overseas salt lake and mine development, while power battery recycling will enter a large-scale stage. From 2026, the proportion of recycled lithium supply will rapidly increase, alleviating resource constraints and ensuring a clear long-term positive outlook for the industry.

### (III) Downstream EV Sector: Overview of Battery Materials Industry Development

According to data from EVTank, the global EV market continued to maintain strong growth trend in 2025, with annual sales exceeding 20 million units, reaching 23.542 million units, a year-on-year increase of 29.1%, of which the European market also achieved significant growth, with annual sales of approximately 3.77 million units, a year-on-year increase of 30.5%, becoming one of the fastest growing major regions globally. In addition, according to the official data released by the China Association of Automobile Manufacturers (CAAM), the Chinese market performed particularly well, with annual sales of 16.49 million EV, a year-on-year increase of 28.2%, and an EV penetration rate of 47.9%, accounting for approximately 70% of the global market share.

#### 1. Analysis of the Chinese Market

Regarding power battery technology route, lithium iron phosphate batteries continued to consolidate their dominant market position. According to data from the China Automotive Power Battery Industry Innovation Alliance, the cumulative installed capacity of power batteries in China reached 769.7 GWh in 2025, a year-on-year increase of 40.4%. Among them, lithium iron phosphate battery installed capacity was 625.3 GWh, accounting for 81.2% of the total installed capacity, a year-on-year increase of 52.9%; ternary battery installed capacity was 144.1 GWh, accounting for 18.7%, a year-on-year increase of 3.7%. This pattern stems from both the industry’s pursuit of cost control and the continuous breakthroughs in lithium iron phosphate battery technology, the growth in installation volume of ternary batteries and lithium iron phosphate batteries has driven the increase in the Company’s nickel-based and phosphorus-based material shipments.

## **2. European Market Recovery and Policy Driven**

The European EV market experienced a strong recovery in 2025, mainly due to the concentrated implementation of subsidy policies in various countries. Data from the European Automobile Manufacturers Association (ACEA) shows that in November 2025, monthly sales of pure electric vehicles (254,000 units) in the European passenger car market surpassed those of gasoline vehicles (250,000 units) for the first time, ranking as the second largest category. This trend continued in December, with sales of pure electric vehicles (309,000 units) still exceeding those of gasoline vehicles (255,000 units). The global electrification trend continues to advance, and the overseas recovery has provided the industry with a considerable incremental market.

## **3. Development of the Power Battery Materials Industry**

According to ICC Xinluo Information statistics, global lithium iron phosphate production reached 3.915 million tons in 2025, a year-on-year increase of 61.5%. The dominance of lithium iron phosphate batteries in China has continued to strengthen in recent years, but with the commercialization of new-generation ternary materials such as medium-nickel high-voltage series products, ternary batteries are overcoming cost disadvantages and achieving high-performance breakthroughs through technological innovation.

From a global technology roadmap perspective, the European and American power battery markets still primarily rely on ternary batteries. Ternary batteries perform better in low-temperature environments, and high-end models in Europe and America have higher demands for longer range and higher energy density. In the future, ternary lithium batteries and lithium iron phosphate batteries will coexist for a long time, forming a differentiated competitive landscape. While consolidating the Company's leading position in nickel-based materials, the Company will gradually achieve scale and high-end development in phosphorus-based materials, fully benefiting from the development trends of the power battery industry.

## **4. Future Development Trends of Battery Materials for EV**

- (1) **Continuous Upgrading of High-Nickel Ternary Materials:** Driven by the global energy transition and the artificial intelligence revolution, the power consumption of terminal devices is increasing, requiring an increase in energy density without increasing battery volume and weight. High-nickel ternary cathode materials have excellent performance and can meet the intelligent needs of future EV. Their market demand will continue to grow with industry trends. Single crystallization, low cobalt, and quaternary materials have become the mainstream upgrading directions. It is estimated that by 2027, high-nickel ternary materials with a nickel content  $\geq 90\%$  will account for 45% of the total ternary materials. The Company is an active promoter of high-nickel and ultra-high-nickel ternary materials, occupying a first-mover advantage in the downstream high-nickelization trend.
- (2) **Solid-State Batteries Drive Material System Innovation:** Solid-state battery precursors mostly use high-nickel and ultra-high-nickel materials. The use of high-nickel materials to pursue high energy density has become a development trend for solid-state batteries. With technological development and the accelerated commercialization of solid-state batteries, high-nickel materials have huge future growth potential. As the absolute leader in high-nickel ternary precursors, the Company will ship approximately 100 tons of solid-state precursors in 2025, ranked among the industry's leading players.

- (3) Medium-nickel high-voltage materials continue strong growth: Compared with the high-nickel route, medium-nickel high-voltage materials maintain the energy density advantage of ternary batteries while possessing cost competitiveness with lithium iron phosphate batteries, thus achieving high cost-effectiveness. It is expected that medium-nickel high-voltage materials will become one of the main drivers for the expansion of the ternary battery market in China, significantly driving sales of the Company's relevant nickel-based products.
- (4) Industry Chain Overseas Expansion: In the current context of global economic integration, the overseas expansion of China's new energy industry chain has become a mainstream trend, shifting from product export to diversified models such as technology licensing and localized production. EV and lithium battery companies are accelerating their expansion into Southeast Asia, Europe, and other markets, leveraging the cost and technological advantages of China's industry chain to promote global energy transformation and industrial upgrading. Going global and expanding overseas imposes higher requirements on enterprises' comprehensive capabilities, in turn drives market share to concentrate towards leading enterprises with stronger comprehensive strength.
- (5) Policy Environment Outlook: From 2026, the domestic EV purchase tax policy will be optimized and adjusted. The purchase tax on EV will be halved, i.e., levied at a rate of 5%, with a tax reduction of no more than RMB15,000 per new energy passenger vehicle. This change provides continuous support to the market and rationally guides the industry to gradually adapt to the trend of aligning with the tax policy for traditional fuel vehicles.

#### **(IV) Consumer Electronics Sector: Industry Development Overview of Battery Materials Business**

##### **1. Overview of Terminal Market Development**

The global consumer electronics market continued to recover in 2025, driven by AI terminal penetration, high-end upgrades, and domestic consumption stimulus policies, and the 3C product structure showed significant differentiation. According to the IDC report, global smartphone shipments reached 1.26 billion units in 2025, a year-on-year increase of 1.9%, demonstrating strong market demand for AI terminal devices. According to Omdia's latest research, the annual PC shipments reached 279.5 million units in 2025, an increase of 9.2% compared to 2024, of which laptop (including mobile workstations) shipments reached 220.4 million units, a year-on-year growth of 8%; according to the "2025 Global Smart Wearable Market Insight Report" (《2025全球智能穿戴市場洞察報告》) by Big Data Cross-border, the global smart wearable market is entering a period of rapid growth, with downstream application areas continuously expanding, and the market size reaching US\$86.7 billion in 2025, and is expected to reach US\$431.74 billion in 2034. Domestic policies such as trade-in policies programs for old home appliances and subsidies for digital products continued, further stimulating the demand for stock replacement, expanding the market for cobalt-based materials driven by the combined effect of multiple factors.

## 2. Overview of Cobalt-Based Materials Development

Cobalt-based materials are the core cathode material system in the consumer electronics 3C battery field. Among them, cobalt tetroxide, as a precursor of lithium cobalt oxide cathode, is a core raw material for manufacturing lithium cobalt oxide batteries. Lithium cobalt oxide, as the earliest commercially available lithium battery cathode material, is widely used in 3C battery fields such as smartphones, tablets, and smart wearable devices due to its advantages such as high energy density, high discharge voltage, good filling property, and long cycle life.

Global shipments of cobalt-based materials have shown steady growth over the past few years. According to EV Tank statistics, China's lithium cobalt oxide shipments reached 119,000 tons in 2025, a year-on-year increase of 20.2%, indicating a continued upward trend in the industry. With the continuous expansion of artificial intelligence into smart devices, the demand for high-performance batteries is also increasing. The market demand for cobalt-based materials is expected to accelerate in the future, and according to Frost & Sullivan data, it is expected to increase to 210,000 tons by 2030, with a CAGR of 8.2% from 2025 to 2030. The growth in shipments is driven by key application areas such as electronic products and batteries. Benefiting from the rapid iteration and upgrading of consumer electronics products, especially the deep penetration of AI technology in the consumer electronics field, the terminal market's requirements for battery life, fast charging performance, and stability are constantly increasing. This not only directly drives the market demand for cobalt-based materials, but also forces the lithium cobalt oxide industry to accelerate technological innovation and product optimization to adapt to higher performance standards. The Company's cobalt-based precursor materials effectively address critical gaps in high-voltage applications and high-end markets, providing ideal solutions for the demand for high-performance batteries in the consumer electronics sector amid the AI wave.

## 3. Future Development Trends

### (1) *Product customization trend is prominent, adapting to segmented terminal needs*

Consumer electronics terminals are showing a diversified development trend, with different categories and positioning of terminals having significantly different performance requirements for lithium cobalt oxide, driving the upgrading of lithium cobalt oxide products towards customization. High-end flagship mobile phones focus on high energy density and fast charging performance, adapting to high-voltage monocrystalline lithium cobalt oxide products; AR/VR devices and micro smart wearable devices focus on miniaturization and low power consumption, requiring customized low-cobalt high-voltage lithium cobalt oxide products; drones and industrial portable devices focus on high rate and long cycle, requiring dedicated high-stability lithium cobalt oxide products. The differentiated needs of downstream terminal enterprises are driving lithium cobalt oxide manufacturers to optimize product formulas and production processes, launch targeted customized products, and enhance product added value and market competitiveness.

**(2) High voltage and monocrystalline become the core directions for lithium cobalt oxide technology upgrades**

The consumer electronics industry is upgrading from battery life optimization to lightweighting and intelligence. High-voltage lithium cobalt oxide, with its energy density advantage, has become an important technology direction in the consumer electronics field. To meet the demands of thinner, lighter, higher-power, and long battery life of consumer electronics terminals, lithium cobalt oxide will continue to promote technological iterations, with high voltage and monocrystallization will become core breakthroughs. Simultaneously, process optimization will further improve product cycle stability and fast-charging performance, adapting to the high-power scenarios of AI terminals.

**(3) Demand for emerging terminals expanded, and demand for cobalt-based materials achieved steady support**

In the future, traditional 3C terminals such as smartphones and PCs will continue to iterate, with high-end features and long battery life becoming core development directions. Meanwhile, high-end 3C terminals such as drones, AR/VR devices, and high-end smart wearable devices have stringent requirements for battery miniaturization, energy density, and discharge voltage, ensuring that lithium cobalt oxide remains a core material in this field. The increased production of emerging smart hardware will further broaden the application scenarios of cobalt-based materials, driving continued upward demand in the industry.

**(V) Overview of the Downstream Energy Storage Materials Industry**

**1. Overview of the End-User Market**

New-type energy storage is one of China's six new pillar industries. According to statistics from Xinluo Information Database, global lithium battery production reached 2,297 GWh in 2025, a year-on-year increase of 48.5% compared to the previous year. Among them, power batteries remained the main contributor to the increase in production, reaching 1,495 GWh, a year-on-year increase of 40.5%; the market share of energy storage batteries exceeded 27%, reaching 636 GWh, a year-on-year increase of 92.7%.

According to a report by energy consulting firm Wood Mackenzie, the energy storage market experienced explosive growth, and the global newly installed capacity of energy storage exceeded 100 GWh for the first time in 2025, a year-on-year increase of 43%. The US market saw a 53% year-on-year increase, while the European market experienced a significant 160% year-on-year increase in new installed capacity. Emerging markets such as the Middle East and Australia are also accelerating the deployment of energy storage projects. In terms of battery shipments, data from third-party research firm SNE Research indicates that global energy storage battery shipments reached 550 GWh in 2025, a 79% year-on-year increase. China maintains a dominant position in global energy storage deployment, accounting for 64% of global energy storage battery shipments.

The application scenarios for energy storage are continuously expanding, extending from traditional grid-side and power source-side energy storage to emerging fields such as data centers (AIDC) and communication base stations. The explosive growth in AI computing power demand has become a significant driver of new growth in the energy storage market. The requirements of data centers for power stability and the proportion of green electricity have spurred the demand for large-scale deployment of supporting energy storage facilities. Simultaneously, energy storage projects are showing a significant trend towards large-scale and specialized development, with grid-scale energy storage projects becoming the main force in installations. According to Wood Mackenzie data, grid-scale energy storage projects accounted for 82% of installed capacity in 2025. The duration of energy storage deployments has also shifted from the early 2 hours to 4 hours or even longer, further driving the growth in battery demand.

Looking ahead to 2026, alongside with the continued growth in global demand for energy supporting storage with new energy sources, the urgent need for upgrading and transforming aging power grids overseas, the concentrated release of demand stimulated by user-side policies (such as the European dynamic electricity pricing policy), and the strong power load demand brought by AI data centers, while the energy storage market is expected to maintain strong growth.

## **2. Overview of Phosphorus-Based Materials Development**

The global energy storage market is dominated by lithium iron phosphate batteries, which have outstanding safety and cost advantages. The explosive growth of the energy storage market in 2025 directly led to a significant increase in demand for lithium iron phosphate materials. SNE Research analysis points out that Chinese-made lithium iron phosphate batteries continue to expand their market share because they are better suited to the core requirements of safety and cost in energy storage scenarios.

Energy storage battery technology is rapidly iterating, with large-capacity cells becoming the mainstream direction. Lithium iron phosphate (LFP) cathode materials for energy storage are continuously evolving towards larger capacities, with mainstream products reaching 587Ah. The differentiation among products in the lithium iron phosphate (LFP) industry is becoming increasingly significant. The oversupply situation is mainly concentrated in second- and third-generation materials, while the market is shifting toward fourth-generation and above high-end materials. The industry's technological evolution exhibits three main characteristics: large-scale application of large cells to reduce system costs; accelerated replacement of winding processes with stacking technology to improve energy density and cycle life; and continuous breakthroughs in specialized technologies for long-duration energy storage ( $\geq 4$  hours). These technological changes place higher demands on cathode materials, continuously driving the demand growth for LFP cathode materials with high performance indicators such as long cycle life and high compaction density.

### **3. Overview of Sodium-Based Materials Development**

Sodium-ion batteries, with their abundant resources, cost potential, and excellent low-temperature performance, have become an important choice in the diversified energy storage technology roadmap. Sodium is extremely abundant on Earth, giving sodium-ion batteries a significant advantage in raw material supply. Furthermore, sodium-ion batteries can maintain stable performance output even in low-temperature environments, a characteristic that makes them demonstrate great potential for energy storage applications in cold regions.

In 2025, sodium-ion battery technology began to move from the laboratory to large-scale application. According to data from ICC Xinluo Information, my country's sodium-ion battery production reached 3.45 GWh in 2025, a year-on-year increase of 96%. A Wood Mackenzie report points out that “non-lithium” energy storage technologies such as sodium-ion batteries and flow batteries are beginning to be applied on a large scale, gaining attention in applications requiring long-term energy storage and flexible grid support. Although their unit cost is currently slightly higher than that of lithium-ion batteries, the cost reduction rate is faster. Several major markets, including China, Australia, and Germany, have seen special bidding activities for “non-lithium” energy storage technologies, accelerating their industrialization process. The high adaptability of sodium-ion batteries to specific energy storage scenarios is expected to drive rapid growth in demand for their cathode materials.

### **4. Future Development Trends**

In 2026, the energy storage field will enter a new stage of “high-quality, large-scale” development, with the focus of competition shifting from simple capacity expansion to value creation.

The diversification and iteration of technological routes are profoundly reshaping the demand landscape for core materials such as cathodes. On the one hand, the commercialization of sodium-ion batteries will spur large-scale demand for non-lithium cathode materials such as layered oxides and polyanionic cathodes, opening up new growth avenues. On the other hand, the mainstream lithium-ion energy storage industry's upgrade towards higher safety, longer lifespan, and lower cost will continue to drive the evolution of cathode materials towards higher voltage, higher safety, and ultra-long cycle life, placing more stringent requirements on material consistency, cost, and compatibility with electrolyte systems. Materials companies will shift their R&D focus from simply increasing production capacity to developing customized material solutions for specific scenarios.

In conclusion, driven by both energy transition and the AI revolution, the energy storage industry has passed its economic inflection point and is transforming from a policy-driven supporting role into an independent and indispensable market player in the global energy system, ushering in a golden age of development, with the Company's phosphorus-based and sodium-based materials set to become one of the major drivers of future revenue growth.

## **(VI) Emerging Application Areas**

### **1. Upgrading Demand for Battery Materials in the Humanoid Robot Industry**

As one of China's six emerging pillar industries, with the deep integration of cutting-edge technologies such as artificial intelligence, bionics, and new materials with robotics, humanoid robots/intelligence robots are moving from the laboratory to industrial application. Their core actuators (such as dexterous hands) and joint drive systems place higher demands on lightweight, high-power-density, and long-endurance batteries. Against this backdrop, high-nickel ternary materials, due to their high specific capacity and high energy density, can provide strong and sustained power support for mobile robots (such as AMRs and AGVs) requiring high-intensity, high-frequency operations, meeting the needs of rapid charging and discharging. Meanwhile, lithium cobalt oxide materials improved through doping and gradient structure technologies maintain high-temperature cycling stability while increasing voltage platforms (e.g., above 4.6V) and energy density, providing key material guarantees for high-performance power solutions for humanoid robots. In the future, as the industrialization of humanoid robots accelerates, the demand for high-power, long-endurance batteries will continue to rise, bringing brand-new incremental market potential for high-nickel ternary and lithium cobalt oxide materials.

### **2. Low-Altitude Economy Becomes the Core Driving Force for the Development of High-Energy-Density Batteries**

As one of China's six emerging pillar industries, the low-altitude economy, with its core carriers eVTOL (Electric Vertical Take-Off and Landing) aircraft and drones, places extreme demands on the performance of power batteries: high energy density, high rate (power), and high safety. Policy guidance is clear: according to the "Implementation Plan for Innovative Application of General Aviation Equipment (2024-2030)," by 2030, mass production of 400Wh/kg-level aviation lithium battery products will be promoted, and application verification of 500Wh/kg-level products will be achieved. The market potential is vast. The vertical take-off and landing scenarios of eVTOL require 5-10 times the battery power of a car of the same weight, and the working environment is more extreme. This makes high-nickel ternary materials, due to their high energy density and good rate performance, one of the key candidate materials to meet the requirements of long endurance and high power output of low-altitude aircraft, creating entirely new incremental market opportunities for high-nickel ternary (NCM) materials. Furthermore, to overcome the energy density bottleneck of existing liquid lithium batteries, solid-state/semi-solid-state battery technology is widely regarded as the next-generation solution. Its high safety and high energy density characteristics better meet the requirements of aerospace-grade batteries, but it still faces challenges such as high cost and power density improvement in the short term.

### **(VII) Overview of the Downstream Recycling Industry**

With the rapid development of EV, energy storage, and other industries, a large-scale retirement wave of power batteries is imminent, presenting the recycling industry with huge market potential and challenges. The industry is currently characterized by being small-scale, scattered, and disorganized; the regulatory system needs improvement, and breakthroughs are still needed in key technologies (such as efficient dismantling and valuable metal recycling).

The rare metals such as lithium, cobalt, and nickel contained in power batteries have enormous recycling value. In the coming years, metal regeneration and reuse will become core development topics for the industry, driving recycling technology towards high efficiency and environmental protection. Policy support continues to increase; for example, the “Action Plan for Improving the Recycling and Utilization System of Power Batteries for EV” approved by the State Council will help the recycling market grow rapidly. This will encourage companies to increase R&D investment in areas such as intelligent battery dismantling, high-purity metal recycling, and digital full life cycle management, thereby improving overall resource utilization efficiency and industry standardization, and providing ample space for the circular economy and technological innovation. The new materials ecosystem developed by the Company encompassing “resource extraction, smelting and processing, material production, and secondary resource recycling” will unlock greater economic value in the resource recycling era.

## **III. CORE COMPETITIVENESS ANALYSIS**

After years of development, the Company has established a multi-dimensional core competitiveness framework spanning materials science, a “resources+materials” ecosystem, deep globalization, customer resources and brand equity, modern manufacturing, and sustainable development. These strengths will enable the Company to achieve high-quality, leapfrog growth in the new industry cycle.

### **(I) Leading Material Science**

The Company possesses a comprehensive portfolio of new materials, including nickel-based, cobalt-based, phosphorus-based, and sodium-based materials. This diverse range enables the Company to fully cover ternary lithium batteries, lithium cobalt oxide batteries, lithium iron phosphate batteries, sodium-ion batteries, and solid-state/semi-solid-state batteries, as well as their corresponding application areas.

Starting with midstream materials, the Company extends upstream and downstream, gaining stronger control over core value segments of the industry chain. Correspondingly, the Company has established significant differentiated advantages in each material category: In nickel-based and cobalt-based materials, the Company is a global leader in ternary precursors, maintaining its number one position for six consecutive years by 2025; in phosphorus-based materials, the Company has rapidly caught up, ranking first in export sales in 2025 after deducting industry self-supply; in sodium-based materials, the Company has achieved mass production of dual-technology routes, with product shipments reaching thousands of tons, establishing a first-mover advantage before the large-scale commercial application of sodium-ion batteries.

The Company leads the development of materials science with technology, achieving numerous industry-first results over the years. It maintains a leading position in next-generation technology and materials research and development and production. It has established a full-stack, integrated R&D platform covering the entire lifecycle of materials, from mineral smelting technology and new material research and development to large-scale production, production equipment design and optimization, product testing and evaluation, and end-use material recycling. This platform enables seamless integration from R&D results to large-scale production, efficiently helping the Company and its downstream customers respond quickly to market changes, continuously optimize material performance, efficiently iterate products, or drive cost reduction across the industry chain. For example:

- (1) Industry-first ultra-high nickel ternary precursor, achieving an energy density of up to 230mAh/g, representing a 27.8% to 12.7% increase compared to ternary batteries with 60% to 80% nickel content (180mAh/g–204mAh/g). This significantly increases the Company's market share in the high-nickel and ultra-high nickel segments;
- (2) The Company developed high-nickel precursors specifically designed for electric vertical take-off and landing (eVTOL) aircraft, focusing on achieving high density, fast charge/discharge rates, and excellent performance under high temperatures;
- (3) In the solid-state battery sector, the Company continues to collaborate with leading battery companies to develop high-nickel precursors for solid-state batteries. During the Reporting Period, significant breakthroughs were achieved in the customized design of precursor synthesis technology for solid-state batteries around three core requirements: structural stability, and interface optimization. Full-year shipments in 2025 reached approximately 100 tons, with the shipment target for solid-state precursors in 2026 maintaining high double-digit growth. Currently, solid-state batteries are still in the early stages of industrialization, with R&D progress mostly concentrated in small-scale and pilot testing phases, material shipments typically at the kilogram or hundred-kilogram level. Hundred-ton-level shipments signify that the Company has taken the lead in entering the large-scale application verification stage;
- (4) The Company launched its first high-concentration doped and coated nickel-coated high-voltage single-crystal sample, featuring low cost, high capacity, low impedance, and good cycle performance, providing material support for the demand for high energy density, long life, and fast charging capabilities in the field of intelligent driving;
- (5) The Company developed the industry's first 4.55V high-voltage cobalt-based precursor, providing faster charging capabilities for lithium manganese dioxide (LCO) batteries in consumer electronics;
- (6) The Company's cobalt-based precursor product development progressed efficiently, with a comprehensive product portfolio. Multiple new products, including HZC225A, HZC223A, GZC4002, and HZC407, entered mass production. Simultaneously, the Company achieved breakthroughs in high-voltage process routes, developing high-aluminum homogeneous aluminum and high-aluminum multi-doped products through the 4.53-4.58V platform, thus streamlining the high-aluminum process route; and independently developing multiple tetracobalt materials adapted to the new structure of lithium cobalt oxide through higher voltage platforms of 4.60V and above, achieving independent control over R&D and technology, further building technological barriers and core competitiveness;

- (7) The Company developed enhanced technology to produce lithium iron phosphate (LFP) materials from iron phosphate compounds, which can reduce manufacturing costs. During the Reporting Period, the fourth-generation high-compaction-density LFP cathode material entered the trial production stage. The 4.5th-generation and 5th-generation high-compaction-density LFP cathode materials, as well as the fourth-generation high-compaction-density LFP cathode material using the iron red route and high-compaction-density lithium iron manganese phosphate cathode materials, have entered the transition from small-scale testing to pilot testing;
- (8) The Company's experimental titanium-doped lithium iron phosphate precursor effectively improves the kinetic performance of lithium iron phosphate cathode materials by enhancing ion diffusion, electronic conductivity, and structural stability;
- (9) The Company developed the industry's first low-cost polyanionic polymer (NFPP) precursor for sodium-ion batteries;
- (10) The Company was the first in the world to adopt the oxygen-enriched side-blown (OESBF) process for smelting laterite nickel ore, marking a major breakthrough in global nickel ore pyrometallurgical technology;
- (11) The Company's pioneering centrifugal extraction technology has transformed the traditional low-efficiency, high-pollution model of nickel and cobalt hydrometallurgy into a high-efficiency, environmentally friendly modern process.

## **(II) Unique “Resources + Materials” Ecosystem Advantages**

The current global revaluation of resources continues to deepen, with production factors and strategic resources gaining significantly in importance. Resource security has become a core element of industrial competition. Leveraging profound insights into industry cycles and rich operational experience, the Company efficiently deploys resources counter-cyclically, precisely seizing the bottom of the industry cycle window to acquire high-quality critical mineral assets globally, establishing a business positioning of “Resources + Materials” and forming a new materials ecosystem that spans “resource extraction, smelting and processing, material production, and secondary resource recycling”.

In nickel, the Company has taken the lead in achieving a closed-loop nickel industry chain. Focusing on high-quality lateritic nickel ore in Indonesia, the Company has locked in over 600 million wet tons of nickel ore resources through diversified methods such as investment, equity participation, long-term agreements, and offtake arrangements, providing a solid resource base for the nickel industry chain. Against the backdrop of tightening global nickel industry chains, the aforementioned resource layout possesses outstanding strategic value and cost advantages, effectively ensuring raw material supply security. The Company possesses about 200,000 metal tons of nickel smelting capacity in Indonesia, employing a dual-technology approach of OESBF+RKEF to build a multi-product output channel, capable of comprehensively meeting the raw material needs for various nickel-based ternary precursors. The Company has achieved a transition from primarily external procurement of nickel raw materials to a model combining “self-supply + externally sourced intermediates”. The Company maximizes supply chain value. Besides supplying its own nickel-based materials, the produced nickel products can be flexibly sold externally as nickel-iron, nickel matte, electrolytic nickel, or further processed into high-purity nickel plates, depending on market conditions, thus optimizing profitability and improving operational efficiency. Additionally, the Company can extract cobalt, copper, and germanium as byproducts through smelting processes.

Regarding phosphorus, the Company possesses high-quality phosphate rock resources in Kaiyang, Guizhou, with reserves of approximately 98.44 million tons and a planned annual mining scale of 2.8 million tons. The project officially commenced construction on December 31, 2025, providing a stable phosphorus resource guarantee for the downstream industry chain. The phosphate rock project, along with the existing iron phosphate and lithium iron phosphate production capacity at the Kaiyang base, constitute an integrated “mining-chemical-materials-recycling” system for phosphorus-based materials, perfecting the phosphorus-based ecological closed loop and forming a new profit contribution point. Furthermore, the high-iron content of nickel matte produced as a byproduct of the Indonesian smelting line can be used in lithium iron phosphate production, achieving resource synergy.

In the lithium sector, the Company has focused on acquiring high-quality salt lake lithium mines in Argentina at low cost during the cycle’s downturn. It controls lithium resources equivalent to over 10 million tons of lithium carbonate (LCE), and these resources are expected to increase further with continued exploration. This secures low-cost lithium resources for future development and effectively guarantees long-term lithium resource security.

This unique “resource + materials” ecosystem enhances the Company’s risk management capabilities, forming the cornerstone of its cost advantage and providing greater performance potential and flexibility.

### **(III) Deep Globalization Advantages**

The world is undergoing accelerated changes unseen in a century, characterized by intensifying geopolitical rivalry, the collective rise of emerging markets, and the deep penetration of technological revolutions represented by artificial intelligence. These factors collectively drive the global landscape’s accelerated transition from unipolar dominance towards multipolar balance. Corporate operational priorities are shifting from pure efficiency to a balance of efficiency and security. Industrial division of labor is moving from global collaboration towards regional restructuring under the influence of major power balancing. Trade rules, industrial policies, and technological changes are collectively reshaping the global industrial competition landscape. The Company’s main downstream industries are all global-scale super-markets, making deep globalization capability a prerequisite for participating in subsequent market competition.

The Company adheres to a globalization strategy, proactively adapting to global industrial transformation trends and actively responding to external challenges. Leveraging its outstanding rapid industrialization capabilities and global operational capabilities, it has built a global product supply, technical service, and resource security system, forming multiple core competitive advantages, including differentiated market positioning, leading cost control, and localized adaptation the Company has gradually established a deep globalization advantage integrating “business + industry + resources + capital”.

On the market side, it adopts a flexible global expansion strategy to adapt to different market conditions and opportunities, actively collaborating with leading overseas companies and building a business ecosystem with global partners to better cope with complex overseas operating environments. On the supply chain side, the Company is accelerating the construction of an independent, controllable, secure, and efficient global supply chain system, continuously optimizing global resource allocation, ensuring a stable supply and cost advantage of core raw materials, and consolidating the foundation for long-term development.

In its strategic regional layout, the Company adheres to a location-specific, precise, and supply-chain-coordinated approach, creating distinctive and mutually supportive global industrial bases:

In Indonesia, the Company has achieved synergistic development across the entire industry chain and deep localization operations. Through industrial cooperation, vertical and horizontal collaboration, and in-depth localization, it has become a successful model for the international development of Chinese enterprises.

In Morocco, leveraging the region's abundant phosphate resources, the Company is building a strategic hub targeting the European and American markets, constructing a battery recycling system covering the European and North American markets, and strengthening its regional influence and circular economy capabilities.

In South Korea, the Company has established a battery material production base, deeply serving core customers in the world's second-largest battery producer, further consolidating its advantages in the high-end market.

#### **(IV) Customer Resources and Brand**

The Company drives business development through technological leadership. Through its robust material science capabilities, leading product performance and scale position, deep globalisation capabilities, and closed-loop industrial ecosystem advantages, the "CNGR" brand has gained widespread recognition across global markets. The Company has a globalized, multi-dimensional high-quality core customer system connecting "complete vehicles, batteries, and cathode materials". It has established stable cooperative relationships with leading domestic and international customers, including Xiamen Tungsten, Tesla, Samsung SDI, LG Chem, CALB Group, Sunwoda, CATL, BYD, SK On, SVOLT, Panasonic, Easpring Technology, BTR, B&M, L&F, Zhenhua New Materials, Ronbay Technology, ECOPRO, and POSCO. Concurrently, in new energy metal products, the Company has established a comprehensive, multi-dimensional cooperation model with top-tier clients such as Trafigura, IXM, and Jinchuan.

The Company consistently adheres to an open and collaborative technology cooperation philosophy with customers, ensuring the flexibility and scalability of its production capacity, and continuously deepening its strategic collaborative relationships with leading global customers. By partnering with high-quality partners, the Company achieves deep integration with leading customers. Currently, it has signed strategic cooperation agreements or long-term supply contracts with major cooperative customers, forming a stable cooperative pattern across multiple levels, including resource development, product sales, processing and manufacturing, and information sharing.

The Company's electrolytic nickel products have been successfully registered as delivery brands on the SHFE and the LME, significantly enhancing market recognition and product liquidity, and further consolidating its leading position in the industry. On November 17, 2025, the Company successfully listed on the Hong Kong Stock Exchange, becoming the first "A+H" share in the new energy materials industry. Through commodity and capital markets, the global influence and industry voice of the "CNGR" brand have been greatly strengthened. Top-tier customer resources and a globally renowned corporate brand are a direct reflection of the Company's core competitiveness.

#### **(V) Advanced Modern Manufacturing Capabilities**

The Company adheres to a full-cost leadership strategy, practices “digitalized operations,” and boasts a prominent market position and significant scale advantages, with its modern manufacturing level leading the industry. The Company integrates cost reduction principles throughout the entire lifecycle of “resources-raw ore refining-raw material refining-material manufacturing-recycling,” continuously improving its modern manufacturing level and reducing production costs through a combination of technological innovation (such as material development and contract process optimization), intelligent manufacturing (AI and automation), supply chain optimization (centralized procurement and logistics integration), and energy management (green electricity application and energy efficiency improvement).

The Company has built a comprehensive digital platform to achieve end-to-end operational management, integrating advanced technologies in design, processes, and equipment to shorten development cycles and enhance decision-making capabilities. By digitizing the entire manufacturing process from R&D to mass production, production efficiency can be optimized through real-time adjustments. With the support of advanced technologies such as robotics, the Internet of Things, and artificial intelligence, this system ensures operational safety and cost-effectiveness in all business functions.

The Company continues to improve its manufacturing capabilities through automation and digitalization. Since 2020, the Company has gradually transformed all its domestic production bases into intelligent manufacturing facilities, introducing MES systems, SAP/ERP systems, and AGV technology. This has significantly improved manufacturing efficiency in several key areas. For example, the MES system enables automated error prevention and real-time detection of material feeding, achieving a 0% error rate and improving quality control; the integrated information management system enables real-time data transmission, effectively reducing average inspection time; the intelligent feeding system improves production efficiency; and the adoption of AGV automated logistics technology effectively improves overall productivity and cost efficiency.

Quality control is also crucial. The Company is committed to maintaining product consistency at large-scale production levels. Its main production equipment is independently designed and manufactured, enabling a high-efficiency transition from R&D to large-scale production, effectively improving product consistency and reducing manufacturing costs. The Company has a professional team of approximately 300 engineers focused on engineering process development, optimization, and construction. It has implemented an integrated construction management system covering design, process control, procurement, and logistics, achieving efficient and centralized execution, particularly suitable for complex overseas projects. The Company is currently the only Chinese enterprise to have successfully built and operated a new energy materials production facility in Morocco. This advanced and modern manufacturing capability ensures that the Company provides superior value to its customers and maintains a cost advantage and industry-leading position.

## **(VI) Sustainable Development Advantages**

The Company focuses on the field of new materials, using materials science to drive high-quality development of the energy and power industry and cutting-edge technology industry. In this process, the Company deeply integrates ESG principles and builds a new model for sustainable development. Guided by a dual-wheel strategy of “technology-driven + green intelligent manufacturing,” and relying on a globally leading “resources + materials” ecosystem, the Company innovatively develops low-carbon processes and circular economy solutions. Through material performance improvement and production process innovation, it helps customers significantly reduce energy consumption and carbon emission intensity. Simultaneously, the Company is building an ecological supply chain system covering “resource end-smelting end-materials end-recycling end,” working with global partners to create zero-carbon industrial parks, continuously improving the level of green electricity substitution and industrial resource recycling, and focusing on promoting social sustainable development with clean energy.

In recent years, the Company’s MSCI rating has steadily improved, and its carbon emission and carbon neutrality indicators have continued to improve. By 2025, the Company’s clean energy usage will account for 62% of its total energy consumption, and carbon emissions will decrease by 52%, achieving an MSCI rating jump from BBB to AA, realizing a leap from industry leader to global leader.

On the other hand, the Company actively builds a high-value platform and establishes a sound value management system of “platform + talent + incentives.” It constructs a sustainably competitive organization and team from multiple dimensions, including organizational structure, talent development, cadre development, and incentive systems. The Company’s management team and core R&D team possess rigorous scientific research spirit and efficient strategic execution capabilities. In recent years, they have efficiently and accurately implemented a series of major strategic initiatives, achieving significant results in materials science development and diversified, globalized, digitalized, and ecological layout, thus promoting the Company’s steady and sustainable development.

## ANALYSIS OF PRINCIPAL OPERATIONS

### 1. Overview

During the Reporting Period, benefiting from the rapid growth of the global new energy market and the continued release of the Company's integrated production capacity, the total sales volume of battery materials (nickel-based, cobalt-based, phosphorus-based, sodium-based) exceeded 420,000 tons. Guided by the "New Four Modernizations" strategy of "Technology Diversification, Globalization, Digitalization of Operations, and Industry Ecologization", and adhering to the principles of "customer orientation and service-based operations" with technology and products as the link, the Company ensured sustained capacity release and increased product market share. This drove continuous optimization of the Company's product and customer structure and an increase in the proportion of industrial integration, collectively fueling the Company's sustained performance growth. In fiscal year 2025, the Company's revenue was RMB48,140.0 million, representing a year-on-year increase of 19.7%, maintaining a growth trend. During the Reporting Period, to achieve its annual operating objectives, the Company focused on the following key tasks:

#### **(1) Multi-material Systems Synergistically Drive Efforts, Frontier Technology Layout Leads Industrial Upgrade**

During the Reporting Period, leveraging its technological leadership advantage, the Company deepened the synergistic development of its four major material systems: nickel-based, cobalt-based, phosphorus-based, and sodium-based. Its product matrix was continuously refined, and its market-leading position was further consolidated. The Company remained a global frontrunner in nickel-cobalt materials, achieving breakthroughs in ultra-high nickel, medium-nickel high-voltage ternary materials, and high-voltage tricobalt tetroxide technology, enabling self-reliance in key materials. Annual shipments and market share reached new highs, with market share for ternary precursors and tricobalt tetroxide ranking first in the industry for six consecutive years. Solid-state precursor shipments reached the hundred-ton level. The phosphorus-based material business experienced significant scale growth, with iron phosphate product shipments ranking first in the external sales market. The Company entered into strategic cooperation with several leading battery companies and initiated the development of upstream phosphate rock resources, solidifying its foundation for sustainable growth. Sodium-based technology achieved breakthroughs; the "Wide-Temperature Range High-Performance Sodium-Ion Battery Development" project was selected as a provincial-level major science and technology project. Annual shipments exceeded 1,000 tons, demonstrating initial signs of commercialization.

**(2) Deepening of Globalization Strategy, Coordinated Development of Overseas Capacity and Resource Layout**

In 2025, the Company resolutely advanced its “Globalization” strategy, achieving milestone progress in the construction of overseas industrial bases and resource layout, significantly enhancing its global supply chain capabilities. On June 25, 2025, Phase I of the nickel-based material production line at the CNGR Morocco Industrial Base commenced full-scale production, laying a solid foundation for the Company to serve the European and North American markets. In Indonesia, the Phase II nickel smelting lines (laterite nickel ore to low-grade nickel matte, low-grade nickel matte to high-grade nickel matte) at the Morowali base were progressively ramped up and put into operation. At the North Morowali base, single-batch nickel raw material shipments reached the tens of thousands of metal tons level. The globally pioneering oxygen-enriched side-blown nickel smelting technology was continuously refined, significantly reducing overall energy consumption. Through the acquisition of the Jama Project and the Solaroz Project, the Company made a counter-cyclical, forward-looking investment in Argentine salt lake lithium resources, securing over 10 million tons of lithium carbonate equivalent in high-quality resources, ensuring raw material supply security. The Company signed an LFP joint venture agreement with POSCO Future M to initiate the construction of an advanced LFP material manufacturing project in Pohang, South Korea, targeting the overseas energy storage market. It formally established a partnership with Germany’s Cronimet Group to jointly build a used battery recycling plant in Europe, marking a crucial step in “Global Recycling”. The new materials ecosystem, encompassing “resource extraction, smelting and processing, material production, and secondary resource recycling”, was advanced synergistically.

**(3) Historic Milestone in Capital Market Progression, “A+H” Dual Platform Fuels Long-Term Development**

On November 17, 2025, the Company was successfully listed on The Stock Exchange of Hong Kong Limited, becoming the first “A+H” share company in the new energy materials industry – a historic breakthrough in its capital market journey. This H-share issuance established a strategic hub connecting domestic and international capital markets, building a value bridge for in-depth dialogue with global investors. It enabled the Company to access financing channels both domestically and internationally, forming a long-term capital replenishment mechanism. Leveraging the resource allocation advantages of international capital markets, the Company accelerated the expansion of its global industrial footprint, further strengthening its global brand influence and industry voice.

**(4) Digital Transformation Achieved Milestone Results, Management Efficiency Continues to Improve**

The Company’s “Digitalization of Operations” strategy achieved significant milestone results, taking a crucial step in digital management transformation. The Company’s SAP system was successfully launched and went live, covering business areas including master data, sales, procurement, planning, production, R&D, logistics, quality, and finance. It integrated 22 peripheral application systems such as SRM, MOM, and PLM, effectively establishing the “information superhighway” for the Company’s production and operations. This laid a solid foundation for the Company’s global information and standardized management, effectively driving a leap in management efficiency.

**(5) ESG Performance Ranks Among Global Leaders, Sustainable Development Philosophy Deeply Integrated into Strategic Operations**

The Company has consistently and deeply integrated ESG principles into its strategic operations, embracing social responsibility to promote high-quality, sustainable development. In 2025, the Company achieved a milestone breakthrough in its ESG efforts. Its MSCI ESG Rating was upgraded from BBB to AA, with a total score of 6.5 points, ranking first among Chinese listed companies in the relevant industry. This marked a leap from an industry performer to a global leader. The Company was again listed on the Fortune China ESG Impact List and re-entered the S&P Global Sustainability Yearbook (China Edition) 2025, establishing an ESG value certification pyramid encompassing “ratings + rankings + yearbooks”.

**(6) Emphasis on Investor Returns, Promoting Internal Growth Momentum**

The Company adheres to value creation and realization, strictly implementing its shareholder dividend return plan and profit distribution policy. It balances performance growth with shareholder returns based on its development stage, continuously enhancing shareholder return levels. The Company is committed to establishing a “long-term, stable, and sustainable” shareholder value return mechanism, actively rewarding shareholders while continuously increasing the Company’s intrinsic value, allowing investors to fully benefit from the Company’s development achievements. Since its listing in 2020, the Company has consistently distributed profits annually, with cumulative cash dividends exceeding RMB1.93 billion. For 2024, the cash dividend distribution ratio exceeded 40%. Subject to compliance with profit distribution principles and conditions, the Company generally conducts cash dividend distribution once a year. The annual cash dividend distributed should not be less than 30% of the distributable profits realized in that year, and the cumulative cash dividends distributed over the most recent three years should not be less than 90% of the average annual distributable profits realized during those three years. The Company is actively promoting share repurchases. By the end of fiscal year 2025, the cumulative repurchase amount totaled approximately RMB1.09 billion (excluding transaction costs), with a total of 29.83 million shares repurchased.

Guided by its strategy and business needs, the Company continues to refine its organizational model and enhance organizational capabilities, clarifying the positioning and operational responsibilities at each organizational level. It strengthens organizational development for overseas and new businesses, as well as headquarters capabilities, promoting synergy across regions, specializations, and different parts of the industrial chain. The Company continues to advance its restricted share incentive scheme, optimizing the multi-tiered incentive system and strengthening incentives for core teams and key positions. It implements a management trainee cultivation program, enhancing the integration and development of new talent. It is building a qualification system for R&D talents to improve refined management in this area. Through policy guidance, the Company promotes two-way talent flow between domestic and international operations, broadens talent development space, and provides robust human resource support for its international development.

## FINANCIAL ANALYSIS

### Revenue

During the Reporting 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, and (iii) others, which mainly include revenue from metals trading, resales of raw materials and contract manufacturing services.

### By products

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

	Year ended December 31,			
	2025		2024	
	(RMB'000)		(RMB'000)	
<b>New energy battery materials</b>				
Nickel-based Materials	<b>16,676,468</b>	<b>34.6%</b>	16,163,302	40.2%
Cobalt-based materials	<b>4,396,479</b>	<b>9.1%</b>	2,244,581	5.6%
Phosphorus-based materials	<b>1,565,195</b>	<b>3.3%</b>	679,644	1.7%
Other innovation materials(1)	<b>33,006</b>	<b>0.1%</b>	9,869	0.0%
<b>Sub-total</b>	<b>22,671,148</b>	<b>47.1%</b>	19,097,396	47.5%
New energy metal products	<b>17,807,816</b>	<b>37.0%</b>	13,483,103	33.5%
Others <sup>(2)</sup>	<b>7,661,013</b>	<b>15.9%</b>	7,642,391	19.0%
<b>Total</b>	<b>48,139,977</b>	<b>100.0%</b>	40,222,890	100.0%

Notes:

- (1) Other innovative materials mainly include sodium-based pCAM.
- (2) Others mainly include revenue from metals trading, resales of raw materials and contract manufacturing services.

### 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.

	Year ended December 31,			
	2025		2024	
	(RMB'000)	%	(RMB'000)	%
Chinese mainland	<b>24,119,638</b>	<b>50.1%</b>	22,339,155	55.5%
Overseas	<b>24,020,339</b>	<b>49.9%</b>	17,883,735	44.5%
<b>Total</b>	<b>48,139,977</b>	<b>100.0%</b>	40,222,890	100.0%

### 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,			
	2025		2024	
	(RMB'000)	%	(RMB'000)	%
Raw materials	<b>34,254,270</b>	<b>80.9%</b>	29,647,385	83.8%
Manufacturing costs and others	<b>6,916,951</b>	<b>16.3%</b>	4,946,355	14.0%
Labor	<b>1,190,808</b>	<b>2.8%</b>	787,033	2.2%
<b>Total</b>	<b>42,362,029</b>	<b>100.0%</b>	35,380,773	100.0%

During the Reporting 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,			
	2025		2024	
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)
<b>New energy battery materials</b>				
Nickel-based materials	3,075,523	18.4%	3,209,255	19.9%
Cobalt-based materials	938,391	21.3%	238,618	10.6%
Phosphorus-based materials	(57,001)	(3.6)%	(70,902)	(10.4)%
Other Innovative materials	(9,115)	(27.6)%	(2,110)	(21.4)%
<b>Sub-total</b>	<b>3,947,797</b>	<b>17.4%</b>	3,374,861	17.7%
New energy metal products	1,240,030	7.0%	1,016,899	7.5%
Others	590,120	7.7%	450,357	5.9%
<b>Total</b>	<b>5,777,948</b>	<b>12.0%</b>	4,842,117	12.0%
	<b>2025</b> <b>(RMB'000)</b>		2024 (RMB'000)	
<b>Gross profit per ton<sup>(1)</sup></b>				
Nickel-based materials	14.3		16.5	
Cobalt-based materials	37.1		11.3	

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.

The gross profit margin for our nickel-based materials decreased to 18.4%, while the gross profit per ton declined to approximately RMB14,300 in the Reporting Period. 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.

The gross profit margin for our cobalt-based materials increased to 21.3%, while the gross profit per ton increased to approximately RMB37,100 in the Reporting Period. The increase in gross profit per ton was mainly due to increase in benchmark cobalt prices.

The gross profit margin for our phosphorus-based materials increased to (3.6)% in the Reporting Period. Such increase in gross profit margin was primarily due to the gradual release of the production capacity, and economies of scale have led to a reduction in costs.

The gross profit margin of new energy metal products decreased to 7.0% in 2025, due to the overall decrease in prevailing market prices of nickel products in 2025, 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,			
	2025		2024	
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)
<b>New energy battery materials</b>				
Chinese Mainland	3,089,646	12.8%	2,383,233	10.7%
Overseas <sup>(1)</sup>	2,688,302	11.2%	2,458,884	13.7%
<b>Total</b>	<b>5,777,948</b>	<b>12.0%</b>	4,842,117	12.0%

Note:

(1) Mainly include South Korea, Singapore, Indonesia 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 Chinese Mainland, 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. However, the overall gross profit margin from overseas decreased from 13.7% in the year ended December 31, 2024 to 11.2% in the year ended December 31, 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 Chinese Mainland increased from 10.7% in the year ended December 31, 2024 to 12.8% in the year ended December 31, 2025, primarily due to the increase in gross profit margin for our cobalt-based materials which were mainly sold in Chinese Mainland.

### **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.

During the Reporting Period, our selling and marketing expenses remains relatively stable from approximately RMB111.5 million in 2024 to approximately RMB114.2 million in 2025.

### **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.

During the Reporting Period, our administrative expenses of our Group increased by 13.1% from approximately RMB1,156.9 million in 2024 to approximately RMB1,308.1 million in 2025, primarily attributable to the Company's integration and globalization, which has led to higher management remuneration.

### **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.

During the Reporting Period, research and development expenses increased from approximately RMB1,109.3 million in 2024 to approximately RMB1,170.3 million in 2025, primarily attributable to the Company placing emphasis on its research and development.

### **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, as well as recurring VAT deductions. There are no unfulfilled conditions or contingencies relating to these grants.

In 2024 and 2025, our total other income and gains were approximately RMB733.6 million and approximately RMB502.4 million. During the same years, the government grants we received and recognized in profit or loss were approximately RMB438.0 million and approximately RMB235.8 million, respectively.

### **Other expenses**

Our other expenses primarily include the expenses relating to foreign exchange loss.

During the Reporting Period, our other expenses significantly increased from approximately RMB188.4 million in 2024 to approximately RMB746.1 million in 2025, primarily attributable to net foreign exchange losses arising from fluctuations in the US dollar exchange rate.

### **Financial costs**

Our financial costs mainly comprise interest on bank and other borrowings, which include bonds payable, interest on lease liabilities and other finance expenses. During the Reporting Period, our financial costs decreased from approximately RMB1,037.4 million in 2024 to approximately RMB1,022.4 million in 2025, primarily attributable to the decrease in interest-bearing bank borrowings and bonds payable.

### **Profit for the Year**

As a result of the foregoing, our profit for the year decreased from approximately RMB1,787.8 million in 2024 to approximately RMB1,614.8 million in the Reporting Period.

### **Inventories**

Our inventories include finished goods, raw materials and goods in transit. Our inventories increased by 49.2% from approximately RMB9,826.4 million as of December 31, 2024 to approximately RMB14,663.6 million as of December 31, 2025, primarily attributable to the production lines gradually being commissioned, which in turn led to the corresponding increase in raw materials and work-in-progress has led to higher inventory levels.

### **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.

Our trade and bills receivables increased from approximately RMB5,105.8 million as of December 31, 2024 to approximately RMB7,526.8 million as of December 31, 2025, primarily due to an increase in trade receivables of RMB2,339.7 million, primarily attributable to the increase in our sales of cobalt-based materials.

### **Property, Plant and Equipment**

Our property, plant and equipment consist of buildings, leasehold improvements, machinery, vehicles, office devices and others, and construction in progress. Property, plant and equipment of our Group increased by 6.2% from approximately RMB28,993.4 million as of December 31, 2024 to approximately RMB30,799.0 million as of December 31, 2025, primarily due to our expansion of our overseas production bases.

### **Prepayment, 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.

Our prepayments, deposits and other receivables increased from approximately RMB5,436.6 million as of December 31, 2024 to approximately RMB6,255.9 million as of December 31, 2025, primarily due to an increase in deposits and other receivables of approximately RMB1,111.0 million primarily attributable to an increase in loans to our affiliates for establishment of overseas production bases.

### **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.

Our trade and bills payable increased from approximately RMB10,249.4 million as of December 31, 2024 to approximately RMB15,669.1 million as of December 31, 2025, primarily due to an increase in use of bills payables for raw materials and equipment.

### **Capital Structure**

The total assets of our Group increased from approximately RMB72,895.2 million as of December 31, 2024 to approximately RMB81,607.9 million as of December 31, 2025. The total liabilities of our Group increase from RMB43,406.6 million as of December 31, 2024 to approximately RMB47,985.7 million as of December 31, 2025. Liabilities-to-assets ratio decreased slightly from 59.5% as of December 31, 2024 to 58.8% as of December 31, 2025. The current ratio of our Group, being current assets divided by current liabilities as of the respective date, decreased slightly from 1.4 times as of December 31, 2024 to 1.3 times as of December 31, 2025.

### **Liquidity and Capital Resources**

Our Group adopts a prudent funding and treasury policy with a view to optimize its financial position. Our Group regularly monitors its funding requirements to support its business operations and perform ongoing liquidity review. Our primary uses of cash are to satisfy its working capital, capital expenditure and investment needs.

For the Reporting Period, our Group financed its operations primarily through cash generated from our operating activities, proceeds from issuing of bonds, banking facilities and net proceeds from the Global Offering, details of which were disclosed in our Prospectus. Our cash and cash equivalents of our Group decreased by 15.0% from approximately RMB10,084.0 million as of December 31, 2024 to approximately RMB8,567.6 million as of December 31, 2025, primarily attributable to increased cash outflow from raw material procurement.

### **Gearing Ratio**

Gearing ratio is calculated by 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%. The gearing ratio of our Group decreased from 97.2% as of December 31, 2024 to 83.1% as of December 31, 2025, which was primarily due to the issuance of H Shares which led to an increase in shareholders' equity.

### **Indebtedness**

#### **Bank borrowings**

As of December 31, 2024 and December 31, 2025, we had interest-bearing bank borrowings with effective interest rate typically ranging from 1.45% to 4.75% of approximately RMB26,326.7 million and approximately RMB26,964.6 million, respectively. As of December 31, 2025, bank borrowings of fixed interest rate ranging from 1.80% to 4.75% amounted to approximately RMB5,593.2 million.

The borrowings of our Group are mainly denominated in Renminbi. 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.

## Management Discussion and Analysis

The maturity groupings of the borrowings are as follows:

	2025 RMB'000	2024 RMB'000
Analyzed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	11,901,586	10,539,073
In the second year	6,484,368	5,623,830
In the third to fifth years, inclusive	8,542,646	9,813,715
Beyond five years	36,000	350,106
Total	26,964,600	26,326,724

### Bonds Payable

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.

### Basic Information of Corporate Bonds

Unit: RMB'0,000

Bond name	Bond abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding balance	Coupon rate	Repayment and interest payment method	Trading venue
Tranche 1 Green USD Bonds	Zhongwei Shares 4.55 2027-03-03	XS2446770880	3 March 2022	3 March 2022	3 March 2027	71,155.37	4.55%	Semi-annual interest payment	The Stock Exchange of Hong Kong Limited

### Amount due to non-controlling shareholders

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, 2024 and December 31, 2025, we had amount due to non-controlling shareholders of approximately RMB428.8 million and approximately RMB247.6 million, respectively. Such amount were mainly used for capital expenditures and operational purposes.

### Convertible bonds

On July 18, 2024, one of our subsidiaries, FINO Inc. issued a 3.03% 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.

### Changes in Convertible Bonds during the Reporting Period

Unit: KRW

Name of convertible bond	Balance at the beginning of the period	Changes during the period			Balance at the end of the period
		Conversion	Redemption	Put back	
Privately placed convertible bonds	70,000,000,000.00	68,500,000,000.00	–	–	1,500,000,000.00

### Cumulative Conversion

Name of convertible bond	Conversion period	Total issuance volume (bonds)	Total issuance amount (RMB)	Cumulative conversion amount (RMB)	Cumulative number of shares converted (shares)	The percentage of shares converted to the total number of shares issued by the company before the conversion commencement date.	Amount not yet converted (KRW)	Percentage of unconverted amount to total issuance amount
Privately placed convertible bonds	18 July 2025–18 June 2027	70,000	70,000,000,000.00	68,500,000,000.00	45,214,521.00	198.11%	1,500,000,000.00	2.14%

### Lease liabilities

Our lease liabilities decreased from approximately RMB44.7 million as of December 31, 2024 to RMB25.1 million as of December 31, 2025, primarily due to our repayment of rents.

### Accounts payable for equipment

As of December 31, 2024 and December 31, 2025, we recorded accounts payable for equipment of RMB845.2 million and RMB940.9 million, respectively. Our accounts payable for engineering equipment was discounted due to its financial attributes.

### Contingent liabilities

As of December 31, 2024 and December 31, 2025, we did not have any contingent liabilities.

### Capital Expenditures

Our capital expenditures are primarily cash for purchase of items of property, plant and equipment. Our capital expenditures significantly decreased by 42.29% from RMB6,466.2 million in 2024 to RMB3,731.4 million in 2025, primarily due to the decrease in purchase of property, plant and equipment at our construction in progress sites according to our business needs.

### Employee and Remuneration

As of December 31, 2025, our Group had 18,038 full-time employees, as compared with 16,441 full-time employees as of December 31, 2024. During the Reporting Period, the Group recognised staff costs of approximately RMB2,860.7 million, representing an increase of 22.9% from RMB2,326.8 million in 2024. Such increase was primarily due to the pay rises as a result of our business expansion.

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.

### Pledge of Assets

As of December 31, 2025, the cash and cash equivalents of our Group in the aggregate amount of RMB1,768.8 million (as of December 31, 2024 RMB1,105.0 million) were pledged for bills receivable, letter of credit, futures, standby letter of credit, supervision account and others.

As at 31 December 2025, the cash balance held by the Group are as follows:

	2025 RMB'000	2024 RMB'000
Denominated in:		
RMB	<b>5,347,980</b>	7,866,960
USD	<b>2,452,482</b>	1,389,679
KRW	<b>233,938</b>	397,548
IDR	<b>267,732</b>	397,349
EUR	<b>33,325</b>	17,640
HKD	<b>9,543</b>	4,188
Other currencies	<b>222,561</b>	10,592

As of December 31, 2025, the bill receivables, buildings, constructions in progress and leasehold land of our Group in the aggregate carrying amount of RMB2,462.0 million (as of December 31, 2024: RMB2,369.1 million) were pledged for discounting and our borrowings.

Save as disclosed above, our Group had no other pledged assets as of December 31, 2025.

## Significant Investment, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

There was no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures by our Group during the Reporting Period. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, there were no specific plan authorized by the Board for other material investments or acquisition of capital assets as of the date of this annual report. However, our Group will continue to identify new opportunities for business development.

## USE OF PROCEEDS

Our Company was listed on the Main Board of HKEX on November 17, 2025. The net proceeds from the Global Offering amounted to approximately HKD3,432.6 million and gross proceeds of approximately HKD3,543.7 million. The issue price per H share and the net price per H Share offered under the Global Offering were HK\$34.00 and approximately HK\$32.93, respectively. Our Company intends to use the net proceeds in the same manner and proportion as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. The below table sets out the proposed and actual applications of the net proceeds during the Reporting Period:

Intended use of net proceeds	Percentage of intended use of net proceeds (%)	Net proceeds from the Global Offering (In HKD millions)	Amount utilized as of December 31, 2025 (In HKD millions)	Amount unutilised as of December 31, 2025 (In HKD millions)	Expected timeline of full utilization of the net proceeds
<b>Expand production and supply chain capabilities</b>	50.0	1,716.3	237.2	1,479.1	
Establishment of phase I project of our South Korea production base to expand our nickel-based materials production capacity	35.0	1,201.4	–	1,201.4	By the end of 2027
Construct and exploit the phosphate mine in Kaiyang, Guizhou, PRC	15.0	514.9	237.2	277.7	By the end of 2028
<b>R&amp;D of new energy battery materials and advancing digitalization</b>	40.0	1,373.0	948.4	424.7	
R&D of new energy battery materials	25.0	858.2	858.2	(0.0)	By the end of 2028 <sup>(Note)</sup>
Advancing digitalization across our integrated operations	15.0	514.8	90.2	424.7	By the end of 2027
<b>Working capital and other general corporate purposes</b>	10.0	343.3	343.3	(0.0)	By the end of 2026
<b>Total</b>	100.0	3,432.6	1,528.9	1,903.8	

Note: The usage of net proceeds has been utilized in advance attributable to adjustments made to the project construction schedule.

The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions. Further announcement(s) and/or disclosure in our annual report(s) in respect of change in timeline, if any, will be made by our Company in accordance with the requirements of the Listing Rules as and when appropriate to update its shareholders and potential investors. Any discrepancies in the above table between the total shown and the sum of the amounts listed are due to rounding.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 date of this annual report, the Company held 29,832,872 repurchased A Shares in total as treasury shares.

The table below sets out the details of the Company's repurchase of A Shares through centralized bidding under the 2024 Repurchase Mandate during the Reporting Period:

Month of repurchase	Class of Shares repurchased	Number of shares repurchased (Share)	Price per Share (RMB/Share) paid		Total Consideration (RMB)
			Highest	Lowest	
January 2025	A Shares	3,763,860	35.23	33.71	129,495,490
February 2025	A Shares	1,100,000	38.42	35.95	41,247,038
March 2025	A Shares	3,322,460	38.99	34.79	123,253,179
April 2025	A Shares	4,748,140	33.22	30.00	151,699,475
May 2025	A Shares	1,582,060	33.35	31.96	51,781,360
June 2025	A Shares	1,100,000	31.92	31.15	34,706,713
July 2025	A Shares	4,007,053	34.24	32.77	134,387,089

During the Reporting Period, except disclosed above neither our Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of our Company in HKEX and the Shenzhen Stock Exchange. From the Listing Date up to December 31, 2025, our Company did not hold any H shares of our Company as treasury shares (as defined in the Listing Rules).

## MATERIAL EVENTS AFTER THE REPORTING PERIOD

### Provision of financial assistance and related party transactions

On February 12, 2026, the Company convened its 2026 first extraordinary general meeting pursuant to which the Shareholders approved the resolution on provision of external financial assistance and related party transactions. For details, please refer to the circular of the Company dated January 23, 2026 and the announcement of the Company dated February 12, 2026.

### Election of the New Session of Board

On March 23, 2026, the Company convened its 2026 second extraordinary general meeting pursuant to which the Shareholders approved among other things, the election of the director candidates for the third session of the Board. All elected Director in the third session of the Board (including employee representative Director) candidates are Directors of the previous session of the Board. For details, please refer to the announcement and circular of the Company dated March 6, 2026 and the announcement of the Company dated March 23, 2026.

Save as disclosed in this annual report, our Group has no other material subsequent events since the end of the Reporting Period up to the date of this annual report.

## COMPANY FUTURE DEVELOPMENT OUTLOOK

### (I) Development Strategy

The Company's strategic plan clearly states its vision of "becoming a globally leading new materials science company." Looking to the future, the Company will adhere to its strategy of becoming a "global new energy materials science company," focusing on nickel-based and phosphorus-based new energy materials as its core strategy, while also diversifying into cobalt-based and sodium-based materials. Through the support of "resources + capital," the Company will build a dual-engine core competitiveness of "globalization + innovation." Based on the "new four modernizations" strategy of "technology diversification, global development, digitalized operation, and industrial ecology," the Company will create an integrated closed-loop industrial model encompassing "resources – raw ore smelting – raw material refining – new energy material manufacturing – end-product recycling," developing Chinese industries, integrating global resources, serving the global market, and accelerating the construction of an industrial pattern of mutually reinforcing domestic and international dual circulation.

In 2026, the Company will take a long-term perspective and implement the strategic policy of "using nickel-cobalt materials as the ballast, phosphorus materials as the breakthrough point, strategic resources as profit guarantee, and technological innovation as the core driver to build system-wide cost competitiveness and construct Zhongwei's global business ecosystem." It will adhere to a balance between internal growth and external expansion, propelling the Company towards the high end of the industrial and value chains.

### (II) Business Plan

In recent years, leveraging efficient strategy execution and stable operational performance, the Company has withstood external pressures, navigated industry cycles, continuously consolidated its leading position, and achieved remarkable results in diversification, globalization, digitalization, and ecologization. 2026 marks the beginning of the "15th Five-Year Plan" period and the foundational year of the Company's "Third Five-Year Strategic Plan". Amidst the current era of technological and productivity innovation, intensified global resource competition, and energy transition driven by geopolitical conflicts, the Company is also at a crucial turning point from "incremental growth" to "qualitative improvement". Facing the new industry cycle, the Company will leverage its accumulated comprehensive advantages across technology, resources, markets, customers, cost, and ecosystem to achieve high-quality, leapfrog development.

#### 1. Strengthening the Foundation: Consolidating Global Leadership in Nickel-Cobalt Materials

In nickel-based materials, stabilize the core business and strengthen the nickel ecosystem. Continuously increase the proportion of high-nickel and ultra-high-nickel products (8-series and above), deeply integrate with next-generation technology routes such as solid-state batteries and large cylindrical batteries, and consolidate and expand the leading global market share. In cobalt-based materials, optimize the matrix and enhance added value. Consolidate the leading position in cobalt tetroxide, expand application scenarios for high-voltage products above 4.5V, and continuously provide high-energy-density material solutions for consumer electronics, smart wearables, and AI terminals.

**2. Strengthen Breakthrough Points: Achieving Simultaneous Scale and High-End Development of Phosphorus Materials**

Fully utilizing its late-mover advantages and resource moat, the Company aims to scale up its phosphorus-based materials business, accelerate the construction of the Kaiyang phosphate mine, promote the integration of “mine-chemical-material-recycling”, and complete the closed-loop phosphorus-based ecosystem. It will continuously optimize its customer structure, deepen penetration in the two mainstream markets of energy storage and power, ensure its iron phosphate and lithium iron phosphate products maintain industry-leading core indicators such as high compaction density and long cycle life, advance the industrial application of fourth-generation and 4.5th/5th-generation lithium iron phosphate cathode materials, and strive to elevate market share and profitability to new levels, positioning phosphorus-based materials as a key profit growth driver for the Company.

**3. Strengthening Resource Base: Strategic Resources Build a Profit “Buffer”**

By strengthening resources, improving the materials ecosystem, and unlocking the value of the entire industry chain, the Indonesian nickel smelting base will continue to promote stable and even overproduction, ensuring an internal supply advantage for low-cost nickel raw materials. It will also flexibly select the types and scale of products sold externally based on market conditions to fully capture excess profits from metal price fluctuations. While strengthening phosphorus resources, it will accelerate the layout and development of overseas lithium resources to build a diversified lithium supply system. Strategic resources will enhance the Company’s performance space and flexibility, as well as its risk management capabilities.

**4. Implementing Extreme Cost Control: Exploring Potential Across the Entire Chain to Improve Profitability**

Adhering to a full-cost leadership strategy, the Company will integrate cost reduction concepts throughout the entire lifecycle of “resources-ore refining-raw material refining-material manufacturing-recycling”. It will continuously explore cost reduction potential through a combination of technological innovation (such as material development and contract process optimization), intelligent manufacturing (AI and automation), supply chain optimization (centralized procurement and logistics integration), and energy management (green electricity application and energy efficiency improvement), ensuring that the Company’s core products maintain extreme cost competitiveness in the industry and promoting the industrialization of emerging technology routes and application scenarios.

**5. Strengthening Innovation-Driven Development: Materials Science Leads Industrial Transformation**

Adhering to innovation-driven development and maintaining technological diversification and generational leadership. Focusing on core technologies such as high-nickel 9-series and above, solid/semi-solid precursors, high-voltage lithium cobalt oxide fourth-generation and above ultra-high-compaction lithium iron phosphate, and sodium electrolytic anion exchange, the Company will comprehensively enhance its independent technological strength and innovation capabilities, improve its scientific research level, enhance key core technologies in materials, and strengthen the development of its scientific and technological talent team.

**6. Deepen Globalization: Improve Overseas Ecosystem and Forge A World-recognized Brand**

Advancing globalization to a higher level. We will improve our overseas ecosystem based on global market demand, resource endowment, and industrial capabilities, radiating our influence across the global market through major production bases at home and abroad; using Indonesia as a benchmark for materials ecology and a strategic base for global business ecology, we will deepen the integrated synergy of “resources + smelting + materials” and improve the operational level of overseas industrial parks; we will fully guarantee the ramp-up of production capacity and market expansion at our Morocco base, making it a “bridgehead” for the Company’s high-end overseas customers; simultaneously, we will fully implement a global compliance management system, benchmark against global best practices to build an ERM system, actively practice ESG principles, promote high-quality and sustainable development, establish a responsible and respected global corporate image, and build a globally leading new materials science brand.

**(III) Major Risks Faced by the Company and Countermeasures**

**1. Geopolitical Risks**

Profound changes in the global political, economic, and social environment, coupled with the rise of anti-globalization and resource nationalism, pose multiple challenges to the international community and supply chains and industrial chains. Policies such as export bans, quota controls, increased export tariffs, and industry access restrictions imposed by some countries may limit the Company access to core resources and expansion into overseas markets, thereby adversely affecting overseas project construction, production and operation, and profitability.

To proactively address the uncertainties of the global environment, the company actively promotes a diversified supply chain layout and advances integrated overseas investment, extending from mining to smelting and materials processing, building a community of shared interests. Simultaneously, it deeply integrates into local industrial chains, creating jobs and tax revenue, reducing policy resistance in resource-rich countries; and strengthens overseas compliance to avoid sanctions and regulatory risks.

**2. Industry Competition Risks**

With the booming development of the EV market, precursors and cathode materials, as key components of core materials for power batteries, have attracted numerous new companies. At the same time, existing companies are accelerating capacity expansion, leading to increasingly fierce industry competition. Against this backdrop, a clear trend of enterprise differentiation is emerging, with the market share of industry leaders continuing to rise. If the company fails to maintain its leading edge in technology research and development, cost control, and brand building, it will face the risk of declining market share and gross profit margin.

To address this challenge, the company leverages its industry-leading position, integrating advantages in R&D, quality, customers, and scale to continuously improve its global service capabilities, customer synergy, and supply chain management, further consolidating its core competitiveness and ensuring its continued industry leadership and steady growth.

### **3. Industry Consolidation Risks**

The industry faces overcapacity in low-end products and insufficient supply in high-end products, leading to fierce price competition and significant pressure for companies to exit the market as industry concentration increases. Vertical integration can easily lead to high debt and tight cash flow; cross-segment management and cultural and technological synergy are challenging; and project production falling short of expectations can weaken cost advantages. Furthermore, the rapid iteration of technologies such as solid-state batteries and sodium-ion batteries means that if the integration direction misaligns with new technology trends, it may result in asset impairment and a decline in competitiveness.

In response, the company will promote diversified resource allocation, sign long-term supply agreements, and develop overseas mining and smelting projects; rationally control the pace of capacity expansion, focus on high-end capacity, and improve integration and synergy efficiency through refined management; simultaneously, strengthen compliance and risk control systems, dynamically track policy and technological changes, and ensure supply chain security and operational stability.

### **4. Operational Management Risks**

The rapid growth of the Company business has led to the expansion of assets, liabilities, production and sales, and personnel. At the same time, the development of overseas projects has significantly increased management complexity, placing higher demands on the Company organizational management capabilities. The company faces increased management challenges in areas such as talent reserves, system construction, and management innovation.

To address this, the company will continuously improve its system, strengthen management practices, and ensure efficient operation and scientific decision-making in all aspects of its business. Simultaneously, the company will establish a long-term and effective incentive mechanism to stimulate employee potential and attract and cultivate outstanding talent through a broad development platform and a comprehensive evaluation and feedback system, promoting the orderly and efficient development of the enterprise.

### **5. Raw Material Price Fluctuation Risk**

The prices of key raw materials required for the Company production and operation are significantly affected by market supply and demand and the macroeconomic environment, resulting in frequent fluctuations. Currently, the company has not established a raw material price adjustment mechanism with its major customers. If raw material procurement prices fluctuate significantly and the company fails to mitigate risks through precise sales and procurement strategies, or if raw material supply shortages occur, it will have a significant adverse impact on the Company operating performance.

To address this risk, the company proactively monitors raw material market dynamics, optimizes price transmission mechanisms, and mitigates price volatility risks. Simultaneously, the company actively develops its upstream supply chain, increases the self-sufficiency rate of raw materials, diversifies intermediate product sources, and reduces the impact of market price fluctuations on performance. Furthermore, the company engages in commodity hedging, effectively mitigating commodity price volatility risks through the hedging function of the futures market.

**6. Foreign Exchange Rate Fluctuation Risk**

As the Company overseas business continues to expand, the proportion of foreign currency settlements continues to rise, posing a risk of performance fluctuations due to exchange rate fluctuations, particularly those involving the US dollar. Exchange rate fluctuations affect exchange gains and losses.

To control foreign exchange rate fluctuation risks, the company has established relevant systems for the approval and management of foreign exchange hedging operations. Under the premise of ensuring safety and liquidity, management is authorized to flexibly choose to use financial instruments such as forward exchange settlement, foreign exchange swaps, currency swaps, and foreign exchange options to reduce the adverse impact of exchange rate changes on the Company profitability.

# Directors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Deng Weiming (鄧偉明) (“Mr. Deng”)**, aged 57, is an executive Director, chairman of the Board, and president of the Company, responsible for the overall development strategy, major decisions and general management of the Group.

Mr. Deng has served as an executive director of Hunan Zhongwei Holding Group Company Limited\* (湖南中偉控股集團有限公司) (“**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. He was an executive director and general manager of Guizhou Zhongwei Resources Recycling Industrial Development Company Limited\* (貴州中偉資源循環產業發展有限公司) from October 2016 to April 2021; and an executive director and general manager of Hunan Zhongwei New Energy Technology Company Limited\* (湖南中偉新能源科技有限公司) from December 2016 to September 2019. He has been a Director, chairman of the Board, and president of the Company since September 2014.

Mr. Deng obtained a diploma in organic chemistry from Taiyuan University of Science and Technology in June 1990. Mr. Deng is Mr. Deng Jing’s father and Mr. Deng is Mr. Tao Wu’s brother-in-law.

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. The deregistration of Xinlong Coking and Xinlong Silicon with the local competent authorities has been completed.

**Mr. Tao Wu (陶吳)**, aged 42, is an executive Director and executive vice president of the Company, responsible for the market strategy, product sales, bulk procurement and ESG matters of the 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 the Company from March 2016 to December 2019. He has been a Director of the Company since May 2019; executive vice president of the Company since December 2019; and director of PT Zhongtsing New Energy (“**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. Tao Wu is Mr. Deng’s brother-in-law.

## Directors and Senior Management

**Mr. Liao Hengxing (廖恆星)**, aged 43, is an executive Director of the Company, responsible for managing the Group's operations in Indonesia.

Mr. Liao Hengxing previously worked in auditing at Hunan Diyang Certified Public Accountants\* (湖南笛揚會計師事務所) and Baker Tilly China Certified Public Accountants (Special General Partnership)\* (天職國際會計師事務所特殊普通合夥); From September 2007 to May 2008, he served as a senior auditor at Baker Tilly China Certified Public Accountants (Special General Partnership); he served successively as the chief financial officer and assistant to the president of Zhongwei Holding from June 2008 to February 2017, he served as the assistant to the president of the Company from March 2017 to March 2022; he served as the Board secretary of the Company from November 2019 to January 2025. He has been a senior vice president of the Company since March 2022 and a Director of the 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 57, is an executive Director and employee representative Director 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.\* (深圳市寶安恆生玩具有限公司) 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' degree in engineering thermophysics from Tianjin University in July 1991.

**Mr. Liu Xingguo (劉興國)**, aged 46, is an executive Director of our Company, responsible for managing the Group's operations in China.

Mr. Liu Xingguo previously worked at Zhongwei Holding. He served as the head of the 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 the Company from November 2017 to May 2019; executive director and general manager of Hunan Zhongwei New Energy Technology Co., Ltd.\* from September 2019 to November 2021. He has been an executive director and general manager of Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited\* (貴州中偉興陽儲能科技有限公司) since November 2021, vice president of the Company since March 2022, and a Director of the 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.

## Directors and Senior Management

**Mr. Deng Jing (鄧競)**, aged 31, is an executive Director of the Company, responsible for the overall development strategy, major decisions and general management of the Group.

Mr. Deng Jing worked at Legend Capital Co., Ltd.\* (君聯資本管理股份有限公司) from June 2017 to June 2018 and at 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, since May 2021; and a Director of the Company since March 2023. Mr. Deng Jing is the son of Mr. Deng Weiming.

Mr. Deng Jing obtained a bachelor's degree from the University of California, San Diego in June 2017.

### Independent Non-executive Directors

**Mr. Cao Feng (曹豐)**, aged 40, is an independent non-executive Director of the Company, responsible for overseeing the 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) (Shanghai Stock Exchange: 688425) since February 2023. From October 2025 to present, he has served as an independent non-executive Director of the Company.

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 44, is an independent non-executive Director of the Company, responsible for overseeing the 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 concurrently serves as Vice President and Executive director of the Hunan Finance Society\* (湖南省財政學會), Deputy Secretary-General of the Hunan Provincial Agricultural Finance Research Association\* (湖南省農業財政研究會), Executive director of the Hunan Provincial Certified Tax Agents Association\* (湖南省註冊稅務師協會), Budget Supervision Expert of the Hunan Provincial People's Congress\* (湖南省人大), and director of the Hunan Provincial Fiscal and Tax Law Research Association\* (湖南省財稅法學研究會). He served as an independent director of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) (Shenzhen Stock Exchange: 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) (Shenzhen Stock Exchange: 000428) since June 2024. From October 2025 to present, he has served as an independent non-executive Director of the Company.

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 43, is an independent non-executive Director of the Company, responsible for overseeing the 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. Mr. Jiang has served as a director of the Institute of Light Metals and Industrial Metrology, School of Metallurgy and Environment, Central South University, since October 2019. 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 serving as a director of Jiangsu GCL Recycling Technology Co., Ltd\* (江蘇協鑫循環科技有限公司) since January 2024. He has been an independent non-executive Director of the 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 47, is an independent non-executive Director of the Company, responsible for overseeing the 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. (鉅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), 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), and Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司) (Stock Exchange: 00470) (since February 2026). 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 (Shenzhen Stock Exchange: 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 (Shenzhen Stock Exchange: 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 (Shenzhen Stock Exchange: 300017)) from April 2017 to June 2023. From November 2025 to present, she has served as an independent non-executive Director of the Company.

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.

## Directors and Senior Management

As at the December 31, 2025, (i) Mr. Deng Weiming directly holds 29,570,194 A Shares, and is deemed to be interested in 481,600,000 A Shares held by Zhongwei Holding, 17,052,000 A Shares held by 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, “Hongxin Chengda”), and 29,832,872 A Shares repurchased and held in the Company’s stock repurchase account as treasury shares (as defined in the Listing Rules); Zhongwei Holding is one of the controlling shareholders of the Company and is held as to 65% and 35% by Mr. Deng and Ms. Wu Xiaoge (吳小歌) (spouse of Mr. Deng, “Ms. Wu”) respectively, and Hongxin Chengda is one of the controlling shareholders of the Company and is held as to 1% by Ms. Wu as the general partner and as to 99% by Mr. Deng as the limited partner; Mr. Deng also directly holds 5% equity interest in Hunan Rongrun Gongmao Co., Ltd. (湖南融潤工貿有限公司) and the remaining 95% equity interest is held by Zhongwei Holding; (ii) 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; (iii) 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; and (iv) Mr. Liu Xingguo was interested in 645,452 A Shares held by him and 33,942 A Shares held under the Restricted Share Incentive Schemes.

### SENIOR MANAGEMENT

**Mr. Deng Weiming (鄧偉明)**, aged 57, is our president. Please see “Board of Directors – Executive Directors” in this section for Mr. Deng’s biography.

**Mr. Tao Wu (陶吳)**, aged 42, is our executive vice president and general manager. Please see “Board of Directors – Executive Directors” in this section for Mr. Tao’s biography.

**Mr. Zhu Zongyuan (朱宗元)**, aged 48, is our 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 the Board secretary and a 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.

### Joint Company Secretaries

**Mr. Tang Huateng (唐華騰)**, aged 35, is our joint company secretary. Please see “Senior Management” in this section for Mr. Tang’s biography.

**Ms. Wong Wai Yee, Ella (黃慧兒)** was appointed as a joint company secretary of the Company in April 2025. Ms. Wong is a director of company secretarial division of Tricor Services Limited (a member of Vistra Group). 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.

# Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

## GENERAL INFORMATION

The Company was established on September 15, 2014 under the laws of the PRC. Since December 2020, our A Shares were listed on the Shenzhen Stock Exchange (Stock Code: 300919). Since November 2025, our H Shares were later listed on the Main Board of the Stock Exchange (Stock Code: 2579).

## PRINCIPAL ACTIVITIES

The Company is committed to “becoming a leading global new materials science company” and firmly adheres to the strategic guidance of “technology diversification, global development, digital operation, and industrial ecology”. It has now formed a diversified new energy materials product matrix and technology layout, including nickel-based, cobalt-based, phosphorus-based, and sodium-based materials. It has also built a vertically integrated industrial chain ecosystem around the core resources such as nickel, phosphorus, and lithium required for new energy materials, integrating resources, smelting, and materials.

## BUSINESS REVIEW

The business review and performance analysis of the Group for the year ended December 31, 2025 is set out in the section headed “Management Discussion and Analysis” from pages 11 to 55 of this annual report which constitute part of this directors' report.

## KEY RELATIONSHIPS

### Relationship with 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. Our suppliers are primarily raw materials, equipment, and engineering service providers.

For the year ended December 31, 2025, the total purchases from our five largest raw materials suppliers in aggregate accounted for approximately 26.48%, and our purchases from our largest supplier accounted for approximately 7.20% of our total purchases. We did not experience any material disruption in the delivery of our products or suffer any loss as a result of delays in delivery or poor handling of goods that had any material adverse impact on our business or results of operations during the year ended December 31, 2025.

### Relationship with Customers

Our direct and indirect customers are mainly leading companies in the global new energy materials, battery, automotive and consumer electronics industries. During the Reporting 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.

For the year ended 31 December 2025, the Group's sales to the top five customers accounted for approximately 35.24% of the total sales for the year. Additionally, the Group's sales to the single largest customer, accounted for approximately 13.36% of the total sales for the year.

For the year ended December 31, 2025, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors, owned more than 5% of our issued share capital (excluding treasury shares) of our Company) had any interest in any of our five largest suppliers or customers.

### Employees, Remuneration Policies and Training

As of December 31, 2025, we had 18,038 full-time employees. The following table sets forth a breakdown of our full-time employees by function as of June 30, 2025.

The number of current staff of the parent company as at the end of the Reporting Period	2,572
The number of current staff of the major subsidiaries as at the end of the Reporting Period	15,466
Total number of current staff as at the end of the Reporting Period	18,038
Total number of employees receiving salaries during the period	23,311
The number of retired employees that parent company and the major subsidiaries are responsible for the retirement expenses	0

Professional Structure	
Structure Classification	Number of Staff
Production	12,611
Sales	139
Technical	1,954
Finance	255
Administration	3,079
Total	18,038

Education	
Education Level	Number of Staff
Master's degree and above	590
Bachelor's degree	3,790
Tertiary education or below	13,658
Total	18,038

### **Remuneration Policies**

The Company strictly adheres to the Labor Law and other relevant laws and regulations, and has gradually established and improved a comprehensive compensation system and incentive mechanism to scientifically and reasonably protect the vital interests of its employees. The Company's compensation system adheres to the principles of fairness, competitiveness, and incentive: basic salaries are paid based on factors such as the employee's job value, individual ability, and industry salary levels, ensuring external competitiveness and internal fairness in income levels; annual performance bonuses, performance-based commissions, project bonuses, and profit sharing are paid based on factors such as company operating performance and employee value creation, encouraging employees to continuously innovate and improve their work, making greater contributions to the company; in addition, the company also attaches great importance to the construction of medium – and long-term incentive mechanisms to encourage employees to develop long-term within the company, and the company continues to implement the 2023 Restricted Stock Incentive Plan.

### **Training Programs**

To improve the overall quality of its employees, the Company attaches great importance to employee development and continuously improves its training system. The Company's training is divided into internal and external training. At the beginning of each year, the Human Resources Center formulates an annual training plan based on the Company's strategy, business development, and employee needs surveys. The Company focuses on job competency and has established a diverse, tiered, and categorized training system tailored to individual needs. The Company provides professional external training for employees in key and core positions; for employees with lower competence, the Company provides targeted skills training; for newly hired employees, the Company has established a mentorship system, using experienced staff to guide new employees and improve their job adaptation speed. At the same time, the Company has established an online learning platform to encourage technical employees to continuously hone their skills, and has established a skills certification system that directly links employee skill levels to their income; the Company also encourages employees to learn and improve themselves, providing subsidies to employees who participate in skills training and obtain relevant skills level certifications, as well as employees who obtain nationally recognized academic qualifications.

### **Labor Outsourcing**

The Company has no labor outsourcing.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is dedicated to upholding its social responsibilities by safeguarding the environment, prioritizing employee well-being and growth, supporting the community, and striving for sustainable development. Information about the Company's ESG policies and performance during the year ended December 31, 2025 has been disclosed in the ESG Report for the Reporting Period.

## **LICENCES, REGULATORY APPROVALS AND COMPLIANCE WITH LAWS AND REGULATIONS**

During the year ended December 31, 2025, the Group has not committed material breaches or violations of relevant laws and regulations in the PRC, where the Group has business entities and operations, and the Group has duly obtained licenses, permits and approvals from relevant government authorities that are material to our business operations in Chinese Mainland. Details of our compliance with relevant laws and regulations has been disclosed in the ESG Report for the Reporting Period.

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are set out in the section headed "Management Discussion and Analysis – Major Risks Faced by the Company and Countermeasures" from pages 53 to 55 of this annual report which constitute part of this directors' report.

## FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2025 and the state of the Group's financial position as at that date are set out in the consolidated financial statements from pages 119 to 122 of this annual report.

### Final Dividend

The Company strictly implements its shareholder dividend return plan and profit distribution policy. Based on its development stage, it coordinates the dynamic balance between performance growth and shareholder returns, increases the frequency of cash dividends, optimizes the dividend schedule, continuously improves shareholder returns, and implements a "long-term, stable, and sustainable" shareholder value return mechanism to continuously enhance the sense of gain for investors. During the Reporting Period, the Company implemented two cash dividends:

In April 2025, our Board declared a final dividend of RMB3.60 (tax inclusive) per 10 shares and approved a dividend plan to distribute a total cash dividend of approximately RMB328.5 million from our 2024 profits, which was paid on May 29, 2025.

On September 10, 2025, the Company declared an interim dividend of RMB2.80 (tax inclusive) per 10 shares and approved a dividend plan to distribute a total cash dividend of approximately RMB254.3 million, which was paid on October 10, 2025.

On March 30, 2026, the Board proposed the payment of a final dividend of RMB3.80 per every 10 Shares (tax inclusive) for the year ended December 31, 2025. No capital reserve will be converted into share capital, and no bonus shares will be issued. The final dividend is subject to approval by the shareholders at 2025 annual general meeting.

During the Reporting Period, there were no arrangements under which any Shareholder waived or agreed to waive any dividends.

### Closure of register of members

The register of members of the Company will be closed from Tuesday, 19 May 2026 to Friday, 22 May 2026, both days inclusive and during which no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2025 annual general meeting on 22 May 2026 (the "AGM"). In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders only), not later than 4:30 p.m. on Monday, 18 May 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM is 19 May 2026.

### Reserves and Distributable Reserves

Changes to the reserves of the Group during the year ended December 31, 2025 are set out in note 39 to the consolidated financial statements in this annual report.

### Charitable Donations

During the Reporting Period, the total donations made by the Company and its subsidiaries were approximately RMB5.2 million.

## **SUBSIDIARIES**

Details of the principal subsidiaries of the Company as at 31 December 2025 are set out in note 1 to the consolidated financial statements. All of the PRC subsidiaries are limited liability companies.

### **Property, Plant and Equipment**

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in note 13 to the consolidated financial statements in this annual report.

### **Share Capital**

Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in note 36.

### **Retained Profits**

Details of retained profits of the Group as at 31 December 2025 are set out in the consolidated statement of changes in equity of this annual report.

### **Pre-Emptive Rights**

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC, which oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

### **Tax Relief and Exemption**

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

### **Bank Borrowings and Other Loans**

Details of bank borrowings and other loans of the Group as at December 31, 2025 are set out in note 30 to the consolidated financial statements of this annual report.

### **Financial Summary**

A summary of the published results and of the assets and liabilities of the Group for the last four financial years is set out under the Section "Financial Highlights" of this annual report. This summary does not form part of the audited consolidated financial statements.

### **Share Scheme**

During the Reporting Period, the Company had three Share Incentive Plans in effect, including the Employee Stock Ownership Scheme, the 2022 Restricted Share Incentive Scheme and 2023 Restricted Share Incentive Scheme.

#### **(1) Employee Stock Ownership Scheme**

Our Company adopted the Employee Stock Ownership Scheme in November 2022, which was terminated on September 26, 2025. 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 (which was adjusted to 10,889,251 A Shares pursuant to the 2023 profit distribution plan) 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 foregoing 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**

On September 26, 2025, all A shares held by the Employee Stock Ownership Scheme has been sold through centralized bidding. In accordance with the relevant provisions of the Employee Stock Ownership Scheme, the said scheme has been completed and terminated.

**(2) 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 Listing. On April 10, 2025, all the restricted shares granted under the 2022 Restricted Share Incentive Scheme have been repurchased and cancelled. In accordance with the provisions of the 2022 Restricted Share Incentive Scheme, the said scheme has been completed and terminated. 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:

<b>Restricted Share Incentive Scheme</b>	
<b>Total number of Shares which may be issued under the respective scheme<sup>(1)</sup></b>	
2022 Restricted Share Incentive Scheme	5,591,369 <sup>(2)</sup>
2023 Restricted Share Incentive Scheme	13,777,918 <sup>(3)</sup>

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). On April 10, 2025, all the restricted shares granted under the 2022 Restricted Share Incentive Scheme have been repurchased and cancelled. In accordance with the provisions of the 2022 Restricted Share Incentive Scheme, the said scheme has been completed and terminated.
- (3) As at the date of this annual report, the total number of shares available for issue under this scheme represents approximately 1.36% (excluding treasury shares)

**(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. The remaining life of the 2023 Restricted Share Incentive Scheme is 27 months as at the date of this annual report.

The total number of restricted shares of the Company granted to any incentive recipient under the Restricted Share Incentive Schemes through all equity incentive plans in effect shall not exceed 1.00% of the Company's total share capital at the time of announcing the Restricted Share Incentive Schemes.

**(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 December 31, 2025 and as the date of this annual report, the number of outstanding restricted Shares granted under the Restricted Share Incentive Schemes was 4,650,914, representing approximately 0.46% of the issued Shares (excluding treasury shares). 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 December 31, 2025:

## Directors' Report

Name of participant	Position of participant	Date of Grant	Grant price per share	Outstanding as at 1 January 2025	Granted during the Reporting Period	Restricted Shares unlocked during the Reporting Period	Restricted Shares lapsed during the Reporting Period	Restricted Shares adjusted during the Reporting Period	Outstanding as at December 31, 2025
Tao Wu	Executive Director and Senior Vice President	April 13, 2022 and July 3, 2023	63.97 and 30.78	81,126	-	21,574	25,610	-	33,942
Liao Hengxing	Executive Director	April 13, 2022 and July 3, 2023	63.97 and 30.78	67,395	-	16,790	24,189	-	26,416
Li Weihua	Executive Director and Employee Representative	April 13, 2022 and July 3, 2023	63.97 and 30.78	80,006	-	21,574	24,490	-	33,942
Liu Xingguo	Executive Director	April 13, 2022 and July 3, 2023	63.97 and 30.78	78,886	-	21,574	23,370	-	33,942
Zhu Zongyuan	Chief financial officer	April 13, 2022 and July 3, 2023	30.78	74,827	-	20,304	22,581	-	31,942
Tang Huateng	Board Secretary	July 3, 2023	30.78	17,748	-	6,446	1,160	-	10,142
Zou Chang	Supervisor of Guangxi Zhongwei New Energy	April 13, 2022 and July 3, 2023	63.97 and 30.78	45,826	-	12,526	13,594	-	19,706
Li Ningzhen	Supervisor of Hunan Zhongwei New Energy	April 13, 2022 and July 3, 2023	63.97 and 30.78	21,157	-	5,998	5,723	-	9,436
Yang Bo	Supervisor of Hunan Zhongwei New Energy	April 13, 2022 and July 3, 2023	63.97 and 30.78	28,452	-	5,766	11,346	-	11,340
Chen Hailei	Supervisor of DNI and Director of NNI	April 13, 2022 and July 3, 2023	63.97 and 30.78	51,968	-	14,736	14,048	-	23,184
Li Cheng	Director of Hunan Zhongwei Zhengyuan	April 13, 2022 and July 3, 2023	63.97 and 30.78	70,704	-	18,399	23,359	-	28,946
Luo Yao	General manager of Hunan Zhongwei Zhengyuan	April 13, 2022 and July 3, 2023	63.97 and 30.78	53,663	-	14,000	17,639	-	22,024
Dong Bengang	General manager of Hunan Zhongwei New Energy	April 13, 2022 and July 3, 2023	63.97 and 30.78	33,158	-	10,009	7,401	-	15,748

## Directors' Report

Name of participant	Position of participant	Date of Grant	Grant price per share	Outstanding as at 1 January 2025	Granted during the Reporting Period	Restricted Shares unlocked during the Reporting Period	Restricted Shares lapsed during the Reporting Period	Restricted Shares adjusted during the Reporting Period	Outstanding as at December 31, 2025
Liu Yi	Director of Hunan Zhongwei New Energy and Guangxi Zhongwei New Energy	April 13, 2022 and July 3, 2023	63.97 and 30.78	64,243	-	17,029	20,424	-	26,790
Zhou Wenxing	Director of Hunan Zhongwei New Energy	April 13, 2022 and July 3, 2023	63.97 and 30.78	25,305	-	0	25,305	-	0
Fu Peiwen	Director of DNI	July 3, 2023	RMB30.78	23,442	-	8,514	1,532	-	13,396
Huang Xing	Supervisor of Hunan Zhongwei Zhengyuan and Director of Guizhou Zhongwei New Material	July 3, 2023	RMB30.78	13,524	-	4,912	884	-	7,728
Wang Jianqiang	Supervisor of Hunan Zhongwei New Energy	July 3, 2023	RMB30.78	10,143	-	3,684	663	-	5,796
Xiao Huishu	Director of Guangxi Zhongwei New Energy	June 20, 2024	RMB21.16	28,000	-	11,865	2,135	-	14,000
Subtotal				<b>897,573</b>	<b>-</b>	<b>247,565</b>	<b>267,588</b>	<b>-</b>	<b>382,420</b>
Other grantees (excluding Directors, senior management and connected persons of our Company)	-	April 13, 2022	RMB63.97	1,840,211	-	0	1,840,211	0	0
		July 3, 2023	RMB30.78	6,511,887	-	1,781,426	1,416,203	-	3,314,258
		June 20, 2024	RMB21.16	2,769,382	-	761,729	1,039,417	-	968,236
Total				<b>11,991,053</b>	<b>-</b>	<b>2,778,855</b>	<b>4,561,284</b>	<b>-</b>	<b>4,650,914</b>

### Notes:

- (1) There are a total of 1,096 grantees that received the unlocked restricted shares under the 2023 Restricted Share Incentive Scheme as at the end of Reporting Period.
- (2) The grant price of RMB30.78, RMB63.97 and RMB21.16 was based on the average trading price of the company's stock on the trading day preceding the announcement of the grant (total trading amount on the previous trading day/total trading volume on the previous trading day) and multiply by 50%.

## DIRECTORS

The Directors during the year ended December 31, 2025 were:

Name	Position/Title
Mr. Deng Weiming (鄧偉明)	Executive Director, chairman of the Board and president
Mr. Tao Wu (陶吳)	Executive Director and senior vice president
Mr. Liao Hengxing (廖恆星)	Executive Director
Mr. Li Weihua (李衛華)	Executive Director, employee representative Director
Mr. Liu Xingguo (劉興國)	Executive Director
Mr. Deng Jing (鄧競)	Executive Director
Mr. Cao Feng (曹豐)	Independent non-executive Director
Mr. Hong Yuan (洪源)	Independent non-executive Director
Mr. Jiang Liangxing (蔣良興)	Independent non-executive Director
Ms. Wong Sze Wing (黃斯穎)	Independent non-executive Director

The biographical details of the Directors of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

### Changes of Information of Directors Under Rule 13.51B(1) of Listing Rules

Saved as disclosed in this annual report, no information was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Directors' Service Contracts

Each of the executive Directors and independent non-executive Directors entered into a service contract with the Company from the commencement of the second session of the Board meeting until the end of second session of the Board meeting (i.e. March 26, 2026). The service contracts are subject to renewal and termination in accordance with their respective terms, our Articles of Association and the applicable Listing Rules and Shenzhen Listing Rules.

On March 23, 2026, the Company convened its 2026 second extraordinary general meeting pursuant to which the Shareholders elected the third session of the Board. All elected Director candidates are Directors of the previous session of the Board. For details, please refer to the announcement and circular dated March 6, 2026 and the announcement dated March 23, 2026.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Mr. Cao Feng, Mr. Hong Yuan, Mr. Jiang Liangxing and Ms. Wong Sze Wing), and the Company considers such Directors to be independent for the year ended December 31, 2025.

## Directors' and Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

There was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any of his/her connected entity had a material interest, whether directly or indirectly, and there was no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and Controlling Shareholders or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their respective subsidiaries, in each case subsisted at the end of, or at any time during the year ended December 31, 2025.

## Interests of Directors and Chief Executive

As at December 31, 2025, the interests and/or short positions (as applicable) of our Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be separately notified to the Company and the HKEX pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were set out as follows:

### i) Interest in our Company

Name of Director or chief executive	Nature of interest	Class	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of shares of the Company <sup>(2)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(3)</sup>
Mr. Deng	Beneficial owner	A Shares	29,570,194	3.15%	2.84%
	Interest held by controlled Corporation <sup>(1)(2)</sup>	A Shares	528,484,872	56.34%	50.71%
Mr. Tao Wu	Beneficial owner <sup>(3)</sup>	A Shares	1,141,343	0.12%	0.11%
Mr. Liao Hengxing	Beneficial owner <sup>(4)</sup>	A Shares	637,058	0.07%	0.06%
Mr. Li Weihua	Beneficial owner <sup>(5)</sup>	A Shares	822,979	0.09%	0.08%
Mr. Zhu Zongyuan	Beneficial Owner <sup>(6)</sup>	A Shares	669,000	0.07%	0.06%
Liu Xingguo	Beneficial Owner <sup>(7)</sup>	A Shares	679,394	0.07%	0.07%

Notes:

- (1) As at December 31, 2025, 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.

## Directors' Report

- (2) As at December 31, 2025, 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 at December 31, 2025, 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 at December 31, 2025, 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 at December 31, 2025, 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) As at December 31, 2025, Mr. Zhu Zongyuan was interested in 822,979 A Shares held by him and 33,942 A Shares held under the Restricted Share Incentive Schemes.
- (7) As at December 31, 2025, Mr. Liu Xingguo was interested in 645,452 A Shares held by him and 33,942 A Shares held under the Restricted Share Incentive Schemes.
- (8) All interests stated above are long position.

### ii) Interest in associated corporations

Name of Director or Supervisor	Nature of interests <sup>(1)</sup>	Associated corporations	Approximate percentage of holding in associated corporations
Mr. Deng	Beneficial Owner	Zhongwei Holding <sup>(1)</sup>	65%
	Interest of Spouse		35%
Mr. Deng	Beneficial owner	Hunan Rongrun Gongmao Co., Ltd.	5%
	Interest held by controlled corporation	(湖南融潤工貿有限公司) <sup>(2)</sup>	95%

*Notes:*

- (1) As at December 31, 2025, 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 at December 31, 2025, 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, as at December 31, 2025, none of our Directors and chief executive of our Company had interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be otherwise notified to the Company and the HKEX pursuant to the Model Code.

### Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at December 31, 2025, to the knowledge of the Directors, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Shareholder	Nature of interest	Class	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of shares of the Company	Approximate percentage of shareholding in the total share capital of the Company
Mr. Deng	Beneficial Owner	A Shares	29,570,194 (L)	3.15%	2.84%
	Interest in controlled corporations <sup>(3)(4)</sup>	A Shares	528,484,872 (L)	56.34%	50.71%
Harvest Fund Management Co., Ltd. <sup>(4)</sup>	Interest of spouse <sup>(5)</sup>	A Shares	29,570,194 (L)	3.15%	2.84%
	Interest of controlled corporation	A Shares	528,484,872 (L)	56.34%	50.71%
Zhongwei Holding	Beneficial Owner	A Shares	481,600,000 (L)	51.34%	46.21%
Morgan Stanley & Co. International plc	Underwriter	H Shares	17,078,584 (L)	16.39%	1.64%
Morgan Stanley International Holdings Inc.	Interest in a controlled corporation	H Shares	17,078,584 (L)	16.39%	1.64%
Morgan Stanley International Limited	Interest in a controlled corporation	H Shares	17,078,584 (L)	16.39%	1.64%
Morgan Stanley Investments (UK)	Interest in a controlled corporation	H Shares	17,078,584 (L)	16.39%	1.64%
J.P. MORGAN SECURITIES PLC	Interest in a controlled corporation	H Shares	9,599,000 (L)	9.20%	0.92%
			1,726,000 (S)	1.65%	0.17%
Huatai Securities Co., Ltd.	Interest in a controlled corporation	H Shares	9,441,200 (L)	9.05%	0.91%
			7,915,400 (S)	7.59%	0.76%
NORTH ROCK CAPITAL MANAGEMENT, LLC	Investment manager	H Shares	8,395,400 (L)	8.06%	0.81%
NR 1 SP, A Segregated Portfolio of North Rock SPC	Interest in a controlled corporation	H Shares	8,395,400 (L)	8.06%	0.81%
JPMorgan Chase & Co.	Interest of corporation controlled by you	H Shares	7,739,398 (L)	7.42%	0.74%
			1,381,600 (S)	1.32%	0.13%
			139,998 (P)	0.13%	0.01%

## Directors' Report

### Notes:

- (1) (L) Indicates a long position; (S) Indicates a short position; and (P) Indicates a lending pool.
- (2) The calculation is based on the total number of 938,028,458 A Shares or 104,225,400 H Shares in issue as of December 31, 2025.
- (3) As at December 31, 2025, 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.
- (4) As at December 31, 2025, 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.
- (5) 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, as at December 31, 2025, so far as is known to the Directors, none of any other persons (other than the Directors and chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register referred to in section 336 of the SFO.

## Number of Shareholders and Shareholding Position

Unit: shares

Reporting Period	Total number of ordinary shareholders at the end of the Reporting Period	Total number of ordinary shareholders as at the last trading day prior to the publication date of this annual report	Total number of preference shareholders (of which A share holders, 10 registered H share holders)	Total number of preference shareholders with restored voting rights at the end of the Reporting Period (if any) (see Note 9)	Total number of preference shareholders with restored voting rights as at the last trading day prior to the publication date of this annual report (if any) (see Note 9)	Total number of preference shareholders with restored voting rights as at the last trading day prior to the publication date of this annual report (if any) (see Note 9)		Total number of shareholders holding shares with special voting rights (if any)
						0	0	
<b>Shareholding of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through securities lending and borrowing)</b>								
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the Reporting Period	Change during the Reporting Period	Number of restricted shares held	Number of unrestricted shares held	Pledged, marked or frozen Status	Number
Hunan Zhongwei Holding Group Company Limited	Domestic non-state-owned legal person	46.21%	481,600,000	0	0.00	481,600,000	NA	0
HKSCC NOMINEES LIMITED	Overseas legal person	10.00%	104,223,849	104,223,849	0	104,223,849	NA	0
Deng Weiming	Domestic natural person	2.84%	29,570,194	0	22,177,645	7,392,549	NA	0
Shanghai Gaoyi Asset Management Partnership (Limited Partnership) – Gaoyi Linshan No. 1 Vision Fund (高毅鄰山1號遠望基金)	Other	2.73%	28,500,000	28,500,000	0.00	28,500,000	NA	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.12%	22,045,300	(1,351,218)	0.00	22,045,300	NA	0
Tongren Hongxin Chengda Enterprise Management Consulting Partnership (L.P.)	Domestic non-state-owned legal person	1.64%	17,052,000	0	0.00	17,052,000	NA	0
Guizhou Guixin Ruihe Entrepreneurship Investment Management Co., Ltd. – Guizhou New Kinetic Energy Industry Development Fund Partnership (Limited Partnership)* (貴州新動能產業投資基金合夥企業(有限合夥))	Other	1.02%	10,682,000	0	0.00	10,682,000	NA	0

## Directors' Report

### Shareholding of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through securities lending and borrowing)

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the Reporting Period	Change during the Reporting Period	Number of restricted shares held	Number of unrestricted shares held	Pledged, marked or frozen Status Number	
Qianhai Equity Investment Fund (L.P.)	Domestic non-state-owned legal person	0.86%	8,970,400	(7,087,600)	0.00	8,970,400	NA	0
Guizhou Guixin Ruihe Entrepreneurship Investment Management Co., Ltd. – Guizhou Province High-tech Industry Development Fund Venture Capital Co., Ltd.	Other	0.82%	8,540,000	0.00	0.00	8,540,000	NA	0
Industrial and Commercial Bank of China Limited – E Fund ChiNext Exchange-Traded Open-End Index Securities Investment Fund (易方達創業板交易型開放式指數證券投資基金)	Other	0.77%	8,029,905	(3,523,511)	0.00	8,029,905	NA	0
Strategic investors or general legal persons becoming top 10 shareholders due to placement of new shares (if any) (see Note 4)		NA						
Explanation of affiliated relationships or acting-in-concert among the above shareholders (if any)								<p>1. Among the Company's shareholders, Hunan Zhongwei Holding Group Company Limited, Deng Weiming and Tongren Hongxin Chengda Enterprise Management Consulting Partnership (L.P.) are related parties, with Hunan Zhongwei Holding Group Company Limited and Tongren Hongxin Chengda Enterprise Management Consulting Partnership (L.P.) being jointly controlled by Deng Weiming and his spouse Wu Xiaoge.</p> <p>2. Save as disclosed above, the Company is not aware of any other affiliated relationship or acting-in-concert relationship as defined in the Administrative Measures for the Takeover of Listed Companies among the other shareholders.</p>
Explanation regarding delegated/entrusted voting rights and waiver of voting rights for the above shareholders		NA						
Special explanation regarding repurchase accounts among the top 10 shareholders (if any) (see Note 10)								Among the top 10 shareholders, there is the "CNGR Advanced Material Co., Ltd. Repurchase Special Securities Account", which held 29,832,872 shares as at the end of the Reporting Period, representing a 2.86% shareholding percentage.

Shareholding of the top 10 unrestricted shareholders (excluding shares lent through securities lending and borrowing and locked-up shares held by directors and officers)				
Name of shareholder	Number of unrestricted shares held at the end of the Reporting Period	Type of shares		Number
		Class		
Hunan Zhongwei Holding Group Company Limited	481,600,000	RMB ordinary shares		481,600,000
HKSCC NOMINEES LIMITED	104,223,849	Overseas listed foreign shares		104,223,849
Shanghai Gaoyi Asset Management Partnership (Limited Partnership) – Gaoyi Linshan No. 1 Vision Fund (高毅鄰山1號遠望基金)	28,500,000	RMB ordinary shares		28,500,000
Hong Kong Securities Clearing Company Limited	22,045,300	RMB ordinary shares		22,045,300
Tongren Hongxin Chengda Enterprise Management Consulting Partnership (L.P.)	17,052,000	RMB ordinary shares		17,052,000
Guizhou Guixin Ruihe Entrepreneurship Investment Management Co., Ltd. – Guizhou New Kinetic Energy Industry Development Fund Partnership (Limited Partnership)* (貴州新動能產業投資基金合夥企業 (有限合夥))	10,682,000	RMB ordinary shares		10,682,000
Qianhai Equity Investment Fund (L.P.)	8,970,400	RMB ordinary shares		8,970,400
Guizhou Guixin Ruihe Entrepreneurship Investment Management Co., Ltd. – Guizhou Province High-tech Industry Development Fund Venture Capital Co., Ltd.	8,540,000	RMB ordinary shares		8,540,000
Industrial and Commercial Bank of China Limited – E Fund ChiNext Exchange-Traded Open-End Index Securities Investment Fund (易方達創業板交易型開放式指數證券投資基金)	8,029,905	RMB ordinary shares		8,029,905
Deng Weiming	7,392,549	RMB ordinary shares		7,392,549

## Directors' Report

Explanation of affiliated relationships or acting-in-concert among the top 10 unrestricted shareholders and between the top 10 unrestricted shareholders and the top 10 shareholders

1. Among the Company's shareholders, Hunan Zhongwei Holding Group Company Limited, Deng Weiming and Tongren Hongxin Chengda Enterprise Management Consulting Partnership (L.P.) are related parties, with Hunan Zhongwei Holding Group Company Limited and Tongren Hongxin Chengda Enterprise Management Consulting Partnership (L.P.) being jointly controlled by Deng Weiming and his spouse Wu Xiaoge.

2. Save as disclosed above, the Company is not aware of any other affiliated relationship or acting-in-concert relationship as defined in the Administrative Measures for the Takeover of Listed Companies among the other shareholders.

Explanation regarding shareholders involved in margin trading and securities lending (if any) (see Note 5)

NA

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2025.

## EMOLUMENT POLICY

### Decision-Making Procedures, Basis for Determination, and Actual Payment of Remuneration for Directors and Senior Management

#### 1. Decision-Making Procedures for Remuneration of Directors and Senior Management

The company's board of directors has established a Nomination, Remuneration, and Assessment Committee, which is primarily responsible for reviewing relevant remuneration plans or schemes for directors and senior management, examining the performance of non-independent directors and senior management, and conducting annual performance evaluations of them. The remuneration plan for company directors proposed by the Nomination, Remuneration, and Assessment Committee must be submitted to the board of directors for approval and then to the shareholders' meeting for review and approval before implementation; the remuneration distribution plan for company senior management must be approved by the board of directors.

#### 2. Basis for Determining Remuneration for Directors and Senior Management

Directors and senior management holding specific management positions in the Company receive remuneration according to the Company's relevant remuneration and performance evaluation management system. The company pays independent director allowances to independent directors according to the standards approved by the shareholders' meeting; no other remuneration is paid. Directors who do not hold positions in the Company generally do not receive remuneration from the Company. With the approval of the Company's shareholders' meeting, the Company may pay director allowances separately.

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals in the Group are set out in note 9 to the consolidated financial statements of this annual report. No Director has waived or has agreed to waive any emoluments and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for the loss of office during the year ended 31 December 2025.

Particulars of the employee benefits of the Group are set out in note 2.4 to the consolidated financial statements of this annual report.

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

## Remuneration of Directors and Senior Management during the Reporting Period

Unit: RMB'0,000

Name	Gender	Age	Position	Employment status	Total pre-tax remuneration received from the Company	Whether remuneration was received from connected persons of the Company
Deng Weiming	Male	57	Chairman, President	Current	422.83	No
Tao Wu	Male	42	Executive Director, Senior Vice President	Current	387.68	No
Liao Hengxing	Male	43	Executive Director	Current	373.15	No
Li Weihua	Male	57	Employee representative Director	Current	256.63	No
Liu Xingguo	Male	46	Executive Director	Current	290.36	No
Deng Jing	Male	31	Executive Director	Current	60.00	Yes
Cao Feng	Male	40	Independent non-executive Director	Current	1.91	No
Hong Yuan	Male	44	Independent non-executive Director	Current	1.91	No
Jiang Liangxing	Male	43	Independent non-executive Director	Current	9.00	No
Wong Sze Wing	Female	47	Independent non-executive Director	Current	1.10	No
Tang Huateng	Male	35	Board Secretary	Current	185.44	No
Zhu Zongyuan	Male	48	Chief Financial Officer	Current	243.25	No
Li Weihua	Male	57	Executive Director	Former	Refer to disclosure as Employee representative Director	No
Cao Yue	Male	44	Independent non-executive Director	Former	7.09	No
Li Wei	Male	44	Independent non-executive Director	Former	7.09	No
Liao Hengxing	Male	43	Board Secretary	Former	Refer to disclosure as Executive Director	No
Total	-	-	-	-	2,247.44	-

## PUBLIC FLOAT

As at December 31, 2025 and up to the date of this annual report, based on the information that is publicly available to the Company and to the knowledge of the Directors, the number of H Shares held in public hands represents 10.00% of the total issued share capital of the Company, which fulfills the requirement of public float under the Listing Rules.

## RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as disclosed under the sections headed "Employee Stock Ownership Scheme", "2022 Restricted Share Incentive Scheme", "2023 Restricted Share Incentive Scheme", in this directors' report, at no time during the year ended December 31, 2025 was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

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

Details of the Group's purchase, sale or redemption of the Company's securities are set out in the section headed "Management Discussion and Analysis – Purchase, Sale or Redemption of the Company's Listed Securities" in this annual report.

## **TAXATION RELIEF AND EXEMPTION OF DIVIDEND FOR H SHARES**

### **A. Individual Income Tax**

In accordance with the provisions of the "Notice of the State Administration of Taxation on Individual Income Tax Collection Issues Following the Repeal of the Document with the Number of Guo Shui Fa 1993 No. 045" (Guo Shui Han 2011 No. 348) (《國家稅務總局關於國稅發1993045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函2011348號)), withholding and remitting obligor will withhold and remit individual income tax as per item of "interest, dividends and bonus income" for dividends and bonuses income of overseas resident individual shareholders from the domestic non-foreign-funded enterprises by issuing shares in Hong Kong. When the domestic non-foreign-funded enterprise issues shares in Hong Kong, its overseas resident individual shareholders will enjoy relevant tax preference in accordance with the tax convention signed by China and the country stated in the residential identity and tax arrangement of Chinese Mainland and Hong Kong (Macau). In general, the tax rate for dividend is 10% in accordance with relevant tax convention and provisions on tax arrangement. To simplify tax collection and management, when a domestic non-foreign funded enterprise that has issued shares in Hong Kong distributes dividends and bonuses, individual income tax will be generally withheld and remitted at the tax rate of 10% and application is not necessary. If the tax rate for dividends is not fall within 10%, the following provisions shall apply: (1) for residents from countries which have entered into tax treaties with a tax rate of lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the competent tax authorities, the excess tax amounts withheld will be refunded; (2) for residents from countries which have entered into tax treaties with a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the effective tax rate under the treaties when distributing dividends without application; (3) for residents from countries without tax treaties or otherwise, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

### **B. Enterprise Income Tax**

In accordance with the provisions of the "Notice on Relevant Issues that PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H shares and Withhold and Remit Enterprise Income Tax" (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2008897號)), when PRC resident enterprises distribute dividends for 2008 and future years to overseas non-resident enterprise shareholders of H shares, they will withhold and remit enterprise income tax at the tax rate of 10%.

### C. Shenzhen-Hong Kong Stock Connect

For domestic investors (including enterprises and individuals) who invest in the H Shares of the Company through the Shenzhen Stock Exchange, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee for investors of H Shares under the Shenzhen-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute such cash dividends to the relevant investors of H Shares under the Shenzhen-Hong Kong Stock Connect through its depository and clearing system. Cash dividends for investors of H Shares under the Shenzhen-Hong Kong Stock Connect will be paid in RMB. In accordance with provisions of the “Notice on Tax Policies about Inter-communication Pilot of Shenzhen-Hong Kong Stock Exchange Mechanism” (Cai Shui 2016 No. 127) (《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》(財稅2016127號)), issued by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission of the PRC: (1) H-share companies will withhold individual income tax at the tax rate of 20% for dividend and bonus of individual investors in Chinese Mainland who invest in H shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect; (2) individual income tax will be collected with reference to individual investors for dividends and bonuses income of the securities investment fund in Chinese Mainland which invests in listed shares of the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect; (3) H-share companies will not withhold dividend and bonus income tax for dividends and bonuses of enterprise investors in Chinese Mainland who invest in listed shares of the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect and the payable tax will be paid by the enterprises themselves. Dividends and bonuses income obtained by resident enterprises in Chinese Mainland as they have continuously held H shares for 12 months will be exempted from enterprise income tax according to laws.

The schedule for the record date, cash dividend payment date, and other arrangements for Shenzhen-Hong Kong Stock Connect investors shall be consistent with those for the H-share shareholders of the Company.

For details of the expected timetable for the distribution of the final dividend, please refer to the 2025 annual general meeting circular dated 28 April 2026.

### D. Shanghai-Hong Kong Stock Connect

For domestic investors (including enterprises and individuals) who invest in the H Shares of the Company through the Shanghai Stock Exchange, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee for investors of H Shares under the Shanghai-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute such cash dividends to the relevant investors of H Shares under the Shanghai-Hong Kong Stock Connect through its depository and clearing system. Cash dividends for investors of H Shares under the Shanghai-Hong Kong Stock Connect will be paid in RMB. In accordance with provisions of the “Notice on Tax Policies about Inter-communication Pilot of Shanghai-Hong Kong Stock Exchange Mechanism” (Cai Shui 2014 No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅201481號)) issued by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission of the PRC: (1) H-share companies will withhold individual income tax at the tax rate of 20% for dividend and bonus of individual investors in Chinese Mainland who invest in H shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect; (2) Individual income tax will be collected with reference to individual investors for dividends and bonuses income of the securities investment fund in Chinese Mainland which invests in listed shares of the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect; (3) H-share companies will not withhold dividend and bonus income tax for dividends and bonuses of enterprise investors in Chinese Mainland who invest in listed shares of the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect and the payable tax will be paid by the enterprises themselves. Dividends and bonuses income obtained by resident enterprises in Chinese Mainland as they have continuously held H shares

for 12 months will be exempted from enterprise income tax according to laws. The schedule for the record date, cash dividend payment date, and other arrangements for Shanghai-Hong Kong Stock Connect investors shall be consistent with those for the H-share shareholders of the Company.

#### **Special announcement**

The Company will withhold payment of the relevant income tax strictly in accordance with the relevant laws or requirements of the relevant government departments and strictly based on the Company's register of members of H Shares on the record date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders or any disputes over the mechanism of withholding arrangement. The Company will not be liable for any claim or dispute over the withholding mechanism arising from any delay in, or inaccurate determination of the status of the Shareholders.

Shareholders are suggested to consult their tax consultants regarding the tax impacts in China, Hong Kong and other countries (regions) for holding and selling the Shares.

## **CONNECTED TRANSACTIONS**

The Company has conducted the below partially-exempted continuing connected transactions during the year 2025.

### **(1) Zhongxian Intelligence Comprehensive Procurement Framework Agreement**

The Company, for itself and on behalf of its subsidiaries, has entered into a framework agreement with Hunan Zhongxian Intelligence Technology Company Limited (湖南中先智能科技有限公司) ("**Zhongxian Intelligence**") on November 4, 2025 (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 Listing Date 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.

**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 (RMB million)	2026 (RMB million)	2027 (RMB million)
Total prices to be paid by the Group to Zhongxian Intelligence	50	50	50

For the year ended 31 December 2025, the historical amounts of the transactions are as follows:

	Historical transaction amount for the year ended 31 December 2025 (RMB million)
Procurement of the Products and Services from Zhongxian Intelligence by the Group	21.8

**Listing Rules implications**

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.

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 Listing, 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.

**(2) 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 and Engineering Group Co.,Ltd.(宏林建設工程集團有限公司) ("**Honglin Construction**"), for itself and on behalf of its subsidiaries (the "**Honglin Group**"), on November 4, 2025 (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 Listing Date 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.

**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 (RMB million)	2026 (RMB million)	2027 (RMB million)
Total prices to be paid by the Group to Honglin Group	100	100	100

For the year ended 31 December 2025, the historical amounts of the transactions are as follows:

	Historical transaction amount for the year ended 31 December 2025 (RMB million)
Total procurement of the Services from Honglin Group	99.1

### **Listing Rules implications**

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.

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 Listing, 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.

### **(3) Jinneng Group Comprehensive Products Supply Framework Agreement**

The Company, for itself and on behalf of its subsidiaries, has entered into a framework agreement with Hunan Zhongwei Jinneng New Material Company Limited\* (湖南中偉金能新材料有限責任公司) ("**Zhongwei Jinneng**"), for itself and on behalf of its subsidiaries ("**Jinneng Group**"), on November 4, 2025 (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 Listing Date 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.

**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 (RMB million)	2026 (RMB million)	2027 (RMB million)
Total prices to be paid to the Group by Jinneng Group	103	305	505

For the year ended 31 December 2025, the historical amounts of the transactions are as follows:

	Historical transaction amount for the year ended 31 December 2025 (RMB million)
Supply of the Products to Jinneng Group by the Group	52.5

**Listing Rules implications**

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.

As the highest applicable percentage ratio of 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 Listing, 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.

**Review by and Confirmation of Independent Non-executive Directors and our Company**

Our independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were carried out in the ordinary and usual course of business of the Group and made on normal commercial terms. The terms of Zhongxian Intelligence Comprehensive Procurement Framework Agreement, Honglin Group Engineering and Infrastructure Construction Services Procurement Framework Agreement and Jinneng Group Comprehensive Products Supply Framework Agreement are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Our Company also confirms that we have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Our Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the year ended December 31, 2025 has followed the pricing principles of such continuing connected transactions.

### **Review by and Confirmation of Auditor**

The auditors of our Company were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young sent a letter to the Board based on its review of the above-mentioned continuing connected transactions, expressing the following opinions in respect of the disclosed continuing connected transactions:

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

### **RELATED PARTY TRANSACTIONS**

Save as disclosed in "Connected Transactions" above, none of the related parties transactions (details of our related party transactions of the Group for the Reporting Period are set out in notes 46 to the consolidated financial statements of this annual report) constitutes non-exempt connected transaction or continuing connected transactions of our Company as defined under the Listing Rules and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

### **PERMITTED INDEMNITY PROVISION**

Pursuant to the Articles of Association, the Directors and officers of the Company shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default.

The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors during the year ended December 31, 2025.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the 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 for the year ended December 31, 2025 which would require disclosure under Rule 8.10 of the Listing Rules.

## **THE CONTROLLING SHAREHOLDERS' NON-COMPETITION UNDERTAKINGS**

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.

The Controlling Shareholders have provided certain non-competition undertakings to the Company in December 2020 (the "**Non-Competition Undertakings**"), 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.

The Controlling Shareholders confirmed that they have complied and will comply with the Non-competition Undertakings.

## **USE OF PROCEEDS FROM THE GLOBAL OFFERING**

Details of the Group's use of proceeds from the Global Offering are set out in the section headed "Management Discussion and Analysis – Use of Proceeds" in this annual report.

## **MATERIAL EVENTS AFTER THE REPORT PERIOD**

Please refer to the section headed "Management Discussion and Analysis – Use of Proceeds – Material Events after the Reporting Period" in this annual report.

## MAJOR LITIGATION AND ARBITRATION

During the Reporting Period, 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.

## CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

## AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2025.

## AUDITOR

The Board has appointed Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) and Ernst & Young as the domestic auditor and H Shares auditor of the Company, respectively.

Baker Tilly China Certified Public Accountants (Special General Partnership) previously served as the domestic auditor of the Company for the year ended December 31, 2023. From the year ended December 31, 2024 onwards, the annual domestic auditor of the Company was changed to Ernst & Young Hua Ming LLP.

The Company will seek approval from its Shareholders at the 2025 annual general meeting of the Company for the re-appointment of the domestic and H Shares auditors of the Company for the year ending December 31, 2026. Save as disclosed above, the Company has not changed its auditors in the past three years.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this directors' report.

On behalf of the Board

**Mr. Deng Weiming**

*Chairman and Executive Director*

March 30, 2026

# Corporate Governance Report

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to report to the shareholders of the Company (the “**Shareholders**”) on the corporate governance of the Company for the year ended December 31, 2025.

## CORPORATE GOVERNANCE CULTURE

The Company is 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. As a group with diversified businesses, by recognising the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following values to provide guidance on employees’ conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company’s vision, mission, policies and business strategies:

- (a) Mission – Materials to Perfection;
- (b) Vision – A global leader innovator in advanced materials;
- (c) Core values – entrepreneurship, innovation, diversity, win-win;

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as the basis of the Company’s corporate governance practices.

The Board is of the view that throughout the period from November 17, 2025 (the “**Listing Date**”) to December 31, 2025, the Company has complied with all the applicable code provisions as set out in the CG Code, except as disclosed in this Corporate Governance Report.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout period from the Listing Date to December 31, 2025.

The Company has also established Management Policy for Information Disclosure (信息披露管理制度) and Management Policy for Person with Access to Inside Information (《内幕信息知情人管理制度》) no less exacting than the Model Code for securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. The Regulations on Information Disclosure regulates the principles of information disclosure, content, responsibilities for information disclosure and confidentiality, and the process of assessment and disclosure and ensures that inside information could be identified timely and remain confidential until the disclosure of such information is appropriately approved, and the dissemination of such information shall be accurately, effectively and consistently made. To the best knowledge of the Company, no incident of non-compliance of the Regulations on Information Disclosure by the employees was noted by the Company from the Listing Date to December 31, 2025.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of Executive Directors and Independent Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

### Board Composition

During the Year and up to the date of this report, the members of the Board are:

#### Executive Directors

Mr. Deng Weiming (*Chairman*)

Mr. Tao Wu

Mr. Liao Hengxing

Mr. Li Weihua

Mr. Liu Xingguo

Mr. Deng Jing

#### Independent Non-executive Directors

Mr. Cao Feng (appointed on October 15, 2025)

Mr. Hong Yuan (appointed on October 15, 2025)

Mr. Jiang Liangxing

Ms. Wong Sze Wing (appointed on November 17, 2025)

Mr. Cao Yue (resigned on October 15, 2025)

Mr. Li Wei (resigned on October 15, 2025)

Each of Directors of the Company during the financial year ended December 31, 2025, have obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange in April 2025, and he/she has confirmed he/she understood his/her obligations as a director of a listed issuer.

The biographical information of the Directors is set out in the section headed “Directors and Senior Management” of this Annual Report. The relationships between the Directors are disclosed in the respective Director’s biography under the section “Directors and Senior Management” of this Annual Report. Save as disclosed in this annual report, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Chief Executive Officer.

### Directors’ Attendance Records

The attendance record of each Director at the Board meetings, the Board Committee meetings and the general meetings of the Company held during the year ended December 31, 2025 is set out in the table below:

#### Attendance/Number of Meetings

Name of Director	Board	Audit Committee	Nomination, Remuneration and Appraisal Committee	Strategy and ESG Committee	Annual General Meeting	Other General Meetings (if any)
<b>Executive Directors</b>						
Mr. Deng Weiming	15/15	–	–	1/1	1/1	7/7
Mr. Tao Wu	15/15	–	–	1/1	0/1	3/7
Mr. Liao Hengxing	15/15	–	–	–	1/1	6/7
Mr. Li Weihua	15/15	–	–	–	1/1	6/7
Mr. Liu Xingguo	15/15	–	–	–	1/1	7/7
Mr. Deng Jing	15/15	–	–	–	1/1	3/7
<b>Independent Non-executive Directors</b>						
Mr. Cao Feng (Note 1)	2/2	1/1	0/0	–	0/0	0/0
Mr. Hong Yuan (Note 2)	2/2	1/1	0/0	–	0/0	0/0
Mr. Jiang Liangxing	15/15	9/9	5/5	1/1	1/1	3/7
Ms. Wong Sze Wing (Note 3)	0/0	0/0	0/0	–	0/0	0/0
<b>Former Directors</b>						
Mr. Cao Yue (Note 4)	13/13	8/8	5/5	–	1/1	7/7
Mr. Li Wei (Note 5)	13/13	8/8	5/5	–	1/1	6/7

Notes:

- Mr. Cao Feng was appointed as Independent Non-executive Director, chairman of Audit Committee and member of Nomination, Remuneration and Appraisal Committee with effect from 15 October 2025.
- Mr. Hong Yuan was appointed as Independent Non-executive Director and chairman of Nomination, Remuneration and Appraisal Committee with effect from 15 October 2025, and member of Audit Committee with effect from the Listing Date.
- Ms. Wong Sze Wing was appointed as Independent Non-executive Director, member of Audit Committee and member of Nomination, Remuneration and Appraisal Committee with effect from the Listing Date.
- Mr. Cao Yue resigned as Independent Non-executive Director, chairman of Audit Committee and member of Nomination, Remuneration and Appraisal Committee with effect from 15 Oct 2025.
- Mr. Li Wei resigned as Independent Non-executive Director, member of Audit Committee and chairman of Nomination, Remuneration and Appraisal Committee with effect from 15 Oct 2025.

Apart from regular Board meetings, the Chairman also held 1 meeting with the Independent Non-executive Directors without the presence of other Directors during the year.

The Independent Non-executive Directors have attended general meetings of the Company to gain and develop a balanced understanding of the view of the Shareholders.

### **Board Meetings**

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

### **Responsibilities, Accountabilities and Contributions of the Board and Management**

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

### **Chairman and Chief Executive**

The Chairman and Chief Executive of the Company are held by Mr. Deng Weiming who is the Chairman and president of the Company and has extensive experience in the industry.

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 Weiming currently holds both roles. The 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.

The 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.

### **Independent Non-executive Directors**

During the period from the H Shares Listing Date and up to the date of the Report, the Board at all times met the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

### **Board Independence Evaluation**

To promote more objective and effective board decision-making, the Company has established the Rules of Procedure for the Board of Directors (《董事會議事規則》), the Working Rules of the Independent Directors (《獨立董事工作制度》) and other systems, so as to ensure that independent views and opinions of all Directors can be conveyed to the Board.

- 1) The Rules of Procedure for the Board of Directors and Working Rules of the Independent Directors and other systems provide guidance for the duty performance of each Director to ensure standard operation and scientific decision-making by the Board, and stipulate actions to be taken by the Directors to avoid any conflict of interests;
- 2) The Board of the Company consists of ten members; four of them are independent non-executive Directors in accordance with the SZSE and the Hong Kong Listing Rules of Hong Kong Stock Exchange with a balanced composition so that there is a strong independent element on the Board;

- 3) Before nomination of candidates for new independent non-executive Directors, the Nomination, Remuneration and Appraisal Committee will make a comprehensive assessment on their independence, working experience and professional skills, etc. It will also assess ongoing independence of the existing independent non-executive Directors and their time commitment for their performance of duties on an annual basis. According to the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), all independent non-executive Directors are required to confirm in writing that they meet the independence requirements on an annual basis;
- 4) The chairman holds a meeting with independent non-executive Directors annually without the presence of other Directors;
- 5) The Company convenes meetings attended by all independent non-executive Directors from time to time to consider relevant matters stipulated in the Measures for the Administration of Independent Directors of Listed Companies, or study other matters of the Company as necessary; and
- 6) The specific committees under the Board may, in the course of performing their duties, engage intermediaries to provide professional advice for their performance of duties at the expenses of the Company.

The Company believes that the above measures and policies have been effectively implemented during the Reporting Period.

### **Appointment and Re-election of Directors**

Directors other than employee representative director(s) are elected at the Shareholders' meeting of the Company, while employee representative director(s) is/are elected or dismissed by the employee representative meeting of the Company.

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.

Under the Articles of Association of the Company, a Director shall continue to perform his duties in accordance with the laws, administrative regulations and Articles of Association until a newly elected director takes office, if re-election is not made in a timely manner upon the expiry of his/her term of office.

### Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2025, all Directors participated in training sessions covering a wide range of relevant topics including Directors' duties and responsibilities, corporate governance, the Hong Kong Listing Rules compliance and regulatory updates. In addition, relevant reading materials including legal and regulatory updates have been provided to the Directors for their reference and studying.

The training records of the Directors for the period from the Listing Date to December 31, 2025 are summarized as follows:

Directors	Type of Training <sup>Note</sup>
<b>Executive Directors</b>	
Mr. Deng Weiming	A & B
Mr. Tao Wu	A & B
Mr. Liao Hengxing	A & B
Mr. Li Weihua	A & B
Mr. Liu Xingguo	A & B
Mr. Deng Jing	A & B
<b>Independent Non-Executive Directors</b>	
Mr. Cao Feng	A & B
Mr. Hong Yuan	A & B
Mr. Jiang Liangxing	A & B
Ms. Wong Sze Wing	A & B

Notes:

#### Types of Training

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

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

## **BOARD COMMITTEES**

The Board has established three committees, 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. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Nomination, Remuneration and Appraisal Committee and the Strategy and ESG Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

### **Audit Committee**

The Audit Committee consists of three independent non-executive Directors, 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.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are as follows:

1. supervising and evaluating the external audit work, and proposing to engage or replace the external auditor;
2. supervising and evaluating the internal audit work, and taking charge of the coordination between the internal audit and the external audit;
3. providing opinions on the performance and work assessment of internal auditors, and nominating the head of the audit department;
4. reviewing the financial information of the Company and its disclosure;
5. supervising and evaluating the internal control system, and providing opinions and suggestions regarding the soundness and improvement of the internal control measures;
6. exercising the powers of the Supervisory Committee as stipulated in the Company Law;
7. handling other matters authorized by the Board of Directors and stipulated in laws, regulations and relevant rules of the stock exchange.

The Audit Committee held 9 meetings to review, in respect of the year ended December 31, 2025, the quarterly, interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors.

### Nomination, Remuneration and Appraisal Committee

The Nomination, Remuneration and Appraisal Committee consists of three independent non-executive Directors, 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.

The terms of reference of the Nomination, Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code. The Nomination, Remuneration and Appraisal Committee mainly exercises the following functions and powers:

- (I) responsible for formulating criteria and procedures for the selection of directors and senior officers, selecting and reviewing candidates for directors and senior officers and their qualifications, and making recommendations to the Board of Directors on the following matters:
  - 1. nomination or appointment and removal of directors;
  - 2. appointment or dismissal of senior officers;
  - 3. other matters prescribed by laws, administrative regulations, CSRC regulations and the Articles of Association.
- (II) responsible for formulating evaluation standards of directors and senior officers, carrying out evaluations, formulating and reviewing the remuneration policies and programs of directors and senior officers, and making recommendations to the Board of Directors on the following matters:
  - 1. remuneration of Directors and senior officers;
  - 2. formulation or change of the equity incentive plans and employee stock ownership plans, and the conditions for the incentive objects to be granted with options and exercise options;
  - 3. the arrangement of shareholding plans of directors and senior officers in subsidiaries to be split;
  - 4. other matters prescribed by laws, administrative regulations, CSRC regulations and the Articles of Association.

The Nomination, Remuneration and Appraisal Committee held 5 meetings during the year ended December 31, 2025 to consider the relevant matters to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Executive Directors and senior management.

The remuneration of the senior management (excluding Executive Directors), whose biographical details are included in section headed "Directors and Senior Management" of this Annual Report, during the year falls within the following bands:

Remuneration (RMB)	Number of Individuals
4,000,000 to 5,000,000	1
2,000,000 to 4,000,000	2
1,000,000 to 2,000,000	1

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Executive Director. The remuneration for the Executive Directors comprises salaries, allowances, and benefits in kind, as well as performance bonuses and contributions to pension schemes. Executive Directors shall receive options and awards to be granted under the Company's share option scheme and share award scheme. The remuneration policy for Independent Non-executive Directors is to ensure that Independent Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the Independent Non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Independent Non-executive Directors shall not receive options and awards to be granted under the Company's share option scheme and share award scheme. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Nomination, Remuneration and Appraisal Committee also made recommendations to the Board on the terms of service contracts or letters of appointment of the new Directors appointed during the year.

The 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.

### **Strategy and ESG Committee**

The Company has established the Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee consists of two Executive Directors and one independent non-executive Director, namely, Mr. Deng Weiming, Mr. Tao Wu, and Mr. Jiang Liangxing. Mr. Deng Weiming is the chairman of the Strategy and ESG Committee.

The main duties and authorities of the Strategy and ESG Committee are as follows:

- (I) To study and make suggestions on the long-term development strategy and plan of the Company;
- (II) To study the major investment and financing plans that should be approved by the Board as required by the Articles of Association and put forward suggestions;
- (III) To study and make recommendations on major capital operation and asset management projects that are required to be approved by the Board of Directors as stipulated in the Articles of Association;
- (IV) To study other important matters that may affect the development of the Company and put forward suggestions;
- (V) To study the ESG governance of the Company and provide decision-making consultation and suggestions, check the progress of the implementation of the Company's ESG strategy and goals, debrief the work reports of the working group and offer opinions, review the Company's annual ESG report and other ESG-related information disclosures to ensure the completeness and accuracy of the ESG reports and other ESG-related disclosures;
- (VI) To inspect the implementation of the above matters;
- (VII) Other affairs authorized by the Board of Directors.

During the year ended December 31, 2025, the Strategy and ESG Committee held 1 meeting to conduct research on and make recommendations to the Board in respect of the long-term strategic development plans of the Company, major investment and financing proposals, significant capital operations and asset operation projects, as well as to research and assess ESG governance of the Company and make recommendations to the Board.

**Board Diversity Policy**

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company’s competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination, Remuneration and Appraisal Committee reviews regularly the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company’s corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination, Remuneration and Appraisal Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company’s business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

An analysis of the Board’s current composition based on the measurable objectives is set out below:

<p><b>Gender</b> Male: 9 Directors Female: 1 Director</p>	<p><b>Age Group</b> 31-40: 2 Directors 41-50: 6 Directors 51-60: 2 Directors</p>
<p><b>Designation</b> Executive Directors: 6 Directors Independent Non-executive Directors: 4 Directors</p>	<p><b>Educational Background</b> Business Administration: 1 Director Account and Finance: 2 Directors Other: 7 Directors</p>
<p><b>Business Experience</b> Accounting &amp; Finance: 3 Directors Experience related to the Company’s business: 7 Directors</p>	

The Nomination, Remuneration and Appraisal Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination, Remuneration and Appraisal Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

### Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as of December 31, 2025:

	Female	Male
Board	10%	90%
Senior Management	0%	100%
Other employees	18.23%	81.77%

The Group is dedicated to increasing female representation in senior management and across the workforce. The Board considers that the current gender diversity in senior management and across the workforce meets the business needs.

Based on business development and operational requirements, the Company fully considers factors such as skills, age, and gender diversity when recruiting employees and is committed to maintaining a balanced workforce in terms of skills, age, and gender.

The Company is not aware of any factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

### Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination, Remuneration and Appraisal Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

### Appointment of New Director

The Nomination, Remuneration and Appraisal Committee shall, in accordance with provisions of the relevant laws and regulations and the Articles of Association, as well as the practical situations of the Company, consider the criteria and procedures for selection, and terms of office of the directors and senior officers of the Company, make the relevant resolutions, file for record and submit to the Board for approval. Procedures for the selection and appointment of directors and senior officers:

- 1) to study the Company' s needs for new directors and senior officer;
- 2) to conduct extensive searches in the Company, its majority/minority-controlled subsidiaries, and the talent market to identify candidates for directors and senior officers, and provide written materials about the candidates;
- 3) to seek the consent of the proposed candidates for nomination; otherwise, they shall not be put on the list of candidates for Directors and senior officers;

- 4) to hold a meeting of the Nomination Committee, and review qualifications of preliminary candidates pursuant to the working requirements for Directors and senior officers;
- 5) to submit the recommendation and relevant materials about the candidates for Directors and senior officers to the Board prior to the election of new Directors and the appointment of new senior officers;
- 6) to carry out other follow-up work according to the decisions and feedback of the Board.

Where appropriate, the Nomination, Remuneration and Appraisal Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

There was no change in the composition of the Board during the period from the Listing Date to December 31, 2025.

The Nomination, Remuneration and Appraisal Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

## **CORPORATE GOVERNANCE FUNCTIONS**

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. During the year, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in the Environmental, Social and Governance Report.

## **RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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.

We have implemented or adopted upon the Listing 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.

Additionally, the Company has implemented 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 Company's risk management and internal control systems have been developed with the following principles, features and processes:

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2025.

The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department/internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Company has developed its Management Policy for Information Disclosure (信息披露管理制度) and Management Policy for Person with Access to Inside Information (《内幕信息知情人管理制度》) which provide a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

## **DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended December 31, 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report of this Annual Report.

## AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

Service Category	Fees Paid/Payable RMB
Audit Services	4,980,000
Non-audit Services	2,020,000
Total	7,000,000

## JOINT COMPANY SECRETARIES

The Company has appointed Mr. Tang Huateng, the board secretary, and Ms. Wong Wai Yee, Ella, a director of the company secretarial division of Tricor Services Limited (a member of Vistra Group), a global professional services provider specializing in integrated business, corporate and investor services, as the Company's joint company secretaries. Mr. Tang Huateng has been designated as the primary contact person at the Company which would work and communicate with Ms. Wong Wai Yee, Ella on the Company's corporate governance and secretarial and administrative matters.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters.

For the year ended December 31, 2025, Mr. Tang Huateng and Ms. Wong Wai Yee, Ella have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

### Convening an Extraordinary General Meeting

Shareholders who individually or collectively hold more than ten (10) percent of the Company's shares (including preference shares with restored voting rights) and request the Board to convene an extraordinary Shareholders' meeting shall submit such request in writing to the Board. The Board 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 Articles, provide a written response within ten (10) days after receiving the request, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

Where the Board agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five (5) days after making the Board resolution. Any change to the original request in the notice shall be subject to the consent of the relevant Shareholders.

Where the Board disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within ten (10) days after receiving the request, Shareholders who individually or collectively hold more than ten (10) percent of the Company's shares (including preference shares with restored voting rights) and propose to the Audit Committee to convene an extraordinary Shareholders' meeting shall submit such request in writing to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five (5) days after receiving the request. Any change to the original request in the notice shall be subject to the consent of the relevant Shareholders.

Where 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 (10) percent of the Company's shares (including preference shares with restored voting rights) for a continuous period of ninety (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 shall be given to the Board and a record shall be filed with the stock exchange.

The Audit Committee or the convening Shareholder shall submit relevant supporting documentation to the stock exchange when issuing the notice of the Shareholders' meeting and the announcement of the meeting resolutions.

The proportion of shares held by the convening Shareholder (including preference share with restored voting rights) shall not be less than ten (10) percent before the announcement of the resolution of the Shareholders' meeting.

For the Shareholders' meetings convened by the Audit Committee or by the Shareholders themselves, the Board and the Secretary to the Board shall cooperate. The Board shall provide the register of Shareholders as at the Record Date.

In the case of a Shareholders' meeting convened by the Audit Committee or by the Shareholders themselves, the expenses necessary for the meeting shall be borne by the Company.

### **Putting Forward Proposals at General Meetings**

Shareholders who individually or collectively hold more than one (1) percent of the Company's shares (including preference shares with restored voting rights) may submit an extraordinary proposal in writing to the convener ten (10) days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within two (2) days after receiving the proposal, announcing the content of the extraordinary proposal, and submit such extraordinary proposal to the Shareholders' meeting for review. However, this does not apply where the extraordinary proposal violates the provisions of laws, administrative regulations, or the Articles, 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 shares are listed, the Shareholders' meeting shall 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 shares are listed. The Company shall not increase the shareholding required for the Shareholders to submit the extraordinary proposals.

### **Putting Forward Enquiries to the Board**

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### **Contact Details**

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: New Energy Industrial Park in Western China, Dalong Economic Development Zone, Yuping County, Tongren, Guizhou Province, the PRC  
(For the attention of the Board Secretary/Company Secretary)  
Email: cngrir@cnggrgf.com.cn

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

### **INVESTOR RELATIONS**

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

### **Shareholders' Communication Policy**

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy from the Listing Date to December 31, 2025 and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

**(a) Corporate Communication**

“Corporate Communication” as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors’ report, annual accounts together with a copy of the auditor’s report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) the quarterly report; (d) a notice of meeting; (e) a listing document; (f) a circular; and (g) a proxy form. The Corporate Communication of the Company will be published on the Hong Kong Stock Exchange’s website ([www.hkex.com.hk](http://www.hkex.com.hk)) in a timely manner as required by the Hong Kong Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company’s securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Hong Kong Listing Rules. Shareholders and non-registered holders of the Company’s securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

**(b) Announcements and Other Documents pursuant to the Hong Kong Listing Rules**

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Articles of Association) on the Hong Kong Stock Exchange’s website in a timely manner in accordance with the Hong Kong Listing Rules.

**(c) Corporate Website**

Any information or documents of the Company posted on the Hong Kong Stock Exchange’s website will also be published on the Company’s website ([www.cngrgf.com.cn](http://www.cngrgf.com.cn)). Other corporate information about the Company’s business developments, goals and strategies, corporate governance and risk management will also be available on the Company’s website.

**(d) Shareholders’ Meetings**

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Hong Kong Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders’ questions (if any).

The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders’ approval.

**(e) Shareholders' Enquiries**

***Enquiries about Shareholdings***

For enquiries about H share shareholdings, Shareholders should direct their enquiries to the Company's H Share Registrar. Their details are as follows:

Name: Tricor Investor Services Limited  
Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong  
Tel No.: (852) 2980 1333  
Email: is-enquiries@vistra.com

***Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company***

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any written enquiries to the Board by email or by post as set out in the section headed "Contact Details".

**(f) Other Investor Relations Communication Platforms**

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched as and when necessary.

**Amendments to Constitutional Documents**

During the period from the Listing Date to the year ended December 31, 2025, the Company has not made any changes to its Articles of Association.

**Dividend Policy**

According to applicable laws in Chinese Mainland and our Articles of Association, the Company 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. The Company may distribute an interim dividend based on our current operating profits and cash flow situation.

In 2024, the Company formulated the Shareholder Return Plan for 2024-2026. The Company has 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. 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. The 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.

# INDEPENDENT AUDITOR'S REPORT



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## To the shareholders of CNGR Advanced Material Co., Ltd.

*(Established in the People's Republic of China with limited liability)*

### OPINION

We have audited the consolidated financial statements of CNGR Advanced Material Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 119 to 248, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

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

## KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><i>Revenue recognition</i></p> <p>The Group primarily derives its operating income from the production and sale of new energy battery materials, as well as new energy metal products.</p> <p>During the year ended 31 December 2025, total revenue reported in the Group's consolidated financial statements amounted to RMB48,139,977,000.</p> <p>Given that operating income is a key performance indicator for the Group, the inherent risk of misstatement is high. Therefore, revenue recognition was identified as a key audit matter.</p> <p>The Group's disclosures relating to the revenue recognition are included in note 2.4, note 4, and note 5 to the consolidated financial statements.</p>	<p>Our audit procedures in relation to revenue recognition included but not limited to:</p> <ol style="list-style-type: none"> <li>(1) obtaining our understanding of, assessing and testing the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition;</li> <li>(2) reviewing key sales contracts to identify critical terms regarding the transfer of control of goods or services to the customers, and assessing the Group's timing of recognition of revenue with reference to the requirements of the prevailing accounting standards;</li> <li>(3) performing an analytical review of revenue to analyse the fluctuations in revenue and gross profit margin during the year;</li> <li>(4) testing, on a sample basis, supporting documents for revenue recognition, including sales contracts, delivery orders, shipping documents (logistics slips) signed by customers, export declarations, bills of lading, and sales invoices, to verify consistency with disclosed accounting policies;</li> <li>(5) testing, on a sample basis, the revenue recognised around the balance sheet date by obtaining supporting documents (e.g., shipping documents, bills of lading) to assess whether revenue is recorded in the appropriate accounting period;</li> <li>(6) obtaining external confirmation of sales transactions during the year and accounts receivable balances as of the balance sheet date; and</li> <li>(7) reviewing the disclosures of operating revenue in the notes to the consolidated financial statements.</li> </ol>

## KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><i>Impairment assessment of goodwill</i></p> <p>As of 31 December 2025, the carrying amount of goodwill in the Group's consolidated financial statements was RMB1,424,799,000.</p> <p>The Company's management is required to perform an annual impairment test for goodwill. When conducting the impairment test, management calculates the present value of future cash flows of the relevant cash-generating units ("CGUs") to which the goodwill is allocated. The goodwill impairment test relies heavily on management's significant estimates and judgements.</p> <p>Given that the outcome of the goodwill impairment test requires significant management's estimates and assumptions, we identified it as a key audit matter.</p> <p>The Group's disclosures relating to goodwill impairment assessment are presented in note 3 and note 15 to the financial statements.</p>	<p>Our audit procedures in relation to the impairment assessment of goodwill included but not limited to:</p> <ol style="list-style-type: none"> <li>(1) obtaining our understanding of, assessing and testing the design, implementation and operating effectiveness of the Group's key internal controls over goodwill impairment assessment;</li> <li>(2) reviewing the reasonableness of the impairment methodology, including identification of CGUs, key assumptions (mainly including discount rates and growth projections) and valuation approaches (mainly including discounted cash flow and market multiples) and invited internal specialists to validate methodological appropriateness;</li> <li>(3) evaluating the competence and independence of valuation experts; and</li> <li>(4) reviewing the disclosures of goodwill impairment assessment in the notes to the consolidated financial statements.</li> </ol>

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is LOK, Man Ho (practising certificate number: P07045).

*Certified Public Accountants*  
Hong Kong  
30 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>48,139,977</b>	40,222,890
Cost of sales		<b>(42,362,029)</b>	(35,380,773)
Gross profit		<b>5,777,948</b>	4,842,117
Other income and gains	5	<b>502,432</b>	733,599
Selling and marketing expenses		<b>(114,164)</b>	(111,487)
Administrative expenses		<b>(1,308,062)</b>	(1,156,896)
Research and development costs		<b>(1,170,261)</b>	(1,109,313)
Other expenses		<b>(746,136)</b>	(188,393)
Finance costs	7	<b>(1,022,386)</b>	(1,037,366)
Share of profits and losses of:			
Joint ventures		<b>(32,642)</b>	39,701
Associates		<b>40,472</b>	10,582
<b>PROFIT BEFORE TAX</b>	10	<b>1,927,201</b>	2,022,544
Income tax expense	10	<b>(312,432)</b>	(234,789)
<b>PROFIT FOR THE YEAR</b>		<b>1,614,769</b>	1,787,755
Attributable to:			
Owners of the parent		<b>1,570,700</b>	1,467,224
Non-controlling interests		<b>44,069</b>	320,531
		<b>1,614,769</b>	1,787,755
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB)	12	<b>1.65</b>	1.58

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>PROFIT FOR THE YEAR</b>	<b>1,614,769</b>	1,787,755
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income/(loss):		
Changes in fair value	<b>248,760</b>	(315,482)
Income tax effect	<b>(33,531)</b>	49,812
	<b>215,229</b>	(265,670)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<b>215,229</b>	(265,670)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(667,002)</b>	141,250
Cash flow hedge	<b>(38,549)</b>	–
Share of other comprehensive loss of joint ventures	<b>(5,906)</b>	(2,350)
Share of other comprehensive loss of associates	<b>(2,036)</b>	(18,048)
	<b>(713,493)</b>	120,852
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<b>(713,493)</b>	120,852
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(498,264)</b>	(144,818)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,116,505</b>	1,642,937
Total comprehensive income attributable to:		
Owners of the parent	<b>1,153,836</b>	1,317,127
Non-controlling interests	<b>(37,331)</b>	325,810
	<b>1,116,505</b>	1,642,937

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		31 December 2025 RMB'000	31 December 2024 RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>30,798,950</b>	28,993,391
Right-of-use assets	14(a)	<b>1,783,889</b>	1,647,515
Goodwill	15	<b>1,393,165</b>	1,424,799
Other intangible assets	16	<b>1,818,990</b>	648,696
Investments in joint ventures	17	<b>2,254,059</b>	2,354,322
Investments in associates	18	<b>1,611,517</b>	1,707,361
Equity investments designated at fair value through other comprehensive income	19	<b>592,353</b>	521,960
Financial assets at fair value through profit or loss	20	<b>68,172</b>	28,000
Deferred tax assets	21	<b>75,073</b>	121,595
Other non-current assets	22	<b>1,288,261</b>	1,729,108
		<b>41,684,429</b>	39,176,747
<b>CURRENT ASSETS</b>			
Inventories	23	<b>14,663,598</b>	9,826,364
Trade and bills receivables	24	<b>7,526,803</b>	5,105,812
Prepayments, deposits and other receivables	25	<b>6,255,853</b>	5,436,560
Derivative financial instruments	29	<b>11,115</b>	148,554
Pledged deposits	26	<b>1,768,772</b>	1,105,032
Financial assets at fair value through profit or loss	20	<b>1,129,734</b>	2,012,154
Cash and cash equivalents	26	<b>8,567,561</b>	10,083,956
		<b>39,923,436</b>	33,718,432
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	27	<b>15,669,074</b>	10,249,416
Other payables and accruals	28	<b>1,414,650</b>	1,992,824
Derivative financial instruments	29	<b>714,437</b>	100,497
Interest-bearing bank borrowings	30	<b>11,901,586</b>	10,539,073
Bonds payable	31	<b>–</b>	1,024,764
Lease liabilities	14(b)	<b>15,449</b>	18,893
Tax payable		<b>161,125</b>	114,000
		<b>29,876,321</b>	24,039,467
<b>NET CURRENT ASSETS</b>		<b>10,047,115</b>	9,678,965
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>51,731,544</b>	48,855,712

Consolidated Statement of Financial Position  
31 December 2025

		31 December 2025	31 December 2024
	<i>Notes</i>	RMB'000	RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Bonds payable	31	711,554	725,077
Convertible bonds	32	5,590	99,010
Interest-bearing bank borrowings	30	15,063,014	15,787,651
Lease liabilities	14(b)	9,667	25,824
Provision	33	23,641	–
Deferred income	34	409,815	391,653
Deferred tax liabilities	21	212,079	215,403
Other non-current liabilities	35	1,673,999	2,122,527
Total non-current liabilities		<b>18,109,359</b>	19,367,145
Net assets		<b>33,622,185</b>	29,488,567
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	36	1,042,254	937,090
Other equity instruments			
Including: Perpetual debt instruments	37	700,000	–
Treasury shares	36	(1,086,635)	(504,094)
Reserves	39	23,479,474	19,707,756
		<b>24,135,093</b>	20,140,752
Non-controlling interests		<b>9,487,092</b>	9,347,815
Total equity		<b>33,622,185</b>	29,488,567

**Deng Weiming**  
*Director*

**Liao Hengxing**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent										Total equity RMB'000		
	Share capital RMB'000 (note 36)	Treasury shares RMB'000 (note 36)	Other equity instruments RMB'000 (note 39)	Capital reserve* RMB'000 (note 39)	Share-based payment reserve* RMB'000 (note 39)	Foreign currency translation reserve* RMB'000 (note 39)	Other comprehensive income* RMB'000 (note 39)	Special reserve-safety fund* RMB'000 (note 39)	Statutory surplus reserve* RMB'000 (note 39)	Retained profits* RMB'000		Total RMB'000	Non-controlling interests RMB'000
As at 1 January 2025	937,090	(504,094)	-	13,993,966	553,446	406,248	(339,340)	7,313	385,464	4,699,789	20,140,152	9,347,915	29,488,567
Profit for the year	-	-	-	-	-	-	-	-	-	1,570,700	1,570,700	44,069	1,614,769
Other comprehensive income for the year:													
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	215,229	-	-	-	215,229	-	215,229
Cash flow hedges, net of tax	-	-	-	-	-	-	(26,267)	-	-	-	(26,267)	(12,282)	(38,549)
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(4,725)	-	-	-	-	(4,725)	(1,181)	(5,906)
Share of other comprehensive loss of associates	-	-	-	-	-	(2,036)	-	-	-	-	(2,036)	-	(2,036)
Exchange differences on translation of foreign operations	-	-	-	-	-	(599,065)	-	-	-	-	(599,065)	(67,937)	(667,002)
Total comprehensive income for the year	-	-	-	-	-	(605,826)	188,962	-	-	1,570,700	1,153,836	(37,331)	1,116,505
Capital contribution by other equity instrument holders	-	-	700,000	(443)	-	-	-	-	-	-	699,557	-	699,557
Acquisition of subsidiaries	-	-	-	245,797	-	-	-	-	-	-	245,797	75,933	75,933
Capital contribution of non-controlling shareholders	-	-	-	(72,195)	-	-	-	-	-	-	(72,195)	611,650	857,447
Acquisition of non-controlling interests (note 44)	-	-	-	-	-	-	-	-	-	(579,528)	(579,528)	(184,432)	(266,627)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(579,528)
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	-	-	-	-	-	-	(39,360)	-	-	39,360	-	-	-
Issue of shares (note 36)	104,225	-	-	3,077,360	-	-	-	-	-	-	3,181,585	-	3,181,585
Share issue expenses	-	-	-	(35,343)	-	-	-	-	-	-	(35,343)	-	(35,343)
Issue of shares under share schemes	2,779	-	-	54,243	-	-	-	-	-	-	57,022	-	57,022
Repurchase and cancellation of shares (note 36)	(1,840)	(582,541)	-	(82,244)	-	-	-	-	-	-	(666,625)	-	(666,625)
Share-based payment (note 38)	-	-	-	-	10,235	-	-	-	-	-	10,235	842	11,077
Safety fund (note 38)	-	-	-	-	-	-	-	3,439	-	(3,439)	-	1,119	1,119
Appropriation to statutory surplus reserve	-	-	-	-	-	-	-	-	104,963	(104,963)	-	-	-
As at 31 December 2025	1,042,254	(1,086,635)	700,000	17,246,505	563,661	(199,578)	(188,738)	10,752	595,380	5,451,432	24,135,093	9,487,092	33,622,185

Consolidated Statement of Changes in Equity  
Year ended 31 December 2025

	Attributable to owners of the parent										Non-controlling interests RMB'000	Total equity RMB'000
	State capital RMB'000 (note 36)	Treasury shares RMB'000 (note 36)	Capital reserve* RMB'000 (note 39)	Share-based payment reserve* RMB'000 (note 39)	Foreign currency translation reserve* RMB'000 (note 39)	Other comprehensive income* RMB'000 (note 39)	Special reserve-safety fund* RMB'000 (note 39)	Statutory surplus reserve* RMB'000 (note 39)	Retained profits* RMB'000	Total RMB'000		
As at 1 January 2024	669,824	(339,854)	14,142,374	480,625	270,747	(50,766)	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	(265,598)	-	-	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)	(891,947)	(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 36)	(1,636)	(164,240)	(73,160)	-	-	-	-	-	-	(239,036)	-	(239,036)
Share-based payment (note 38)	-	-	-	72,821	-	-	-	-	-	72,821	7,120	79,941
Safety fund (note 39)	-	-	-	-	-	-	315	-	(315)	-	233	233
Appropriation to statutory surplus reserve	-	-	-	-	-	-	-	97,233	(97,233)	-	-	-
Others**	-	-	-	-	-	-	-	-	-	-	73,870	73,870
As at 31 December 2024	937,090	(504,094)	13,959,666	553,446	406,248	(638,340)	7,313	385,634	4,689,789	20,140,752	9,347,815	29,488,567

\*\* Others represent the equity component of convertible bonds issued by FINO Inc. and purchased by non-controlling shareholders.

\* These reserve accounts comprise the consolidated other reserves of RMB23,479,474,000 (2024: RMB19,707,756,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax:		<b>1,927,201</b>	2,022,544
Adjustments for:			
Finance costs	7	<b>1,022,386</b>	1,037,366
Share of profits and losses of joint ventures and associates		<b>(7,830)</b>	(50,283)
Bank interest income	5	<b>(178,187)</b>	(221,627)
Dividend income from equity investments at fair value through other comprehensive income	5	<b>(2,224)</b>	(2,557)
Dividend income from financial assets at fair value through profit or loss	5	<b>(1,264)</b>	–
Gains on derivative financial instruments	5	<b>(11,819)</b>	(67,625)
Depreciation of property, plant and equipment	6	<b>2,021,647</b>	1,391,610
Depreciation of right-of-use assets	6	<b>63,213</b>	43,810
Amortisation of other intangible assets	6	<b>28,237</b>	9,276
Impairment of financial assets, net	6	<b>119,008</b>	16,032
Write-down of inventories to net realisable value	6	<b>165,360</b>	34,097
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	<b>43,215</b>	12,073
Loss on disposal of long-term equity investments	6	<b>11,355</b>	–
Share-based payment expense	38	<b>11,077</b>	79,941
		<b>5,211,375</b>	4,334,955
Increase in inventories		<b>(4,981,418)</b>	(1,882,211)
(Increase)/decrease in a pledged deposit		<b>(568,022)</b>	272,995
Increase in trade and bill receivables		<b>(2,422,242)</b>	(185,252)
Increase in financial assets at fair value through profit or loss		<b>(2,917)</b>	–
Decrease/(increase) in prepayments and other assets		<b>246,667</b>	(86,639)
Increase in trade and bills payables		<b>3,599,025</b>	1,047,787
(Decrease)/increase in contract liabilities		<b>(356,200)</b>	391,854
(Decrease)/increase in other payables and accruals		<b>167,289</b>	204,159
Decrease in derivative financial instruments		<b>708,181</b>	126,353
Increase in deferred income		<b>19,970</b>	25,908
(Decrease)/increase in other liabilities		–	(35,080)
Cash generated from operations		<b>1,621,708</b>	4,214,829
Income tax paid		<b>(248,093)</b>	(271,866)
Net cash flows from operating activities		<b>1,373,615</b>	3,942,963

Consolidated Statement of Cash Flows  
Year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received from related parties		<b>15,345</b>	6,852
Dividends received from listed investments		<b>2,225</b>	2,557
Dividends received from equity investments in joint ventures and associates		<b>24,482</b>	–
Purchases of items of property, plant and equipment		<b>(3,731,426)</b>	(6,466,161)
Proceeds from disposal of items of property, plant and equipment		<b>106,192</b>	29,409
Dividend income from financial assets at fair value through profit or loss		<b>1,264</b>	–
Disposal of a subsidiary	44	<b>(1,471)</b>	–
Proceeds from disposal of derivative instrument		<b>15,024</b>	–
Additions to other intangible assets and leasehold land		<b>(253,180)</b>	(5,822)
Purchases of equity investments in joint ventures and associates		<b>(198,405)</b>	(1,359,818)
Disposal of equity investments in joint ventures and associates		<b>155,419</b>	–
Purchases of financial assets at fair value through profit or loss		<b>(9,743,617)</b>	(6,128,000)
Withdrawal of financial assets at fair value through profit or loss		<b>10,590,000</b>	4,089,209
Proceeds from disposal of financial assets at fair value through profit or loss		<b>43,881</b>	40,113
Disposal of equity investments designated at fair value through other comprehensive income		<b>172,398</b>	4,764
Prepayments for equity investments		<b>(45,625)</b>	(117,886)
Acquisition of subsidiaries		<b>(1,407,811)</b>	(107,743)
Advances of loans to joint ventures and associates		<b>(2,253,368)</b>	(727,045)
Repayment of loans to joint ventures and associates		<b>1,157,364</b>	751,118
Withdrawal of pledged time deposits		–	16,000
Intent deposit of equity investments		<b>(45,689)</b>	–
Net cash flows used in investing activities		<b>(5,396,998)</b>	(9,972,453)

Consolidated Statement of Cash Flows  
Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of HK shares		<b>3,181,585</b>	–
Proceeds from issue of shares	36	<b>57,022</b>	53,453
Share issue expenses	36	<b>(30,581)</b>	–
Proceeds from issue of bonds	31	<b>199,990</b>	166,270
New bank loans		<b>18,253,014</b>	15,598,657
New other borrowings		<b>4,927,332</b>	2,983,820
Capital contribution by other equity instrument holders	37	<b>700,000</b>	–
Loans from non-controlling interests		<b>164,572</b>	148,205
Repayment of loans from non-controlling interests		<b>(503,300)</b>	(1,077,873)
Repayment of bank loans		<b>(17,552,756)</b>	(9,547,809)
Repayment of bonds payable		<b>(1,289,503)</b>	–
Repayment of other borrowings		<b>(2,983,821)</b>	(310,000)
Acquisition of non-controlling interests		<b>(256,626)</b>	(1,504,550)
Capital contribution of non-controlling interests		<b>620,472</b>	2,338,442
Principal portion of lease payments	14	<b>(27,182)</b>	(24,934)
Dividends paid	11	<b>(579,528)</b>	(1,031,136)
Dividends paid to non-controlling shareholders		<b>(328,504)</b>	(265,151)
Interest paid		<b>(924,952)</b>	(1,315,274)
Withdrawal of pledged time deposits related to financing activities		–	10,000
Placement of pledged time deposits related to financing activities		<b>(95,718)</b>	(352,050)
Repurchase of shares		<b>(756,173)</b>	(313,793)
Net cash flows from financing activities		<b>2,775,343</b>	5,556,277
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(1,248,040)</b>	(473,213)
Cash and cash equivalents at beginning of year		<b>10,083,956</b>	10,397,466
Effect of foreign exchange rate changes, net		<b>(268,355)</b>	159,703
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>8,567,561</b>	10,083,956
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>8,567,561</b>	10,083,956
Non-pledged time deposits with original maturity of less than three months when acquired		–	–
Cash and cash equivalents as stated in the statement of financial position		<b>8,567,561</b>	10,083,956
Cash and cash equivalents	26	<b>8,567,561</b>	10,083,956

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

CNGR Advanced Material Co., Ltd (hereinafter referred to as “**The Company**”) is a limited liability company established in the People’s Republic of China (“**PRC**”) on 15 September 2014. The Company’s A shares were listed on the Shenzhen Stock Exchange on 23 December 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 the 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 is Hunan Zhongwei Holding Group Company Limited, (“**湖南中偉控股集團有限公司**”), a company registered in the PRC and controlled by Mr. Deng Weiming and Ms. Wu Xiaoge.

As at 31 December 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 (“ <b>湖南中偉新能源科技有限公 司</b> ”)*	PRC/Chinese Mainland	RMB4,816,631,300	75.78	–	Manufacturing of metal materials, cathode active material (CAM) precursors, the raw materials or precursor compounds used to produce the cathode materials for batteries (“ <b>pCAM</b> ”)
Hunan Zhongwei Zhengyuan New Material Trading Company Limited (“ <b>湖南中偉 正源新材料貿易有限公司</b> ”)*	PRC/Chinese Mainland	RMB1,700,000,000	100.00	–	Trading of metal materials and pCAM
Guangxi Zhongwei New Energy Technology Company Limited (“ <b>廣西中偉新能源科技有限公 司</b> ”)*	PRC/Chinese Mainland	RMB6,373,273,943	76.88	–	Manufacturing of metal materials and pCAM
CNGR Hong Kong Material Science & Technology Co., Ltd.	Hong Kong	HKD3,700,000,000	100.00	–	Investment holding

## 1. CORPORATE AND GROUP 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.	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”)*	PRC/Chinese Mainland	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”)*	PRC/Chinese Mainland	RMB721,380,000	55.45	21.61	Recycling and circular utilization of waste batteries, metals, and other resources
Guizhou Zhongwei Xinyang Energy Storage Technology Company Limited (“貴州中偉興陽儲能科技有限公司”)*	PRC/Chinese Mainland	RMB3,125,000,000	–	52.00	Production of iron phosphorus-based pCAM
PT Nadesico Nickel Industry	Indonesia	IDR4,245,600,000,000	–	60.00	Production of metal materials
PT Zhongtsing New Energy	Indonesia	IDR4,936,968,000,000	–	85.00	Production of metal materials
PT Debonair Nickel Indonesia	Indonesia	IDR1,403,752,000,000	–	50.10	Production of metal materials

\* The English names of the entities registered in the 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.

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

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through profit or loss, derivative financial instruments, and financial assets at fair value through profit or loss. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

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

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

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

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to 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 in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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

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 IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

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

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

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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

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

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

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2.4 MATERIAL ACCOUNTING POLICIES

### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has 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.

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 recognised 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 unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### 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.

Any contingent consideration to be transferred by the acquirer is recognised 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 recognised 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 recognised for non-controlling interests and any fair value of the Group's previously 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, recognised 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 31 December. 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 recognised. An impairment loss recognised 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

### 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.

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of non-financial assets (continued)

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

### 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.

**2.4 MATERIAL ACCOUNTING POLICIES (continued)**

**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.

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

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	1.90% to 5.00%
Leasehold improvements	Over the shorter of the lease terms and 8.33%
Machinery	9.50% to 19.00%
Vehicles	9.50% to 23.75%
Office devices and others	19.00% to 31.67%

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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress 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.

**Intangible assets (other than goodwill)**

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

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

#### Software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

#### Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

#### Leases

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

#### Group as a lessee

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

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

Right-of-use assets are recognised at the commencement date of the lease (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 recognised, 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
Leasehold land	50-80 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Leases (continued)

#### Group as a lessee (continued)

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of 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 recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

##### (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 machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). 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.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### Group as a lessor

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

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

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

## **2.4 MATERIAL ACCOUNTING POLICIES (continued)**

### **Investments and other financial assets**

#### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 amortised 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 amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised 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 amortised cost (debt instruments)**

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### 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 statement of profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, 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 the statement of financial position at fair value with net changes in fair value recognised 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 recognised as other income in the statement of profit or loss 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 recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

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 derecognised (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.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Derecognition of financial assets (continued)

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

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

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

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

The Group considers a financial asset in default when contractual payments are 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

#### Simplified approach

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

### 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 recognised 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 other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### Subsequent measurement

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

#### ***Financial liabilities at amortised cost (trade and other payables, and borrowings)***

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

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

#### **Convertible bonds**

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, or to realise 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 recognised 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.

## **2.4 MATERIAL ACCOUNTING POLICIES (continued)**

### **Derivative financial instruments and hedge accounting (continued)**

#### **Initial recognition and subsequent measurement (continued)**

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised 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.

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 recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of 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.

## **2.4 MATERIAL ACCOUNTING POLICIES (continued)**

### **Derivative financial instruments and hedge accounting (continued)**

#### **Cash flow hedges (continued)**

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 recognised 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 the statement of 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 the statement of 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.

#### **Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. 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 recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation 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 derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised 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 recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised 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 the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## **2.4 MATERIAL ACCOUNTING POLICIES (continued)**

### **Inventories**

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

### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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

### **Provisions**

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of 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 statement of profit or loss.

### **Income tax**

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Income tax (continued)

Deferred tax liabilities are recognised 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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

## **2.4 MATERIAL ACCOUNTING POLICIES (continued)**

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments and released to the statement of profit or loss.

### **Other equity instruments**

Perpetual debt instruments issued by the Group are classified as equity instruments if there is no expiration date or if the Group has the right to extend for unlimited number of times, or if the Group has no contractual obligation to pay cash or other financial assets after the expiration thereof.

### **Revenue recognition**

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

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

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

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 benefit for more than one year, revenue recognised 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### (a) Sale of industrial products

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

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 recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised 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 recognised.

#### Revenue from other sources

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

#### Other income

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Contract liabilities

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

### Share-based payments

The Company operates a share-based payment 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 38 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised 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 recognised. 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 recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised 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 cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Other employee benefits

#### Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland 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 the 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 recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises 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 capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Foreign currencies

These financial statements are presented in RMB, 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 currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised 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 recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

## **2.4 MATERIAL ACCOUNTING POLICIES (continued)**

### **Foreign currencies (continued)**

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

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 recognised in other comprehensive income and accumulated in the foreign currency translation 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 recognised 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. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's financial statements 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.

### **Judgements**

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

#### **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.

### 3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### 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 significant difference 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 flows 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 judgement 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.

##### Determining whether combination constitutes a "Business"

On 31 January 2025, the Group's wholly-owned subsidiaries, 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, and its 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.

On 31 August 2025, the Company's wholly-owned subsidiary Hong Kong Susten New Energy Co., Limited (香港持續新能源有限公司) acquired 100% equity in PT Eco Energi Indonesia (hereinafter referred to as "EEI"). EEI has no substantial business operations, and its core asset is 70% equity interest in PT Sinar Karyagamma Primatama (hereinafter referred to as "SKP"). SKP holds a nickel mining project. The Group concluded that SKP's nickel ore 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.

### 3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### Determining whether combination constitutes a “Business” (continued)

On 15 December 2025, the Company’s wholly-owned subsidiaries CNGR Netherlands New Energy Technology B.V. (中偉荷蘭新能源科技有限責任公司) and Netherlands Dintru Lithium Energy Technology B.V. (荷蘭鼎創鋰能源科技有限公司) acquired 100% equity in Solaroz S.A. Solaroz S.A. has no substantial business operations, and its core assets are 8 Lithium Mine Projects. The Group concluded that the lithium ores 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 the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### 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 31 December 2025 was RMB1,393,165,000 (2024: RMB1,424,799,000). Further details are given in note 15.

##### 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 calibrates 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 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 financial statements.

### **3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

#### **Estimation uncertainty (continued)**

##### **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 highly accurate. The estimation is updated in accordance with new technologies and new information. Any changes in estimation will have impacts on the amounts of mining assets' depreciation and mining rights' amortisation using the units-of-production method, the stripping ratio used in the capitalisation of stripping costs, and the transaction prices of the metals streaming business, etc. This may result in changes or impacts on the Group's development and operation plan, and hence the Group's operations and performance.

##### **Provision for environmental rehabilitation and restoration of mines**

Pursuant to the regulations of the governmental authorities in the places where the mines are located, the Group recognises provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining tenements, timing of mine closure and cost of such rehabilitation. When this estimate changes, it may affect the Group's operations 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, the Group will estimate whether disclosed or recognised is required in the financial statements for the current period based on legal advice and the probability of future occurrence.

#### 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. Revenue by geographical segment based on the locations of customers for the year is presented as follows:

	2025 RMB'000	2024 RMB'000
Geographical market		
Chinese mainland	<b>24,119,638</b>	22,339,155
Outside Chinese mainland	<b>24,020,339</b>	17,883,735
Total	<b>48,139,977</b>	40,222,890

###### (b) Non-current assets

	2025 RMB'000	2024 RMB'000
Geographical market		
Chinese mainland	<b>13,412,876</b>	14,091,315
Outside Chinese mainland	<b>27,535,955</b>	24,413,877
Total	<b>40,948,831</b>	38,505,192

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

##### Information about a major customer

Revenue from a major customer with accounted for 10% or more of the Group's revenue is as follows:

	2025 RMB'000	2024 RMB'000
Customer A	<b>6,430,227</b>	N/A

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	48,083,388	40,204,859
Revenue from other sources		
Rental income	56,589	18,031
Total	48,139,977	40,222,890

### (a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
<b>Types of goods or services</b>		
New energy battery materials		
Nickel-based materials	16,676,468	16,163,302
Cobalt-based materials	4,396,479	2,244,581
Phosphorus-based materials	1,565,195	679,644
Other innovative materials	33,006	9,869
Sub-total	22,671,148	19,097,396
New energy metal products	17,807,816	13,483,103
Others	7,661,013	7,642,391
Total	48,139,977	40,222,890
<b>Geographical market</b>		
Chinese mainland	24,119,638	22,339,155
Outside Chinese mainland	24,020,339	17,883,735
Total	48,139,977	40,222,890
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	47,981,108	40,204,859
Services transferred over time	158,869	18,031
Total	48,139,977	40,222,890

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### (a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at beginning of year:		
Sale of industrial products	<b>586,567</b>	169,248

No revenue was recognised during the year related to performance obligations that were satisfied in prior years.

### (b) Performance obligations

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

#### Sale of industrial products

For domestic sales of industrial products, the performance obligation is satisfied upon obtaining the delivery receipt after the customer's acceptance. For export sales, the Group fulfils its performance obligation upon obtaining the bill of lading following the arrangement 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 fulfils 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 fulfils its performance obligation upon obtaining the settlement statement confirmed by both parties.

Payment is generally due within 30 to 60 days from delivery, except for new customers, where 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 recognised based on the estimated fair value of the total consideration receivable. The total amount of the final sale price adjustment in the year was immaterial.

## 5. REVENUE, OTHER INCOME AND GAINS (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 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue: Within one year	<b>2,696,168</b>	1,024,879

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Bank interest income	<b>178,187</b>	221,627
Dividend income from financial assets at fair value through profit or loss	<b>1,264</b>	–
Dividend income from equity investments at fair value through other comprehensive income ( <i>note 19</i> )	<b>2,224</b>	2,557
Government grants*	<b>235,824</b>	437,982
Total other income	<b>417,499</b>	662,166
<b>Gains</b>		
Gains on financial instruments	<b>58,905</b>	67,625
Compensation Income	<b>15,791</b>	2,770
Others	<b>10,237</b>	1,038
Total gains	<b>84,933</b>	71,433
Total other income and gains	<b>502,432</b>	733,599

\* Government grants mainly represent incentives received from local governments as compensation for research and development contributions, local economic contributions and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. PROFIT BEFORE TAX

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

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Cost of inventories sold****		<b>42,126,263</b>	35,330,654
Cost of services provided****		<b>70,406</b>	16,022
Depreciation of property, plant and equipment	13	<b>2,021,647</b>	1,391,610
Depreciation of right-of-use assets	14	<b>63,213</b>	43,810
Amortisation of other intangible assets	16	<b>28,237</b>	9,276
Research and development costs:			
Current year expenditure		<b>1,170,261</b>	1,109,313
Lease payments not included in the measurement of lease liabilities	14(c)	<b>19,395</b>	21,951
Auditor's remuneration		<b>4,980</b>	3,480
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration ( <i>note 8</i> )):			
Wages, salaries and other allowances		<b>1,206,781</b>	940,385
Equity-settled share-based payment expense**		<b>9,478</b>	48,862
Pension scheme contributions (defined contribution scheme)***		<b>32,148</b>	28,056
Less: Amount capitalised		<b>123,109</b>	16,803
Total		<b>1,125,298</b>	1,000,500
Foreign exchange differences, net		<b>396,113</b>	34,118
Impairment of financial assets, net:			
Impairment of trade receivables, net*	24	<b>40,534</b>	9,151
Impairment of financial assets included in prepayments, deposits and other receivables, net*		<b>78,474</b>	6,881
Total		<b>119,008</b>	16,032
Fair value losses/(gains) on financial assets at fair value through profit or loss, net		<b>47,086</b>	(24,455)
Loss on derecognition of bills receivable through discounting*		<b>112,459</b>	80,087
Loss on disposal of items of property, plant and equipment*		<b>43,215</b>	12,073
Loss on disposal of long-term equity investments*		<b>11,355</b>	–
Loss on disposal of a subsidiary*	44	<b>736</b>	–
Impairment of other non-current assets*		–	18,635
Impairment of construction in progress*		–	11,663
Write-down of inventories to net realisable value		<b>165,360</b>	34,097

## 6. PROFIT BEFORE TAX (continued)

- \* These amounts are included in "Other expenses" in the consolidated statement of profit or loss.
- \*\* The amounts are included in the share-based payment expenses set out in note 38 (c). The amounts excluded: (i) The share-based payment expenses granted to the directors and chief executive set out in note 8; and (ii) the share-based payment expenses recorded in cost of sales.
- \*\*\* 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 include expenses relating to depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings (including bonds payable)	<b>1,031,751</b>	1,201,046
Interest on lease liabilities	<b>342</b>	2,059
Total interest expense on financial liabilities not at fair value through profit or loss	<b>1,032,093</b>	1,203,105
Less: Interest capitalised	<b>(53,441)</b>	(192,532)
Subtotal	<b>978,652</b>	1,010,573
Other finance costs	<b>43,734</b>	26,793
Total	<b>1,022,386</b>	1,037,366

## 8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, 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:

	2025 RMB'000	2024 RMB'000
Fees	281	270
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	16,056	10,082
Performance related bonuses	3,488	9,704
Share-based payment expenses	447	15,464
Pension scheme contributions and social welfare	104	131
Subtotal	20,095	35,381
Total	20,376	35,651

During the year and in prior years, 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 38 to the financial statements. 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 year 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 year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Cao Yue <sup>(3)</sup>	71	90
Mr. Li Wei <sup>(3)</sup>	71	90
Mr. Liu Fangyang <sup>(1)</sup>	–	2
Mr. Jiang Liangxing <sup>(2)</sup>	90	88
Mr. Cao Feng <sup>(5)</sup>	19	–
Mr. Hong Yuan <sup>(5)</sup>	19	–
Mr. Huang Siying <sup>(3)</sup>	11	–
Total	281	270

<sup>(1)</sup> Resigned on January 9, 2024

<sup>(2)</sup> Appointed on January 9, 2024

<sup>(3)</sup> Appointed on 17 April 2025

<sup>(4)</sup> Resigned on 23 September 2025

<sup>(5)</sup> Appointed on 15 October 2025

There were no other emoluments payable to the independent non-executive directors during the year.

## 8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

### (b) Executive directors, supervisors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
<b>Year ended 31 December 2025</b>						
Executive directors:						
Mr. Deng Weiming*	-	2,816	1,397	-	15	4,228
Mr. Tao Wu	-	3,434	427	167	15	4,043
Mr. Liao Hengxing	-	3,616	100	130	15	3,861
Mr. Liu Xingguo	-	2,009	879	167	15	3,070
Mr. Li Weihua	-	2,133	418	167	15	2,733
Mr. Deng Jing	-	600	-	-	-	600
Subtotal	-	14,608	3,221	631	75	18,535
Supervisors :						
Ms. Yin Guizhen	-	640	245	-	5	890
Mr. Zhou Wenxing	-	488	15	(184)	12	331
Mr. Chen Weixiang	-	320	7	-	12	339
Subtotal	-	1,448	267	(184)	29	1,560
Total	-	16,056	3,488	447	104	20,095

\* Chief executive

At its Sixth Extraordinary General Meeting held on 10 September 2025, the Company approved the dissolution of its Board of Supervisors. The authority previously vested in the Board of Supervisors has been transferred to the Audit Committee of the Board of Directors. Remuneration reporting shall pertain solely to the relevant tenure.

**8. DIRECTORS' SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)**  
**(b) Executive directors, supervisors and the chief executive (continued)**

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
<b>Year ended 31 December 2024</b>						
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 <sup>(1)</sup>	–	1,177	539	–	15	1,731
Mr. Zhou Wenxing	–	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

<sup>(1)</sup> Resigned on 30 September 2024

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: five directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year ended 31 December 2025 of the remaining two highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	10,663	–
Performance related bonuses	560	–
Share-based payment	1,030	–
Pension scheme contributions	–	–
<b>Total</b>	<b>12,253</b>	<b>–</b>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025	2024
HK\$1,500,000 to HK\$2,000,000	–	–
HK\$2,000,000 to HK\$2,500,000	–	–
HK\$4,000,000 to HK\$4,500,000	1	–
HK\$9,000,000 to HK\$9,500,000	1	–
<b>Total</b>	<b>2</b>	<b>–</b>

During the year and in prior years, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 38 to the financial statements. 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

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/or operate.

### Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “**CIT Law**”), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income except for certain subsidiaries which enjoy preferential income tax rates.

- (a) On 19 December 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 effective years. Upon expiration of the original certificate, the Company once again obtained the High and New Technology Enterprise Certificate on 25 December 2025 with an effective period of three years. Certain subsidiaries of the Company were also recognised 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”)	2024-2026
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited (“貴州中偉資源循環產業發展有限公司”)	2025-2027
Hunan Zhongwei Intelligent Manufacturing Co., Ltd. (“湖南中偉智能製造有限公司”)	2023-2025
Guizhou Zhongwei Xinyang Energy Storage Technology Company Limited (“貴州中偉興陽儲能科技有限公司”)	2024-2026

- (b) According to the tax regulations related to the Western Region Development Policy, the applicable income tax rate is 15%, which applies to Guizhou Zhongwei New Material Trade Company Limited (“貴州中偉新材料貿易有限公司”), and such tax concession started on 1 January 2021 and will expire on 31 December 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)自由貿易試驗區高質量發展支持政策的通知》”), Guangxi Zhongwei New Energy Technology Co., Ltd. (“廣西中偉新能源科技有限公司”) enjoys an applicable income tax rate of 9%, and such tax concession was started on 1 January 2021 and will expire on 31 December 2030.

## 10. INCOME TAX (continued)

### Chinese Mainland (continued)

- (d) Several subsidiaries in the PRC were qualified as small and micro-sized enterprises, and enjoyed corporate income tax incentives 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、稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》”), the annual taxable income of small and micro-sized enterprises not exceeding RMB1 million is reduced by 25% of the taxable income and is 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、稅務總局關於進一步實施小微企業所得稅優惠政策的公告》”), 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稅法》”) and State Council Order No. 512 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (“《中華人民共和國企業所得稅法實施條例》(國務院令 第512號)”), if an enterprise purchases and actually uses the special purposed equipment for environment protection, energy and water saving and safety production included in the list since 1 January 2018, 10% of the invested amounts for the special purposed equipment can be used to deduct the taxable amount; if it is not enough to deduct the enterprise’s taxable amount, the unused tax credit amount 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 year.

### Indonesia

The income tax rate for companies incorporated in Indonesia is generally 22%, except for those subject to tax concessions 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.

## 10. INCOME TAX (continued)

### Indonesia (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. For the first-phase project, the sales of nickel metal products are exempt from corporate income tax from the first to the seventh year, and the corporate income tax is halved from the eighth to the ninth year. For the second-phase project, the sales of nickel metal products are 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.

### 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 Research and Development (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 1 January 2023, 100% of the actual amount incurred will be additionally deducted before tax, Intangible assets are amortised at 200% of their cost before tax from 1 January 2023.

**10. INCOME TAX (continued)****Additional deduction for research and development expense (continued)**

Corporate income tax rate:

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. (“湖南中偉智能制造有限公司”)	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)	25.00%
Guizhou Zhongwei New Material Company Limited (“貴州中偉新材料貿易有限公司”)	15.00%
Guizhou Zhongwei Xinyang Energy Storage Technology Company Limited (“貴州中偉興陽儲能科技有限公司”)	15.00%
Companies registered in Hong Kong, such as CNGR Hong Kong Material Science & Technology Co., Ltd.	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 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	24.00%
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. The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current income tax when incurred. Pillar Two legislation has been enacted or substantially enacted and in effect as at 31 December 2025 in certain jurisdictions in which the Group operates.

**10. INCOME TAX (continued)****OECD Pillar Two model rules (continued)**

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the fiscal year of 2025. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbor for most of the jurisdictions in which the Group operates. As such, the group does not expect to have any material Pillar Two exposure. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

The income tax expense of the Group for the year is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current	<b>297,815</b>	195,691
Deferred ( <i>note 21</i> )	<b>14,617</b>	39,098
Total tax charge for the year	<b>312,432</b>	234,789

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:

	2025 RMB'000	2024 RMB'000
Profit before tax	<b>1,927,201</b>	2,022,544
Tax at the applicable PRC statutory rate	<b>289,080</b>	303,382
Adjustment for different tax rates of certain companies	<b>15,254</b>	154,260
Adjustments in respect of current tax of previous periods	<b>4,050</b>	7,014
Income not subject to tax	<b>(300,251)</b>	(325,610)
Expenses not deductible for tax	<b>292,992</b>	8,413
Utilisation of previously unrecognised tax losses and temporary differences	<b>(5,658)</b>	(272)
Tax losses and temporary differences not recognised	<b>60,600</b>	79,198
Additional deduction of research and development expenses	<b>(99,034)</b>	(82,253)
Effect of withholding tax from foreign operations	<b>64,043</b>	87,794
Effect of special equipment on income tax credit	<b>(11,229)</b>	(534)
Others	<b>2,585</b>	3,397
Tax charge at the Group's effective tax rate	<b>312,432</b>	234,789

## 11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Interim dividends on ordinary A shares	<b>254,295</b>	260,460
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	<b>328,451</b>	772,489
Dividends of lapsed restricted shares	<b>(3,218)</b>	(1,813)
Total	<b>579,528</b>	1,031,136

The interim dividend distribution of RMB2.80 per 10 ordinary shares (tax inclusive) in respect of the six months ended 30 June 2025 was approved by the annual general meeting of the Company on 10 September 2025 and was subsequently paid on 10 October 2025.

The final dividend distribution of RMB3.60 per 10 ordinary shares (tax inclusive) in respect of the year ended 31 December 2024 was approved by the Annual General Meeting of the Company on 6 May 2025 and was paid on 29 May 2025.

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

The calculation of basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 949,199,382 (2024: 927,362,524), as adjusted to reflect the bonus share issue during the year.#

The calculation of the diluted earnings per share amount 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.

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

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

	2025 RMB'000	2024 RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>1,570,700</b>	1,467,224
<b>Shares</b>		
Weighted average number of ordinary shares outstanding	<b>949,199,382</b>	927,362,524
Effect of dilution – weighted average number of ordinary shares: Share options	<b>1,565,919</b>	929,328
Total	<b>950,765,301</b>	928,291,852

# The weighted average number of shares was after taking into account the effect of treasury shares held.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office devices and others RMB'000	Construction in progress RMB'000	Freehold land RMB'000	Total RMB'000
<b>31 December 2025</b>								
At 1 January 2025								
Cost	8,984,079	99,218	17,224,963	454,714	381,734	5,228,565	-	32,373,273
Accumulated depreciation	(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 1 January 2025, net of accumulated depreciation	8,400,069	21,246	14,791,327	337,344	226,248	5,217,157	-	28,993,391
Additions	163	45,538	21,128	11,387	6,557	4,059,165	180,343	4,324,281
Acquisition of subsidiaries (note 43)	42,235	-	3,462	14	768	-	-	46,479
Business combination	-	-	-	-	-	-	-	-
Asset acquisition	42,235	-	3,462	14	768	-	-	46,479
Disposal	(55,163)	-	(73,113)	(1,574)	(2,990)	-	-	(132,840)
Depreciation provided during the year	(368,563)	(36,857)	(1,449,741)	(99,146)	(77,548)	-	-	(2,031,855)
Impairment provided during the year	-	-	-	-	-	-	-	-
Transfers	623,951	-	6,417,454	141,937	54,646	(7,237,988)	-	-
Exchange realignment	(97,621)	-	(274,066)	(7,811)	74	(14,379)	(6,703)	(400,506)
At 31 December 2025, net of accumulated depreciation and impairment	8,545,071	29,927	19,436,451	382,151	207,755	2,023,955	173,640	30,798,950
At 31 December 2025								
Cost	9,466,993	144,756	23,249,781	590,719	429,207	2,023,955	173,640	36,079,051
Accumulated depreciation and impairment	(921,922)	(114,829)	(3,813,330)	(208,568)	(221,452)	-	-	(5,280,101)
Net carrying amount	8,545,071	29,927	19,436,451	382,151	207,755	2,023,955	173,640	30,798,950

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office devices and others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2024</b>							
At 1 January 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 1 January 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 43)	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 31 December 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 31 December 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

### 13. PROPERTY, PLANT AND EQUIPMENT (continued)

As of December 31 2025, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB1,529,249,000 (2024: RMB1,927,651,000) were pledged as securities for bank loan facilities granted to the Group (note 42).

At 31 December 2025 the Group had yet to obtain building ownership certificates for certain buildings with a net book value of approximately RMB996,957,000 (2024: RMB1,060,676,000).

During the years, depreciation of property, plant and equipment of RMB2,021,647,000 (2024: RMB1,391,610,000) was included in the consolidated statement of profit or loss, the remaining RMB10,208,000 (2024: RMB1,034,000) was capitalised in construction in progress.

### 14. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of buildings, vehicles and leasehold land used in its operations. Leases of office buildings and plant generally have lease terms between 1 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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

The carrying amounts of the right-of-use assets and the movements during the year are as follows:

	Buildings and vehicles RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2025	45,539	1,601,976	1,647,515
Additions	28,552	210,366	238,918
Depreciation charge	(28,552)	(37,075)	(65,627)
Early lease termination	(19,608)	(12,691)	(32,299)
Exchange realignment	93	(4,711)	(4,618)
As at 31 December 2025	26,024	1,757,865	1,783,889

	Buildings and vehicles RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2024	17,340	1,632,061	1,649,401
Additions	46,523	159	46,682
Acquisition of subsidiaries (note 43)	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 31 December 2024	45,539	1,601,976	1,647,515

**14. LEASES (continued)****The Group as a lessee (continued)****(a) Right-of-use assets (continued)**

As at 31 December 2025, certain of the Group's leasehold land with a net carrying amount of approximately RMB637,686,000 (2024: RMB318,260,000) was pledged to secure certain bank loans granted to a subsidiary of the Company (note 42).

During the year, depreciation of right-of-use assets of RMB63,213,000 (2024: RMB43,810,000) was included in the consolidated statement of profit or loss, and 2,414,000 was capitalised in construction in progress (2024: RMB8,047,000).

**(b) Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 31 December	<b>25,116</b>	44,717
Analysed into:		
Current portion	<b>15,449</b>	18,893
Non-current portion	<b>9,667</b>	25,824

The maturity analysis of lease liabilities is disclosed in note 49 to the financial statements.

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	<b>44,717</b>	19,170
New leases	<b>27,829</b>	49,452
Accretion of interest recognised during the year	<b>342</b>	2,059
Early lease termination	<b>(20,590)</b>	(1,030)
Payments	<b>(27,182)</b>	(24,934)
Carrying amount at 31 December	<b>25,116</b>	44,717
Analysed into:		
Current portion	<b>15,449</b>	18,893
Non-current portion	<b>9,667</b>	25,824

**14. LEASES (continued)****The Group as a lessee (continued)**

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	342	2,059
Depreciation charge of right-of-use assets	63,213	43,810
Expense related to short-term leases	19,395	21,951
Total amount recognized in profit or loss	<b>82,950</b>	67,820

The total cash outflow for leases that have not yet commenced is disclosed in note 41(b) to the financial statements.

**The Group as a lessor**

The Group leases its office buildings in Chinese Mainland 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. Rental income recognised by the Group during the year was RMB56,589,000 (2024: RMB18,031,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	3,990	5,539
After one year but within two years	310	4,153
After two years but within three years	116	25
After three years but within four years	-	9
Total	<b>4,416</b>	9,726

## 15. GOODWILL

	2025 RMB'000	2024 RMB'000
At beginning of year:		
Cost	1,424,799	1,348,262
Accumulated impairment	–	–
Net carrying amount	1,424,799	1,348,262
Net of accumulated impairment	1,424,799	1,348,262
Acquisition of subsidiaries (note 43)	–	55,932
Exchange realignment	(31,634)	20,605
At end of year	1,393,165	1,424,799
At end of year:		
Cost	1,393,165	1,424,799
Accumulated impairment	–	–
Net carrying amount	1,393,165	1,424,799

### 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;
- PT Jade Bay Metal Industry cash-generating unit; and
- FINO Inc. cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2025 RMB'000	2024 RMB'000
PT Debonair Nickel Indonesia	1,062,704	1,086,834
PT Jade Bay Metal Industry	275,298	281,549
FINO Inc.	55,163	56,416
Total	1,393,165	1,424,799

## 15. GOODWILL (continued)

### Impairment testing of goodwill (continued)

#### PT Debonair Nickel Indonesia cash-generating unit

The recoverable amount of the PT Debonair Nickel Indonesia cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a seven-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 12.85% (2024: 12.36%). The growth rate used to extrapolate the cash flows of the PT Debonair Nickel Indonesia unit beyond the seven-year period is 0% (2024: 0%). 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 2025, 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 eight-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 12.45% (2024: 12.85%) and cash flows beyond the eight-year period were extrapolated using a growth rate of 0% (2024: 0%), which was the same as the long term average growth rate of the PT Jade Bay Metal Industry.

Assumptions were used in the value in use calculation of the PT Debonair Nickel Indonesia and PT Jade Bay Metal Industry cash generating units for 31 December 2025 and 2024. 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 to the average gross margin achieved in the year before the budget year, increased for management's expectation of the future market.

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 discount rates are consistent with external information sources.

In the opinion of the directors of the Company, for the PT Debonair Nickel Indonesia cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. The headroom was RMB187,125,000 as at 31 December 2025. If the budgeted gross margin decreased from 19.48% to 16.98%, or the discount rate increased from 11.01% to 11.36%, the carrying amount of the cash-generating unit would be equal to its recoverable amount during the year ended 31 December 2025.

In the opinion of the directors of the Company, for the PT Jade Bay Metal Industry cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. The headroom was RMB125,048,000 as at 31 December 2025. If the budgeted gross margin decreased from 3.10% to negative 1.90%, or the discount rate increased from 11.32% to 11.99%, the carrying amount of the cash-generating unit would be equal to its recoverable amount during the year ended 31 December 2025.

**16. OTHER INTANGIBLE ASSETS**

	Mining right RMB'000	Software and others RMB'000	Total RMB'000
<b>31 December 2025</b>			
At 1 January:			
Cost	621,679	53,332	675,011
Accumulated amortisation	–	(26,315)	(26,315)
Net carrying amount	<b>621,679</b>	<b>27,017</b>	<b>648,696</b>
At 1 January 2025, net of accumulated amortisation	<b>621,679</b>	<b>27,017</b>	<b>648,696</b>
Additions	108,215	16,801	125,016
Disposal	–	(510)	(510)
Acquisition of subsidiaries ( <i>note 43</i> )	1,182,939	–	1,182,939
Amortisation provided during the year	(17,317)	(10,920)	(28,237)
Exchange realignment	(108,878)	(36)	(108,914)
At 31 December 2025, net of accumulated amortisation	<b>1,786,638</b>	<b>32,352</b>	<b>1,818,990</b>
At 31 December 2025:			
Cost	1,803,955	69,587	1,873,542
Accumulated amortisation	(17,317)	(37,235)	(54,552)
Net carrying amount	<b>1,786,638</b>	<b>32,352</b>	<b>1,818,990</b>

**16. OTHER INTANGIBLE ASSETS (continued)**

	Mining right RMB'000	Software and others RMB'000	Total RMB'000
<b>31 December 2024</b>			
At 1 January 2024:			
Cost	–	47,507	47,507
Accumulated amortisation	–	(17,039)	(17,039)
Net carrying amount	–	30,468	30,468
At 1 January 2024, net of accumulated amortisation			
Additions	–	5,822	5,822
Acquisition of subsidiaries	610,334	1	610,335
Amortisation provided during the year	–	(9,276)	(9,276)
Exchange realignment	11,345	2	11,347
At 31 December 2024, net of accumulated amortisation	621,679	27,017	648,696
At 31 December 2024:			
Cost	621,679	53,332	675,011
Accumulated amortisation	–	(26,315)	(26,315)
Net carrying amount	621,679	27,017	648,696

**17. INVESTMENTS IN JOINT VENTURES**

	2025 RMB'000	2024 RMB'000
Share of net assets	<b>2,254,059</b>	2,354,322
Goodwill on acquisition	-	-
Total	<b>2,254,059</b>	2,354,322

The Group's trade receivable balances and other receivable balances due from the joint ventures are disclosed in note 46 to the financial statements.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the joint ventures' (loss)/profit for the year	<b>(32,642)</b>	39,701
Share of the joint ventures' other comprehensive loss	<b>(5,906)</b>	(2,350)
Share of the joint ventures' total comprehensive (loss)/income	<b>(38,548)</b>	37,351
Aggregate carrying amount of the Group's investments in the joint ventures	<b>2,254,059</b>	2,354,322

The Group's shareholdings in the joint ventures are all held by the Company indirectly.

**18. INVESTMENTS IN ASSOCIATES**

	2025 RMB'000	2024 RMB'000
Share of net assets	<b>1,611,517</b>	1,707,361
Goodwill on acquisition	-	-
Total	<b>1,611,517</b>	1,707,361

The Group's trade receivables due from the associates are disclosed in note 46 to the financial statements.

**18. INVESTMENTS IN ASSOCIATES (continued)**

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' profit for the year	40,472	10,582
Share of the associates' total other comprehensive loss	(2,036)	(18,048)
Share of the associates' total other comprehensive income/(loss)	38,436	(7,466)
Aggregate carrying amount of the Group's investment in the associates	<b>1,611,517</b>	1,707,361

**19. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	2025 RMB'000	2024 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")	61,452	60,807
Rept Battero Energy Co., Ltd. ("瑞浦蘭鈞能源股份有限公司")	256,128	222,882
SungEel Hitech Co.,Ltd,	40,454	37,433
CALB Group Co., Ltd. ("中創新航科技股份有限公司")	234,319	122,991
Sunwoda Electronic Co., Ltd. ("欣旺達電子股份有限公司")	-	77,847
Total	<b>592,353</b>	521,960

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.

## 19. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

During the year ended 31 December 2025, the Group disposed 10,040 shares of SungEel Hitech Co., Ltd., 444,980 shares of Ganzhou Tengyuan Cobalt New Materials Co., Ltd., and all 895,000 shares of Sunwoda Electronic Co., Ltd., respectively, as this investment no longer coincided with the Group's investment strategy. As a result, the accumulated gains previously recognised in other comprehensive income amounting to RMB21,000, RMB2,958,000, and RMB36,382,000 were transferred to retained earnings, respectively. Additionally, the Group disposed of 200 shares of Zhongchuang Xinneng Technology Co., Ltd., and as a result, the accumulated loss previously recognised in other comprehensive income of RMB1,000 was transferred to retained earnings.

During the year ended 31 December 2025, the Group received dividends of RMB1,572,000 (2024: RMB2,018,000) and RMB652,000 (2024: RMB539,000) from Ganzhou Tengyuan Cobalt New Material Co., Ltd. and Sunwoda Electronic Co., Ltd., respectively.

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
Current portion		
Structured deposits *	1,125,535	2,010,872
Others	4,199	1,282
	<b>1,129,734</b>	2,012,154
Non-current portion		
Other unlisted investments, at fair value	68,172	28,000
Total	<b>1,197,906</b>	2,040,154

\* As of 31 December 2025, the Group held structured deposits with a balance of RMB1,125,535,000 (2024: RMB2,010,872,000), acquired using temporarily idle funds to enhance capital utilisation efficiency. These structured deposits, with maturities ranging from 1 month to 6 months, are linked to the price performance of foreign exchange rates and other factors during the observation period and are classified as financial assets at fair value through profit or loss.

## 21. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax assets

	Impairment of financial assets RMB'000	Deferred income RMB'000	Tax losses RMB'000	Unrealised profits from internal transactions RMB'000	Fair value adjustments of financial instruments RMB'000	Share-based payment RMB'000	Provision for environmental rehabilitation and restoration of mines RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	30,281	73,830	62,950	20,682	30,586	3,063	-	2,222	223,614
Deferred tax (charged)/credited to the consolidated statement 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 statement of other comprehensive income during the year	-	-	-	-	31,262	-	-	-	31,262
Gross deferred tax assets at 31 December 2024	15,314	67,024	78,677	17,330	61,848	3,982	-	5,272	249,447
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year (note 10)	28,699	2,199	(21,425)	10,885	1,494	35	5,910	(1,520)	26,277
Deferred tax charged to the consolidated statement of other comprehensive income during the year	-	-	-	-	(33,531)	-	-	-	(33,531)
Deferred tax due to acquisition of subsidiaries	-	-	6,054	-	-	-	-	-	6,054
Exchange realignment	-	-	(302)	(802)	-	-	-	-	(1,104)
Gross deferred tax assets at 31 December 2025	44,013	69,223	63,004	27,413	29,811	4,017	5,910	3,752	247,143

## 21. DEFERRED TAX (continued)

### Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments of financial instruments RMB'000	Withholding taxes RMB'000	Mine Environmental Rehabilitation Provision RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	279,310	28,152	18,957	–	1,717	328,136
Deferred tax (charged)/credited to the consolidated statement 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 statement of comprehensive income during the year	–	(18,550)	–	–	–	(18,550)
Deferred tax liabilities at 31 December 2024	254,922	6,859	76,132	–	5,342	343,255
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 10)	(21,278)	(3,533)	61,294	5,910	(1,499)	40,894
Deferred tax liabilities at 31 December 2025	233,644	3,326	137,426	5,910	3,843	384,149

There were no income tax or withholding tax consequences attaching to the payment of dividends by the Company to its shareholders during the years.

## 21. DEFERRED TAX (continued)

### Deferred tax liabilities (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>75,073</b>	121,595
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(212,079)</b>	(215,403)
Net deferred tax liabilities	<b>(137,006)</b>	(93,808)

Deferred tax assets have not been recognised 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 utilised.

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses not recognised	<b>458,760</b>	430,705
Deductible temporary differences	<b>56,250</b>	95,845
Total	<b>515,010</b>	526,550

Deferred tax assets have not been recognised 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

	2025 RMB'000	2024 RMB'000
Exploration and development costs	<b>135,593</b>	70,312
Prepayments for equipment	<b>482,872</b>	923,895
Prepayments for land	<b>167,300</b>	145,452
Prepayments for equity investment ( <i>Notes</i> )	<b>520,114</b>	608,222
Impairment	<b>(17,618)</b>	(18,773)
Total	<b>1,288,261</b>	1,729,108

Notes:

- (a) As of 31 December 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 of the prepaid equity investment for PT Alchemist Metal Industry (AMI) is consistent with the amount reported for the previous year.
  - (iii) EUR5,540,000 of the prepayment for equity investment was made by a subsidiary under a strategic cooperation framework agreement with Revomet GmbH, for the acquisition of a 25% equity interest in Revomet Bitterfeld GmbH, which is controlled by Revomet GmbH.

## 23. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	<b>7,370,639</b>	4,622,549
Work in progress	<b>4,991,316</b>	2,802,259
Finished goods	<b>2,223,328</b>	1,833,106
Goods in transit	<b>78,315</b>	568,450
Total	<b>14,663,598</b>	9,826,364

At 31 December 2025, none of the Group's inventories was pledged as security for the Group's bank loans (2024: nil).

## 24. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	<b>6,724,031</b>	4,384,307
Bills receivables	<b>894,132</b>	773,085
Impairment	<b>(91,360)</b>	(51,580)
Net carrying amount	<b>7,526,803</b>	5,105,812

The Group periodically conducts credit evaluations of customers who trade on credit. Based on the results of the credit evaluations, the Group chooses 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.

Included in the Group's trade receivables are amounts due from the Group's joint ventures and associates of RMB453,372,000 (2024: RMB138,098,000) and RMB92,000 (2024: RMB1,517,000) respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

The Group's bills receivables were all accepted by banks, aged within one year, and were neither past due nor impaired.

As of 31 December 2025, bills receivable of RMB223,008,000 (2024: RMB453,533,000), whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income, and the remaining bills receivable were measured at amortised cost.

An aging analysis of the trade receivables of the Group as at the end of the years (based on the invoice date and net of provisions) is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	<b>6,123,962</b>	4,171,727
4 to 12 months	<b>501,056</b>	156,272
1 to 2 years	<b>6,152</b>	4,682
2 to 3 years	<b>1,501</b>	46
Total	<b>6,632,671</b>	4,332,727

**24. TRADE AND BILLS RECEIVABLES (continued)**

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

	2025 RMB'000	2024 RMB'000
At beginning of year	51,580	44,920
Impairment/(reversal of impairment) of trade receivables, net (note 6)	40,534	9,151
Amount written off as uncollectible	–	(2,893)
Exchange realignment	(754)	402
At end of year	<b>91,360</b>	51,580

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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:

**As at 31 December 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%	1.36%
Gross carrying amount (RMB'000)	6,185,820	527,428	7,690	3,001	92	6,724,031
Expected credit losses (RMB'000)	61,858	26,371	1,538	1,501	92	91,360

**As at 31 December 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

**24. TRADE AND BILLS RECEIVABLES (continued)**

There was no significant change in the expected credit loss rates for the time band during the reporting period, 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. These factors form the basis for determining the expected credit loss rates.

	2025 RMB'000	2024 RMB'000
Bills receivable pledged at the end of the reporting period	<b>295,020</b>	123,161

	2025 RMB'000	2024 RMB'000
Bills receivable endorsed or discounted at the end of the reporting period but not yet matured	<b>449,543</b>	263,907

**25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	2025 RMB'000	2024 RMB'000
Prepayments	<b>1,827,413</b>	1,800,338
Deposits and other receivables	<b>1,861,919</b>	750,963
Tax recoverable	<b>2,680,721</b>	2,924,047
Impairment allowance	<b>6,370,053</b> <b>(114,200)</b>	5,475,348 (38,788)
Total	<b>6,255,853</b>	5,436,560

The balances are not secured by collateral.

The financial assets included in the above balances which relate to receivables were categorised as stage 1 at the end of the years. 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**

	2025 RMB'000	2024 RMB'000
Cash and bank balances	<b>8,567,561</b>	10,083,956
Pledged deposits	<b>1,768,772</b>	1,105,032
Subtotal	<b>10,336,333</b>	11,188,988
Less: Pledged time deposits:		
Pledged for bills receivable	<b>615,707</b>	274,300
Pledged for letter of credit	<b>38,390</b>	40,933
Pledged for futures	<b>987,867</b>	423,867
Pledged for standby letter of credit	<b>708</b>	707
Pledged for restricted account	<b>11,279</b>	220,000
Pledged for others	<b>114,821</b>	145,225
Subtotal	<b>1,768,772</b>	1,105,032
Cash and cash equivalents	<b>8,567,561</b>	10,083,956
Denominated in:		
RMB	<b>5,347,980</b>	7,866,960
USD	<b>2,452,482</b>	1,389,679
KRW	<b>233,938</b>	397,548
IDR	<b>267,732</b>	397,349
EUR	<b>33,325</b>	17,640
HKD	<b>9,543</b>	4,188
Other currencies	<b>222,561</b>	10,592

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for periods between one month 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.

## 27. TRADE AND BILLS PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 1 year	<b>15,109,206</b>	9,359,024
1 to 2 years	<b>199,506</b>	620,861
2 to 3 years	<b>244,300</b>	164,368
Over 3 years	<b>116,062</b>	105,163
Total	<b>15,669,074</b>	10,249,416

Included in the trade and bills payables are trade payables of RMB22,262,766 (2024: Nil) and RMB22,525,594 (2024: Nil) due to joint venture and associates respectively, which are repayable within 90 days, which represents credit terms similar to those offered by the associates to their major customers.

As at 31 December 2025 and 2024, the carrying amounts of trade payables approximated to their fair values. Trade and bills payables are non-interest-bearing.

## 28. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Contract liabilities	<i>(a)</i>	<b>230,367</b>	586,567
Payroll and welfare payable		<b>391,347</b>	343,956
Amount due to non-controlling shareholders	<i>(b)</i>	<b>151,525</b>	428,829
Other payables	<i>(c)</i>	<b>242,056</b>	292,020
Other tax payables		<b>93,312</b>	56,711
Other current liabilities	<i>(d)</i>	<b>306,043</b>	284,741
Total		<b>1,414,650</b>	1,992,824

**28. OTHER PAYABLES AND ACCRUALS (continued)****(a) Details of contract liabilities are as follows:**

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Short-term advances received from customers	<b>230,367</b>	586,567	169,248

Contract liabilities include short-term advances received to deliver products.

**(b) Details of amounts due to non-controlling shareholders are as follows:****As of 31 December 2025**

Innovation West Mantewe PTE. LTD, a subsidiary of the Group, borrowed RMB135,777,000 (including interest) from Walsin Singapore PTE. LTD., a minority shareholder, with a term of one year and an annual interest rate of 3-MONTH Secured Overnight Financing Rate (SOFR).

Accrued interest expense of RMB15,748,000 related to borrowings from a minority shareholder Rigqueza International Pte. Ltd. by subsidiary PT Zhongtsing New Energy, which remains unpaid.

**(c) Details of other payables are as follows:**

	2025 RMB'000	2024 RMB'000
Restricted share repurchase obligations	-	84,084
Others	<b>242,056</b>	207,936
Total	<b>242,056</b>	292,020

**28. OTHER PAYABLES AND ACCRUALS (continued)****(d) Details of other current liabilities are as follows:**

	2025 RMB'000	2024 RMB'000
Endorsed and unmatured bank bills not derecognised	<b>295,020</b>	263,907
Output tax to be transferred	<b>11,023</b>	20,834
Total	<b>306,043</b>	284,741

**29. DERIVATIVE FINANCIAL INSTRUMENTS**

	2025		2024	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Derivative financial assets designated as hedging relationships:				
Commodity futures	-	<b>682,354</b>	135,342	-
Derivative financial assets not designated as hedging relationships:				
Cross currency swaps	<b>11,115</b>	-	13,212	-
Metal forward contracts	-	<b>27,817</b>		
Others*	-	<b>4,266</b>	-	100,497
Total	<b>11,115</b>	<b>714,437</b>	148,554	100,497
Current portion	<b>11,115</b>	<b>714,437</b>	148,554	100,497

\* Primarily arising from deferred pricing arrangements related to purchases.

**29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**  
**(1) Carry out hedging business for risk management**

	<b>Risk management strategies and objectives</b>	<b>Hedged risk</b>	<b>Economic relationship between the hedged items and hedging instruments</b>	<b>Effectiveness in achieving expected risk management objectives</b>	<b>The impact of hedging activities on risk exposure</b>
Future	Avoid the risk of metal price fluctuations through the 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.

**29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)****(1) Carry out hedging business for risk management (continued)**

	<b>Risk management strategies and objectives</b>	<b>Hedged risk</b>	<b>Economic relationship between the hedged items and hedging instruments</b>	<b>Effectiveness in achieving expected risk management objectives</b>	<b>The impact of hedging activities on risk exposure</b>
Foreign Exchange	Avoid risks in the foreign exchange market through 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.	Reduce the exposure to exchange rate risk.

## 29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

### (2) Carry out eligible hedging business and apply hedge accounting

#### Fair value hedge

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 year 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.

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, lithium carbonate, soda ash, 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 not applied fair value hedge accounting, the profit of the Group would have decreased by RMB840,841,000 for the year ended 31 December 2025 (2024: increased by RMB34,657,000).

## 29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

### (2) Carry out eligible hedging business and apply hedge accounting (continued)

#### Cash flow hedge

The Group's subsidiaries, which operate under a USD functional currency, utilize foreign exchange forward contracts to hedge the foreign exchange risk associated with firmly committed future sales denominated in RMB. The carrying amounts of these forward contracts are subject to fluctuations based on the anticipated volume of foreign currency sales and changes in forward exchange rates.

The key terms of the forward contracts have been meticulously negotiated to align with the terms of the underlying commitments, ensuring no ineffective portion in the cash flow hedge. In accordance with IFRS 9, the effective portion of gains or losses on the hedging instrument is recognized directly in other comprehensive income within the financial statements.

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
Expected sales	Currency swap derivative instruments	Purchasing currency swap derivative instruments to lock in expected foreign currency revenue exchange fluctuations

Had the Group not applied cash flow hedge accounting, the profit of the Group would have decreased by RMB38,549,000 for the year ended 31 December 2025 (2024: nil).

**30. INTEREST-BEARING BANK BORROWINGS**

	2025			2024		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – secured	1.98~3.25	2026	5,532,140	2.30~7.03	2025	3,415,929
Bank loans – unsecured	-	-	-	1.95	2025	70,042
Current portion of long-term bank loans – secured	1.45~4.75	2026	5,604,028	2.35~7.81	2025	6,726,814
Current portion of long term bank loans – unsecured	1.80~4.52	2026	765,418	2.30~2.80	2025	326,288
Total – current			<b>11,901,586</b>			<b>10,539,073</b>
<b>Non-current</b>						
Bank loans – secured	1.45~4.75	2027~2032	11,022,138	1.70~7.81	2026~2031	13,727,651
Bank loans – unsecured	1.80~4.52	2027~2028	4,040,876	2.30~2.80	2026~2027	2,060,000
Total – non-current			<b>15,063,014</b>			<b>15,787,651</b>
Total			<b>26,964,600</b>			<b>26,326,724</b>

	2025 RMB'000	2024 RMB'000
Analyzed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	<b>11,901,586</b>	10,539,073
In the second year	<b>6,484,368</b>	5,623,830
In the third to fifth years, inclusive	<b>8,542,646</b>	9,813,715
Beyond five years	<b>36,000</b>	350,106
Total	<b>26,964,600</b>	26,326,724

**30. INTEREST-BEARING BANK BORROWINGS (continued)**

The carrying amounts of borrowings are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	<b>25,970,825</b>	19,578,475
USD	<b>993,775</b>	6,748,249
Total	<b>26,964,600</b>	26,326,724

Certain of the Group's bank loans are secured by:

- Guarantees provided by related parties for certain bank loans of the Group.
- Pledged inventories of the Group totalling nil and nil at 31 December 2025 (2024: nil).
- The net carrying amounts of the Group's mortgaged buildings were RMB1,438,823,000 at 31 December 2025 (2024: RMB1,469,274,000). The Group's mortgaged construction in progress is RMB90,426,000 at 31 December 2025 (2024: RMB458,377,000).
- The net carrying amounts of the Group's mortgaged leasehold land were RMB637,686,000 at 31 December 2025 (2024: RMB318,260,000).

**31. BONDS PAYABLE**

As at 31 December 2025, the balance includes USD100 million 4.55% and USD140 million 5.70% green use of proceeds bonds issued on 3 March and 5 September 2022, respectively.

	2025 RMB'000	2024 RMB'000
Nominal value of bonds issued during the year	–	–
At beginning of year	<b>1,749,841</b>	1,720,373
Addition	<b>199,990</b>	–
Interest expense	<b>74,079</b>	93,865
Repayment	<b>(1,289,735)</b>	(90,071)
Exchange realignment	<b>(22,621)</b>	25,674
Liability component at 31 December	<b>711,554</b>	1,749,841
Analysed into:		
Current portion	–	1,024,764
Non-current portion	<b>711,554</b>	725,077

### 32. CONVERTIBLE BONDS

On 18 July 2024, a subsidiary of the Group issued a 3.03% KRW70,000,000,000 convertible bond with a nominal value of KRW70,000,000,000. By 31 December 2025, 45,214,521 ordinary shares have been converted, with a conversion price of KRW1,515 per share. Among them, subsidiary Zhongwei Hong Kong New Energy Technology Co., Ltd. has converted its 2,200,000 convertible bonds into 14,521,452 shares, and all of its convertible bonds have been converted into shares; Zhongwei Hong Kong Innovation Energy Co., Ltd. has converted its 1,400,000 convertible bonds into 9,240,924 shares, and all of its convertible bonds have been converted into shares; other third-party investors has converted 3,250,000 convertible bonds into 21,452,145 shares, leaving 150,000 convertible bonds. The bonds bear interest of at 3.03% on the principal amount and will be settled upon their 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.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2025 RMB'000	2024 RMB'000
Nominal value of bonds issued during the year	–	166,270
Equity component	–	(73,870)
At beginning of year	<b>99,010</b>	–
Liability component at the issuance date	–	92,400
Interest expense	<b>10,809</b>	9,329
Interest paid	–	–
Convertible bond conversion	<b>(104,975)</b>	–
Exchange realignment	<b>746</b>	(2,719)
Liability component at 31 December	<b>5,590</b>	99,010

### 33. PROVISION

	At 1 January	Additions	Reductions	At 31 December
Provision for environmental rehabilitation and restoration of mines ( <i>Note</i> )	–	23,641	–	23,641

*Note:* The subsidiaries of the Group recognised a provision for environmental rehabilitation and restoration of mines based on the estimation lives of mining tenements, timing of mine closure and costs of rehabilitation to be incurred at mine closure, and such provision will be re-estimated based on the updated plans for rehabilitating mine sites.

**34. DEFERRED INCOME**

	2025 RMB'000	2024 RMB'000
Government grants and subsidies	<b>409,815</b>	391,653

**35. OTHER NON-CURRENT LIABILITIES**

	2025 RMB'000	2024 RMB'000
Advance receipts of government subsidies	<b>83,026</b>	83,026
Non-controlling shareholders' borrowings with a term exceeding one year*	<b>96,086</b>	–
Payable for equity acquisition**	<b>553,971</b>	1,194,281
Accounts payable for engineering equipment***	<b>940,916</b>	845,220
Total	<b>1,673,999</b>	2,122,527

\* As at 31 December 2025, the non-controlling shareholders' borrowings are as follows:

The subsidiary PT Debonair Nickel Indonesia borrowed funds of RMB96,086,000 (including interest) from the non-controlling shareholder Debonair Nickel Private Limited. The loan repayment date is 24 July 2027. The annual interest rate remains at one-year Libor + 220 bps. PT Debonair Nickel Indonesia may prepay the loan and is required to prioritise repayment of principal and corresponding interest before any profit distribution.

\*\* As at 31 December 2025, the payables for equity acquisition are as follows:

(1) The equity investment payable of USD46,000,000 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 the agreement terms, the total transaction consideration amounts to USD182,000,000, with an initial payment of USD116,000,000 already settled. During the year ended 31 December 2025, due to the acquisition of part of the equity of PT Konutara Sejati and PT Karyatama Konawe Utara by the HanKing project, CNGR Hongkong Material Science & technology Co., Limited was required to make an advance payment of USD10,000,000 each under the retention clause stipulated in Article 3.2 of the Memorandum of Understanding for Strategic Cooperation, with a total of USD20,000,000 have been paid. 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.

### 35. OTHER NON-CURRENT LIABILITIES (continued)

\*\* As at 31 December 2025, the payables for equity acquisition are as follows: (continued)

- (2) The USD32,640,000 for the investment equity payment is the equity acquisition amount that the subsidiary, Singapore CNGR Zhongxin New Energy Pte. Ltd., needs to pay for the acquisition of the equity held by PT Bumimandiri Wijaya and PT Karya Sukses Investama in PT.MULTIUSAHA SEJATI.

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 the 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 equity investment payable of USD32,640,000 represents the consideration for the acquisition of equity interests in PT MULTI USAHA SEJATI held by PT Bumimandiri Wijaya and PT Karya Sukses Investama by Singapore CNGR Zhongxin New Energy Pte. Ltd. The equity investment payable of USD67,500,000 represents the consideration for the acquisition of equity interests in Glory Merry Limited by CNGR Hong Kong Material Science & Technology Co., Ltd.

\*\*\* This part represents the remaining equipment engineering payment of NADESICO NICKEL INDUSTRY PT that has not been paid to Liyang Xingchuang International Trading Co., Ltd. The amount was discounted due to financing attributes.

### 36. SHARE CAPITAL AND TREASURY SHARES

A summary of movements in the Group's and the Company's share capital and treasury shares are as follows:

	Notes	Number of shares in issue RMB'000	Share capital RMB'000	Treasury shares RMB'000	Total
At 1 January 2024		669,824,103	669,824	(339,854)	329,970
Bonus issues	(a)	266,375,601	266,376	-	266,376
Repurchase of shares for share schemes	(c)	-	-	(238,996)	(238,996)
Issue of shares under share schemes	(b)	2,526,155	2,526	-	2,526
Cancellation of shares	(c)	(1,636,045)	(1,636)	74,756	73,120
At 31 December 2024 and 1 January 2025		<b>937,089,814</b>	<b>937,090</b>	<b>(504,094)</b>	<b>432,996</b>
Issuance of new shares	(d)	<b>104,225,400</b>	<b>104,225</b>	-	<b>104,225</b>
Repurchase of shares for share schemes	(c)	-	-	<b>(666,625)</b>	<b>(666,625)</b>
Issue of shares under share schemes	(b)	<b>2,778,855</b>	<b>2,779</b>	-	<b>2,779</b>
Cancellation of shares	(c)	<b>(1,840,211)</b>	<b>(1,840)</b>	<b>84,084</b>	<b>82,244</b>
At 31 December 2025		<b>1,042,253,858</b>	<b>1,042,254</b>	<b>(1,086,635)</b>	<b>(44,381)</b>

### 36. SHARE CAPITAL AND TREASURY SHARES (continued)

Notes:

(a) On 29 May 2024, the Company implemented its 2023 annual dividend distribution (the "2023 Annual Dividend Distribution"), capitalising 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.

(b) On 28 August 2024, the Company 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 (note 38).

On 13 June 2025, the Company 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.

(c) For the years ended 31 December 2025 and 2024, a total of 19,623,573 and 10,209,299 A Shares were repurchased respectively for future employee stock ownership plans or share-based incentives, and treasury stocks amounting to approximately RMB666,625,000 and RMB238,996,000 were recognised respectively.

During the years ended 31 December 2025 and 2024, the Company, under the approval and authorisation of the general meeting, cancelled a total of 1,840,211 and 1,636,045 shares, respectively. Treasury stocks amounting to approximately RMB84,084,000 and share capital of approximately RMB1,840,000 were derecognised with a corresponding credit to capital reserve of approximately RMB82,244,000 during the year ended 31 December 2025. Treasury stocks amounting to approximately RMB74,756,000 and share capital of approximately RMB1,636,000 were derecognised with a corresponding credit to capital reserve of approximately RMB73,120,000 during the year ended 31 December 2024.

(d) On 17 November 2025, the Company issued 104,225,400 H shares with a nominal value of RMB1.00 each at a price of HKD34.00 per share by way of initial public offering to global investors. Net proceeds after deducting related listing fee from such issuance amounted to RMB3,146,242,000, out of which RMB104,225,400 and RMB3,042,016,000 were credited in share capital and capital reserves respectively.

### 37. OTHER EQUITY INSTRUMENTS

	As at the beginning of the year	Addition during the year	Decrease during the year	As at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000
Perpetual debt instruments	–	700,000	–	700,000

In December 2025, the Company entered into a renewable trust loan agreement with the lender with a principal amount of RMB700 million. Both parties confirmed that the trust loan is renewable, with an initial loan term of three years. Thirty days prior to the expiration of each loan term (including the initial loan term and any extended loan terms), the Company has the right to either extend the loan term under this agreement by three years or choose to repay the full outstanding principal balance of the trust loan, along with all accrued but unpaid interest, accrued interest, and penalty interest, to the lender on the expiration date of each loan term. If the Company chooses to extend the loan term, it shall provide written notice to the lender thirty days prior to the expiration of each loan term.

Reset loan interest rate: The loan interest rate for each subsequent loan term shall increase from 4.8% to 7.8% if the Company exercises the right to extend the loan term under this agreement.

### 37. OTHER EQUITY INSTRUMENTS (continued)

If a mandatory interest payment event occurs, or if no such event occurs but the Company fails to provide written notice to the lender ten days prior to any agreed interest settlement date choosing to defer the interest payment for that interest period, the Company shall pay the current loan interest and all previously deferred interest and its accrued interest to the lender on the day following the interest settlement date. Within 12 months prior to each interest settlement date, if any of the following events occurs, the Company shall not defer the payment of interest and its accrued interest: (1) the Company reduces its registered capital; or (2) the Company distributes dividends to its shareholders.

Since the Company has the right to avoid paying interest and principal to the lender by delivering cash or other financial assets, the perpetual debt instruments are classified as equity instruments.

### 38. SHARE-BASED PAYMENT

#### Equity-settled shared-based payment arrangement

##### (a) Restricted share incentive schemes

Pursuant to the restricted share incentive scheme for 2022 approved at the first extraordinary annual shareholders' meeting on 6 April 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 13 April 2022, and the grant price was RMB63.97 per share. The restricted shares vested in three instalments subject to the Company's annual performance appraisal and individual performance appraisal during 2022 to 2024.

Pursuant to the restricted share incentive scheme for 2023 approved at the sixth meeting of the second Board of Directors on 3 July 2023 ("the **2023 Share Incentive Scheme**"), the Company adjusted the number of initially granted restricted shares from 7,912,520 to 7,863,240 shares to 1,478 employees, and the grant price was RMB30.78 per share. The vesting of the initially granted restricted shares will be subject to annual performance evaluations over three fiscal years (2023 to 2025), with one assessment conducted per fiscal year.

The number of restricted shares granted to the Group's incentive participants is summarised as follows:

	2025 RMB'000	2024 RMB'000
Outstanding as at the beginning of the year	1,840,211	2,483,040
Granted	-	-
Adjustment in number of shares*	-	993,216
Vested	-	-
Forfeited**	(1,840,211)	(1,636,045)
Outstanding as at the end of the year	-	1,840,211

\* The number of shares was adjusted for the implementation of the Company's 2023 annual dividend distribution to capitalise capital reserve to issue 4 new shares for every 10 shares held by shareholders on 29 May 2024.

\*\* Under the restricted share incentive schemes, 91 employees have resigned, one became a supervisor of the Company, and the remaining 606 incentive targets did not meet the personal assessment goals for 2024. In summary, the board of directors of the Company decided to repurchase and cancel a total of 1.840211 million restricted shares of Class I that could not be lifted from sale.

**38. SHARE-BASED PAYMENT (continued)****Equity-settled shared-based payment arrangement (continued)****(a) Restricted share incentive schemes (continued)**

The Group determined 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 were granted, less the exercise price.

The fair value of granted shares was RMB131,277,000 for the 2022 Restricted Share Incentive Scheme.

**(b) Stock option incentive plan**

The Company approved and established the restricted share incentive scheme for 2023 at the sixth extraordinary annual shareholders' meeting ("the **2023 Share Incentive Scheme**") on 30 June 2023. Under the plan, participants are granted options which only vest if certain performance standards are met and if the employees, officers and directors 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 3 July 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 stock option incentive plan will vest respectively.

Under the reserved grant of the plan, the Company granted 2,769,382 restricted shares to 138 employees, officers and directors on 20 June 2024, with an exercise price of RMB21.16 per share, as adjusted for bonus shares 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 stock option incentive plan will vest respectively.

A summary of share option movements is presented as follows:

	2025		2024	
	Weighted average exercise price RMB per share	Number of options '000	Weighted average exercise price RMB per share	Number of options '000
At 1 January	21.16	8,611,554	30.78	7,863,240
Granted during the year	20.52*	–	21.16	2,769,382
Adjustment in number of shares**	20.52	–	21.16	3,145,296
Exercised during the year	20.52	(2,778,855)	21.16	(2,526,155)
Forfeited during the year	20.52	(1,877,749)	21.16	(2,640,209)
At 31 December	20.24***	3,954,950	21.16	8,611,554

**38. SHARE-BASED PAYMENT (continued)****Equity-settled shared-based payment arrangement (continued)**

\* The exercise price of the share options of RMB20.52 was adjusted for i) the implementation of the Company's 2023 annual dividend distribution to capitalise capital reserve to issue 4 new shares for every 10 shares held by shareholders in May 2024; ii) the distribution of cash dividend of RMB11.60 per 10 shares in May 2024; iii) the distribution of cash dividend of RMB2.8 per 10 shares in October 2024; and iv) the distribution of a cash dividend of RMB3.6 per 10 shares in May 2025.

\*\* The number of shares was 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 29 May 2024.

\*\*\* The exercise price of the share options of RMB20.24 was adjusted for the distribution of cash dividend of RMB2.8 per 10 shares in 10 September 2025.

The weighted average share price at the date of exercise for share options exercised during the year was RMB32.95 per share (2024: RMB29.00).

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

**2025**

Number of options	Exercise price*	
	RMB per share	Exercise period
3,954,950	20.24	July 2026
<u>3,954,950</u>		

**2024**

Number of options	Exercise price*	
	RMB per share	Exercise period
8,611,554	21.16	July 2025 to July 2026
<u>8,611,554</u>		

\* 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 year was nil (2024: RMB31,266,000).

**38. SHARE-BASED PAYMENT (continued)****(b) Stock option incentive plan (continued)**

The fair value at the grant date was 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:

<b>2023 Share Incentive Scheme</b>	
Exercise price per share	RMB30.78, RMB21.28
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 31 December 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 36 to the financial statements.

No share options were granted subsequent to the end of the reporting period.

**(c) Share-based payment expenses**

Share-based payment expenses during the year are as follows:

	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Equity-settled share-based payments	<b>11,077</b>	79,941

### 39. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

**(a) Capital reserve**

The capital reserve of the Group represents the capital contribution of the then shareholders.

**(b) Share-based payment reserve**

The amounts of share-based payment reserve are set out in note 38.

**(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 Generally Accepted Accounting Principles (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 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.

**(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 unrealised fair value gains or losses for equity investments designated at fair value through other comprehensive income.

#### 40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2025

	Percentage of equity interest held by non- controlling interests %	Profit for the year allocated to non- controlling interests RMB'000	Dividends declared to non- controlling shareholders RMB'000	Accumulated balances of non- controlling interests RMB'000
Hunan Zhongwei New Energy Science & Technology Co., Ltd	24.22	160,272	152,592	3,391,859
Guangxi Zhongwei New Energy Technology Co., Ltd.	23.12	300,131	155,342	2,145,631
PT Nadesico Nickel Industry	40.00	(227,169)	–	595,942
PT Zhongtsing New Energy	15.00	(87,078)	–	278,044

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Hunan Zhongwei New Energy Science & Technology Co., Ltd RMB'000	Guangxi Zhongwei New Energy Technology Co., Ltd. RMB'000	PT Nadesico Nickel Industry RMB'000	PT Zhongtsing New Energy RMB'000
Revenue	12,534,675	13,840,035	7,100,040	3,424,277
Profit/(Loss) for the year	439,361	1,298,345	(567,922)	(290,262)
Total comprehensive income/(loss) for the year	437,441	1,298,345	(582,942)	(307,802)
Current assets	15,496,948	14,617,293	3,238,199	2,677,763
Non-current assets	7,199,981	5,176,103	7,626,279	7,696,477
Current liabilities	8,395,295	7,094,637	8,083,190	7,676,056
Non-current liabilities	4,366,493	3,416,904	1,340,916	814,102
Net cash flows generated from/ (used in) operating activities	2,393,147	(1,671,002)	320,984	(672,794)

#### 40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

As at 31 December 2024

	Percentage of equity interest held by non- controlling interests %	Profit for the year allocated to non- controlling interests RMB'000	Dividends declared to non- controlling shareholders RMB'000	Accumulated balances of non- controlling interests RMB'000
Hunan Zhongwei 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 Zhongwei New Energy Science & Technology Co., Ltd RMB'000	Guangxi Zhongwei New Energy Technology Co., Ltd. RMB'000	PT Nadesico Nickel Industry 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)

## 41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Changes in liabilities arising from financing activities

2025

	Interest-bearing bank and other borrowings RMB'000	Bond payable RMB'000	Lease liabilities RMB'000	Amount due to non-controlling shareholders RMB'000	Trade and bills payables RMB'000	Convertible bond RMB'000
At 1 January 2025	26,326,724	1,749,841	44,717	428,829	-	99,010
Changes from financing cash flows	(303,186)	(1,089,745)	(27,182)	(126,086)	1,943,512	-
New leases	-	-	27,829	-	-	-
Interest expense	867,716	74,079	342	22,317	-	10,809
Exchange realignment	73,346	(22,621)	-	(6,734)	-	746
Other	-	-	(20,590)	(166,801)	-	(104,975)
At 31 December 2025	26,964,600	711,554	25,116	151,525	1,943,512	5,590

2024

	Interest-bearing bank and other borrowings RMB'000	Bond payable RMB'000	Lease liabilities RMB'000	Amount due to non-controlling shareholders RMB'000	Lease liability in a sale and leaseback included in other non-current liabilities RMB'000	Convertible bond RMB'000
At 1 January 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 31 December 2024	26,326,724	1,749,841	44,717	428,829	-	99,010

**41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)****(b) Total cash outflow for leases**

	2025 RMB'000	2024 RMB'000
Within operating activities	<b>(19,395)</b>	(21,951)
Within financing activities	<b>(27,182)</b>	(24,934)
Total	<b>(46,577)</b>	(46,885)

**42. PLEDGE OF ASSETS**

Details of the Group's assets pledged are as follows and are included in notes 13, 16, 23, 26 and 30 to the financial statements.

	2025 RMB'000	2024 RMB'000	Restrictions
Cash and cash equivalents	<b>615,707</b>	274,300	Pledged for bills receivable
Cash and cash equivalents	<b>38,390</b>	40,933	Pledged for letter of credit
Cash and cash equivalents	<b>987,867</b>	423,867	Pledged for futures
Cash and cash equivalents	<b>708</b>	707	Pledged for standby letter of credit
Cash and cash equivalents	<b>114,821</b>	145,225	Pledged for others
Cash and cash equivalents	<b>11,279</b>	220,000	Pledged for supervision account
Bill receivables	<b>295,020</b>	123,161	Pledged for discounting
Buildings	<b>1,438,823</b>	1,469,274	Pledged for borrowing
Construction in progress	<b>90,426</b>	458,377	Pledged for borrowing
Leasehold land	<b>637,686</b>	318,260	Pledged for borrowing
Total	<b>4,230,727</b>	3,474,104	

## 43. ACQUISITION OF SUBSIDIARIES

### (A) Acquisition of Subsidiaries through Acquisition of Subsidiaries

#### i. Acquisition of Wintru S.R.L. during the year ended 31 December 2025

On 31 January 2025, the Company's wholly-owned subsidiaries 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 substantial business, and its core asset is Jama Salt Lake Lithium Mine Project. The Group believes that the lithium ore had not yet been mined as of 31 December 2025 and there was no processing process and production capacity. Therefore, the Company regards the acquisition as an 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
Accruals and other payables	(106,722)
Others	(2,256)
	<hr/>
Net assets at fair value	510,747
	<hr/>
Non-controlling interests	–
Net assets on acquisition	510,747
	<hr/>
Satisfied by cash	510,747
	<hr/>
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	91,652
Net outflow of cash and cash equivalents included in cash flows from investing activities	(417,710)
Consideration payable	–
	<hr/>
Total net cash outflow	(417,710)
	<hr/>

**43. ACQUISITION OF SUBSIDIARIES (continued)****(A) Acquisition of Subsidiaries through Business Combinations (Continued)****ii. Acquisition of PT Eco Energi Indonesia during the year ended 31 December 2025**

On 31 August 2025, the Company's wholly-owned subsidiary Hong Kong Susten New Energy Co., Limited (香港持續新能源有限公司) acquired 100% equity in PT Eco Energi Indonesia. EEI has no substantial business, and its core asset is 70% equity interest in PT Sinar Karyagama Primatama. SKP holds a nickel mining project. The Group believes that SKP's nickel ore had not yet been mined at of 31 December 2025 and there was no processing process and production capacity. Therefore, the Company regards the acquisition as an asset acquisition.

	Fair value recognised on acquisition PT Eco Energi Indonesia RMB'000
Cash and bank balances	3
Other intangible assets	248,793
Other non-current assets	2,297
	<hr/>
Net assets at fair value	251,093
	<hr/> <hr/>
Non-controlling interests	(75,933)
Net assets on acquisition	175,160
	<hr/> <hr/>
Satisfied by cash	175,160
	<hr/> <hr/>
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(175,160)
Cash and bank balances acquired	3
Cash paid at previous year	17,612
Cash will pay at subsequent year	8,610
Net outflow of cash and cash equivalents included in cash flows from investing activities	(148,935)
Consideration payable	-
	<hr/>
Total net cash outflow	(148,935)
	<hr/> <hr/>

### 43. ACQUISITION OF SUBSIDIARIES (continued)

#### (a) Acquisition of subsidiaries through business combinations (continued)

##### iii. Acquisition of Solaroz S.A. during the year ended 31 December 2025

On 15 December 2025, the Company's wholly-owned subsidiaries CNGR Netherlands New Energy Technology B.V. (中偉荷蘭新能源科技有限責任公司) and Netherlands Dintru Lithium Energy Technology B.V. (荷蘭鼎創鋰能源科技有限責任公司) acquired 100% equity in Solaroz S.A. Solaroz S.A. has no substantial business, and its core assets are 8 Lithium Mine Projects. The Group believes that the lithium ores had not yet been mined at of 31 December 2025 and there was no processing process and production capacity. Therefore, an Company regards the acquisition as the asset acquisition.

The fair values of the identifiable assets and liabilities of Solaroz S.A. as at the date of acquisition were as follows:

	Fair value recognised on acquisition SOLAROS S.A. RMB'000
Cash and bank balances	19
Financial assets at fair value through profit or loss	5,105
Prepayments, deposits and other receivables	213
Property, plant and equipment	1,217
Other intangible assets	361,234
Deferred tax assets	6,054
Other non-current assets	100,294
Trade and bills payables	(26)
Other payables and accruals	(124,105)
	<hr/>
Net assets at fair value	350,005
	<hr/>
Non-controlling interests	–
Net assets on acquisition	350,005
	<hr/>
Satisfied by cash	350,005
	<hr/>
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(350,005)
Cash and bank balances acquired	19
Cash paid at previous year	12,939
Net outflow of cash and cash equivalents included in cash flows from investing activities	(337,047)
Consideration payable	–
	<hr/>
Total net cash outflow	(337,047)
	<hr/>

#### 44. ACQUISITION OF NON-CONTROLLING INTERESTS

In January 2025, the Group acquired an additional 23.08% interest of the voting shares of Guangxi CNGR New Energy Technology Co., Ltd., increasing its ownership interest to 94.66%. A cash consideration of RMB30,000,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Guangxi CNGR New Energy Technology Co., Ltd., (excluding goodwill on the original acquisition) at that date was RMB29,977,000. The following is a schedule of the additional interest acquired in Guangxi CNGR New Energy Technology Co., Ltd., Limited:

	RMB'000
Cash consideration paid to non-controlling shareholders	(30,000)
Carrying value of the additional interest in Guangxi CNGR Advanced Material Technology Co., Ltd. (廣西中偉新材料科技有限公司)	29,977
Difference recognised in capital reserves	(23)

In April 2025, the Group acquired an additional 10.67% interest of the voting shares of Guizhou CNGR New Energy Technology Co., Ltd. increasing its ownership interest to 78.67% and Guizhou CNGR Resource Recycling Industry Development Co., Ltd. increasing its ownership interest to 77.06%, respectively. A cash consideration of RMB226,626,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Guizhou CNGR New Energy Technology Co., Ltd. and CNGR Resource Recycling Industry Development Co., Ltd. (excluding goodwill on the original acquisition) at that date was RMB72,894,000 and RMB81,560,000, respectively. The following is a schedule of the additional interest acquired in Guangxi CNGR New Energy Technology Co., Ltd., Limited:

	RMB'000
Cash consideration paid to non-controlling shareholders	(226,626)
Carrying value of the additional interest in Guizhou CNGR New Energy Technology Co., Ltd. (貴州中偉新能源科技有限公司)	72,894
Carrying value of the additional interest in Guizhou CNGR Resource Recycling Industry Development Co., Ltd. (貴州中偉資源循環產業發展有限公司)	81,560
Difference recognised in capital reserves	(72,173)

**45. DISPOSAL OF A SUBSIDIARY**

On 31 March 2025, the Company's wholly-owned subsidiary Zoomwe Hong Kong New Energy Technology Co., Ltd. (中偉香港新能源科技有限公司) disposed 60% equity of CNGR Finland Oy (芬蘭中偉有限公司). After the disposal date, the Company lost control over this subsidiary.

	CNGR Finland Oy 31 March 2025 RMB'000
Net assets disposed of:	
Cash and bank balances	1,471
Prepayments and other receivables	124
Property, plant and equipment	79
Trade payables	(4)
Accruals and other payables	(390)
Tax payable	(53)
Non-controlling interests	(491)
	<hr/>
Subtotal	736
Loss on disposal of a subsidiary	(736)
	<hr/>
Total consideration	–
	<hr/>
Satisfied by cash	–
	<hr/>
An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:	
Cash consideration	–
Cash and bank balances disposed of	(1,471)
	<hr/>
Total net cash outflow	(1,471)
	<hr/>

## 46. 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 Transcoal Minergy	A joint venture of the Group
PT Sultra Sarana Bumi	A joint venture of the Group
COBCO S.A.	A joint venture of the Group
PT HengSheng New Energy Material Indonesia	An associate of the Group
PT SATYA AMERTA HAVENPORT	An associate of the Group
POSCOCNGR Nickel Solution Co., Ltd. ("浦項中偉鎳業股份有限公司")	An associate of the Group
PT. Stardust Estate Investment	An associate 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
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
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 Hanhua Jingdian Clean Energy Technology Co., Ltd. ("湖南漢華京電清潔能源科技有限公司")	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 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
Hunan Yaspac 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
Hunan Yuening Real Estate Development Co., Ltd. ("湖南悅寧房地產開發有限公司")	Controlled by the close relatives of the ultimate controlling person
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
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 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
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 Zhongxian Intelligent Technology Co., Ltd. ("湖南中先智能科技有限公司")	Controlled by the ultimate controlling person
Hunan Zhongwei Testing Technology Co., Ltd. ("湖南中偉檢測技術有限公司")	Controlled by a director of the Company
Guizhou Xinbo Materials Technology Co., Ltd. ("貴州新鉑材料科技有限公司")	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

**46. RELATED PARTY TRANSACTIONS (continued)**

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
<b>Revenue from goods and services (note i)</b>		
PT CNGR Ding Xing New Energy	2,711,683	910,585
COBCO S.A.	387,818	72,839
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	50,771	–
PT HengSheng NewEnergy Material Indonesia	16,884	27,420
POSCOCNGR Nickel Solution Co., Ltd.	10,191	–
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	1,697	3,169
Hunan Zhongxian Intelligent Technology Co., Ltd.	507	–
Guizhou Xinbo Materials Technology Co.,Ltd.	8	–
Hunan Juntai Fire Testing Co., Ltd.	8	–
Total	<b>3,179,567</b>	1,014,013
<b>Purchase of goods and services (note ii)</b>		
PT CNGR Ding Xing New Energy	2,497,107	2,713,178
PT Sultra Sarana Bumi	397,253	126,816
PT HengSheng NewEnergy Material Indonesia	109,235	194,611
Honglin Construction Engineering Group Co., Ltd.	99,172	254,718
PT SATYA AMERTA HAVENPORT	63,543	16,300
Hunan Yuening Real Estate Development Co., Ltd.	54,583	–
PT. Stardust Estate Investment	35,264	–
Hunan Zhongxian Intelligent Technology Co., Ltd.	21,757	22,006
Hunan Juntai Fire Testing Co., Ltd.	641	2,666
Hunan Yospace Property Management Co., Ltd.	360	90
Hunan Zhongwei Testing Technology Co., Ltd.	355	–
Guizhou Qiheng Transportation Co., Ltd.	264	177
Guiyang Zhongwei Yunda Technology Co., Ltd.	220	–
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	51	–
Total	<b>3,279,805</b>	3,330,562

**46. RELATED PARTY TRANSACTIONS (continued)**

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year: (continued)

	2025 RMB'000	2024 RMB'000
<b>Rental income (note iii)</b>		
PT CNGR Ding Xing New Energy	<b>39,170</b>	10,349
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	<b>2,388</b>	2,431
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.	<b>275</b>	44
Hunan Zhongwei Jinneng New Materials Co., Ltd.	<b>240</b>	676
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	<b>165</b>	252
Hunan Zhongwei Testing Technology Co., Ltd.	<b>9</b>	–
Hunan Zhongxian Intelligent Technology Co., Ltd.	<b>–</b>	14
Total	<b>42,247</b>	13,766
<b>Rental payment (note iii)</b>		
Hunan Yaspac Property Management Co., Ltd.	<b>1,349</b>	–
Guizhou Zhongwei Investment Group Co., Ltd.	<b>–</b>	1,600
Total	<b>1,349</b>	1,600

Notes:

- (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.

**(c) Details of guarantees from the related parties**

The Group as the guarantor:

	31 December 2025			
	RMB'000	Effective date	Expiry date	Fulfilled
PT CNGR Ding Xing New Energy	<b>738,797</b>	<b>2023</b>	<b>3 years after the date of dissolution</b>	<b>No</b>
	31 December 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

**46. RELATED PARTY TRANSACTIONS (continued)****(c) Details of guarantees from the related parties (continued)**

The Group as the secured party:

	31 December 2025		Fulfilled
	RMB'000	Effective period	
Guarantor			
Hunan Zhongwei Holding Group Co., Ltd.	500,000	2023-2026	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	1,700,000	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	860,000	2021-2026	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2022-2025	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	350,000	2024-2027	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	3,321,041	2022-2030	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,647,000	2022-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,350,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	1,300,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	1,150,000	2021-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	960,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	920,000	2020-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	600,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	600,000	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	500,000	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	500,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	420,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2024-2029	No
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2024-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	270,000	2023-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	200,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	200,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	200,000	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	180,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	150,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	137,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	120,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	100,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	100,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	100,000	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	100,000	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	100,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	100,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	80,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	40,000	2023-2025	Yes

**46. RELATED PARTY TRANSACTIONS (continued)****(c) Details of guarantees from the related parties (continued)**

The Group as the secured party: (continued)

	31 December 2024		Fulfilled
	RMB'000	Effective period	
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
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		

**46. RELATED PARTY TRANSACTIONS (continued)****(d) Loans to joint ventures and associates****2025**

	Amount	Start date	End date
Funds lending out			
PT Transcoal Minergy	3,438	2025/8/27	2026/8/26
PT Transcoal Minergy	7,236	2025/8/27	2026/8/26
PT Transcoal Minergy	8,331	2025/11/30	2026/11/29
PT Transcoal Minergy	29,612	2025/3/31	2026/3/31
PT Transcoal Minergy	33,623	2025/9/29	2026/9/28
PT Transcoal Minergy	44,594	2025/12/4	2026/12/3
PT Transcoal Minergy	104,350	2025/12/29	2026/12/28
PT Transcoal Minergy	553,960	2025/9/23	2026/9/22
PT HengSheng New Energy Material Indonesia	3,838	2025/5/15	2026/5/14
PT HengSheng New Energy Material Indonesia	20,069	2025/5/15	2026/5/14
PT HengSheng New Energy Material Indonesia	34,014	2025/6/30	2026/6/29
PT CNGR Ding Xing New Energy	923	2025/1/24	2026/1/23
PT CNGR Ding Xing New Energy	35,525	2025/10/10	2026/10/9
PT CNGR Ding Xing New Energy	109,280	2025/4/17	2026/4/16
PT CNGR Ding Xing New Energy	138,882	2025/7/14	2026/7/13
PT CNGR Ding Xing New Energy	215,076	2025/8/11	2026/8/10
COBCO S.A.	110,573	2025/3/10	2026/3/9
COBCO S.A.	109,680	2025/5/1	2026/4/30
COBCO S.A.	54,306	2025/7/4	2026/7/3

**46. RELATED PARTY TRANSACTIONS (continued)****(d) Loans to joint ventures and associates (continued)**

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

**(e) Commitments with related parties**

In 2022, CNGR Hong Kong Material Science & Technology Co., Limited. (hereinafter referred to as “**CNGR (Hong Kong)**”) and Rigqueza International Pte. Ltd. (hereinafter referred to as the “**RIGQUEZA**”) signed an agreement to jointly invest in refined nickel project to develop and mine of 50,000 tons per year, 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 USD1 million, 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 prioritise sales to the shareholder parties and the terms of sales to the shareholder parties should be consistent.

On 27 November 2024, the Company proposed to provide financial assistance to the joint venture COBCO:S.A. in the form of borrowings of up to USD90 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.

## 46. RELATED PARTY TRANSACTIONS (continued)

### (e) Commitments with related parties (continued)

On 20 February 2025, the Company passed the proposal on providing financial assistance to its associates and joint ventures:

The Company would provide PT.CNGR DING XING NEW ENERGY with a loan of not more than USD120 million based on its 50% equity stake, with a loan term of 1 year. The interest rate shall be determined as CME TERM SOFR (3-month) + 80 bps on the actual remittance date of the shareholder loan.

The Company would provide PT Transcoal Minergy with a loan of up to USD140 million based on its 36% equity stake, with a 1-year term and an interest rate of CME TERM SOFR (3-month) + 125 bps on the remittance date. These loan facilities are revolving within the validity period of the agreement.

On 20 May 2025, the Company passed the proposal on providing financial assistance to its associates and joint ventures:

The Company would provide PT HengSheng New Energy Material Indonesia with a loan of up to USD18 million or the equivalent in RMB based on its 15% shareholding, with a 1-year term and an interest rate not exceeding 10%.

The Company would provide PT.Stardust Estate Investment with a loan of up to USD5 million based on its 20% shareholding, with a 1-year term and an interest rate capped at 7%. These loan facilities are revolving within the validity period of the agreement.

On 9 July 2025, the Company passed the proposal on providing financial assistance to its associates and joint ventures:

The Company would provide PT. Satya Amerta Havenport with a loan of up to USD10 million or the equivalent in RMB based on its 40.72% shareholding for one year and an interest rate not exceeding 8%, revolving within the agreement period.

**46. RELATED PARTY TRANSACTIONS (continued)****(f) Outstanding balances with related parties**

	2025 RMB'000	2024 RMB'000
<b>Trade and bills receivables</b>		
COBCO S.A.	<b>287,220</b>	72,839
PT CNGR Ding Xing New Energy	<b>166,152</b>	65,259
Guizhou Xinbo Materials Technology Co.,Ltd.	<b>60,708</b>	–
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	<b>3,922</b>	906
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	<b>704</b>	223
Hunan Zhongxian Intelligent Technology Co., Ltd.	<b>573</b>	–
Hunan Zhongwei Jinneng New Materials Co., Ltd.	<b>427</b>	340
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.	<b>306</b>	48
PT HengSheng NewEnergy Material Indonesia	<b>92</b>	1,517
Hunan Zhongwei Testing Technology Co., Ltd.	<b>10</b>	–
PT CNGR Ding Xing New Energy	–	379,844
	<b>(14,705)</b>	(1,810)
Impairment		
Total	<b>505,409</b>	519,166

	2025 RMB'000	2024 RMB'000
<b>Prepayments, deposits and other receivables</b>		
PT Transcoal Minergy	<b>785,143</b>	460,269
PT CNGR Ding Xing New Energy	<b>499,844</b>	4,861
COBCO S.A.	<b>284,380</b>	–
PT HengSheng NewEnergy Material Indonesia	<b>57,921</b>	58,432
PT Sultra Sarana Bumi	<b>50,429</b>	50,862
COBCO S.A.	<b>2,605</b>	–
Guizhou Xinbo Materials Technology Co.,Ltd.	<b>30</b>	–
Hunan Yospace Property Management Co., Ltd.	<b>16</b>	–
Hunan Juntai Fire Testing Co., Ltd.	<b>6</b>	–
PT CNGR Ding Xing New Energy	–	379,844
PT HengSheng NewEnergy Material Indonesia	–	29,720
Hunan Zhongxian Intelligent Technology Co., Ltd.	–	12,677
Guiyang Zhongwei Yunda Technology Co., Ltd.	–	248
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	–	301
	<b>(71,275)</b>	(19,691)
Impairment		
Total	<b>1,609,099</b>	977,523

**46. RELATED PARTY TRANSACTIONS (continued)****(f) Outstanding balances with related parties (continued)**

	2025 RMB'000	2024 RMB'000
<b>Other non-current assets</b>		
Hunan Yuening Real Estate Development Co., Ltd.	54,953	56,189
Hunan Zhongxian Intelligent Technology Co., Ltd.	49,360	2,638
Honglin Construction Engineering Group Co., Ltd.	12,316	–
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	562	562
Hunan Minqiang Engineering Co., Ltd.	176	176
	–	–
Impairment	–	–
Total	<b>117,367</b>	59,565
<b>Trade payables</b>		
Honglin Construction Engineering Group Co., Ltd.	31,289	51,381
PT CNGR Ding Xing New Energy	17,099	–
PT SATYA AMERTA HAVENPORT	14,060	–
PT. Stardust Estate Investment	8,466	–
PT. SULTRA SARANA BUMI	5,164	–
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	1,093	2,857
Hunan Minqiang Engineering Co., Ltd.	463	1,010
Hunan Juntai Fire Testing Co., Ltd.	55	620
Hunan Zhongxian Intelligent Technology Co., Ltd.	52	–
Hunan Yaspac Property Management Co., Ltd.	–	3,149
Guizhou Qiheng Transportation Co., Ltd.	–	170
Total	<b>77,741</b>	59,187

**46. RELATED PARTY TRANSACTIONS (continued)****(f) Outstanding balances with related parties (continued)**

	2025 RMB'000	2024 RMB'000
<b>Other payables and accruals</b>		
Honglin Construction Engineering Group Co., Ltd.	2,520	1,437
Guizhou Zhongwei Investment Group Co., Ltd.	762	–
Hunan Yaspac Property Management Co., Ltd.	656	163
Hunan Zhongxian Intelligent Technology Co., Ltd.	100	–
Guizhou Qiheng Transportation Co., Ltd.	50	12
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	3	3
Hunan Juntai Fire Testing Co., Ltd.	1	450
Total	<b>4,092</b>	2,065
<b>Contract liabilities</b>		
PT CNGR Ding Xing New Energy	68,492	72,247
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	2,071	2,578
Total	<b>70,563</b>	74,825
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	16,160	11,285
Post-employment benefits	3,488	10,689
Equity-settled share option expense	447	17,438
Total compensation paid to key management personnel	<b>20,095</b>	39,412

## 47. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Capital commitments	<b>1,703,222</b>	1,122,966

## 48. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### 2025

#### 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
	Mandatorily designated as such RMB'000	Equity investments RMB'000	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income	-	<b>592,353</b>	-	<b>592,353</b>
Trade and bills receivables	-	<b>223,008</b>	<b>7,303,795</b>	<b>7,526,803</b>
Financial assets at fair value through profit or loss	<b>1,197,906</b>	-	-	<b>1,197,906</b>
Financial assets included in deposits and other receivables	-	-	<b>1,726,013</b>	<b>1,726,013</b>
Derivative financial instruments	<b>11,115</b>	-	-	<b>11,115</b>
Pledged deposits	-	-	<b>1,768,772</b>	<b>1,768,772</b>
Cash and cash equivalents	-	-	<b>8,567,561</b>	<b>8,567,561</b>
<b>Total</b>	<b>1,209,021</b>	<b>815,361</b>	<b>19,366,141</b>	<b>21,390,523</b>

**48. FINANCIAL INSTRUMENTS BY CATEGORY (continued)**

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2025

**Financial liabilities**

	Financial liabilities at fair value through profit or loss		
	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Bonds payable	–	711,554	711,554
Convertible bonds	–	5,590	5,590
Trade and bills payables	–	15,669,074	15,669,074
Financial liabilities included in other payables and accruals	–	688,601	688,601
Derivative financial instruments	714,437	–	714,437
Interest-bearing bank borrowings	–	26,964,600	26,964,600
Other non-current liabilities	–	1,590,973	1,590,973
<b>Total</b>	<b>714,437</b>	<b>45,630,392</b>	<b>46,344,829</b>

**48. FINANCIAL INSTRUMENTS BY CATEGORY (continued)**

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024

**Financial assets**

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total 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
<b>Total</b>	<b>2,188,708</b>	<b>975,493</b>	<b>16,553,442</b>	<b>19,717,643</b>

**48. FINANCIAL INSTRUMENTS BY CATEGORY (continued)**

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024

**Financial liabilities**

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Held for trading 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
<b>Total</b>	<b>100,497</b>	<b>41,449,248</b>	<b>41,549,745</b>

## 48. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

### Transfers of financial assets

#### Financial assets that are derecognised in their entirety

##### *Factoring trade receivables*

At 31 December 2025, the Group 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 (2024: 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 derecognised the full carrying amounts of the factored trade receivables.

During the year, expenses of RMB20,000 (2024: RMB5,392,000) were recognised on the date of transfer of the factored trade receivables.

##### *Bills endorsed or discounted*

At 31 December 2025, the Group, endorsed certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers, and discounted certain bills receivable to banks in Chinese mainland, (together, the “**Derecognised Bills**”) with a carrying amount in aggregate of RMB6,621,710,000 (2024: RMB4,149,401,000). The Derecognised 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 Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year, expenses of RMB112,459,000 (2024: RMB80,087,000) were recognised on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

At 31 December 2025, the Group the endorsed and discounted certain bills receivable accepted by banks in Chinese mainland (the “**Endorsed Bills**”) with a carrying amounts of RMB449,543,000 (2024: RMB263,907,000) 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 recognise the full carrying amounts of the Endorsed 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.

#### **49. 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 31 December 2025 and 2024.

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 analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the 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 the reporting period were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese mainland. 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 classified as bills receivable 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 flows and selling the financial assets. There were no significant unobservable inputs to the valuation of financial instruments as at 31 December 2025 and 2024.

**49. 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 31 December 2025**

	Fair value measurement using				Total RMB'000	
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000			
	Equity investments designated at fair value through other comprehensive income	592,353	–	–		592,353
	Trade and bills receivables	–	223,008	–		223,008
Financial assets at fair value through profit or loss	4,199	1,193,707	–	1,197,906		
Derivative financial instruments	11,115	–	–	11,115		
Derivative financial liabilities	710,171	4,266	–	714,437		
<b>Total</b>	<b>1,317,838</b>	<b>1,420,981</b>	<b>–</b>	<b>2,738,819</b>		

**As at 31 December 2024**

	Fair value measurement using				Total RMB'000	
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 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		
<b>Total</b>	<b>671,796</b>	<b>2,492,405</b>	<b>–</b>	<b>3,164,201</b>		

#### 49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

##### Fair value hierarchy (continued)

##### Liabilities measured at fair value:

##### As at 31 December 2025

	Fair value measurement using			As at 31 December 2025 RMB'000		
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000			
	Derivative financial instruments	710,171	4,266		–	714,437

##### As at 31 December 2024

	Fair value measurement using			As at 31 December 2024 RMB'000		
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000			
	Derivative financial instruments	3,159	97,338		–	100,497

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 recognised at the end of the reporting period in which the restrictions lapse.

## 50. 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 summarised below.

### Foreign currency risk

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in other comprehensive income RMB'000	Increase/ (decrease) in equity RMB'000
<b>2025</b>				
If the RMB weakens against the USD	5	135,031	11,472	146,503
If the RMB strengthens against the USD	5	(135,031)	(11,472)	(146,503)
If the RMB weakens against the KRW	5	22,042	–	22,042
If the RMB strengthens against the KRW	5	(22,042)	–	(22,042)
If the RMB weakens against the MAD	5	1,767	–	1,767
If the RMB strengthens against the MAD	5	(1,767)	–	(1,767)
If the RMB weakens against the EUR	5	1,708	–	1,708
If the RMB strengthens against the EUR	5	(1,708)	–	(1,708)
If the RMB weakens against the IDR	5	57,179	–	57,179
If the RMB strengthens against the IDR	5	(57,179)	–	(57,179)
<b>2024</b>				
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
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)

**50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk**

The Group trades only with recognised 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 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

**As at 31 December 2025**

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	6,724,031	6,724,031
Bills receivable	-	-	-	894,132	894,132
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,840,213	-	-	-	1,840,213
Pledged deposits					
– Not yet past due	1,768,772	-	-	-	1,768,772
Cash and cash equivalents					
– Not yet past due	8,567,561	-	-	-	8,567,561
<b>Total</b>	<b>12,176,546</b>	<b>-</b>	<b>-</b>	<b>7,618,163</b>	<b>19,794,709</b>

**50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk (continued)****Maximum exposure and year-end staging (continued)**

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	4,384,307	4,384,307
Bills receivable	–	–	–	773,085	773,085
Financial assets included in prepayments, other receivables and other assets					
– Normal**	723,203	–	–	–	723,203
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
<b>Total</b>	<b>11,912,191</b>	<b>–</b>	<b>–</b>	<b>5,157,392</b>	<b>17,069,583</b>

\* 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 financial statements.

\*\* 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 financial statements.

Concentrations of credit risk are managed by customer and geographical region. As at 31 December 2025, the Group had concentrations of credit risk as 47.74% (2024: 44.46%) of the Group’s trade receivables were due from the Group’s five largest customers.

**50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****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 tables below summarise the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

**31 December 2025**

	Within one year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	12,713,376	15,448,535	36,663	28,198,574
Derivative financial instruments	714,437	–	–	714,437
Trade and bills payables	15,669,074	–	–	15,669,074
Financial liabilities included in other payables and accruals	688,601	–	–	688,601
Bonds payable	31,981	718,871	–	750,852
Convertible bonds	–	9,567	–	9,567
Lease liabilities	19,951	9,693	–	29,644
Other non-current liabilities	4,336	1,593,409	–	1,597,745
<b>Total</b>	<b>29,841,756</b>	<b>17,780,075</b>	<b>36,663</b>	<b>47,658,494</b>

**31 December 2024**

	Within one year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total 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 included 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
<b>Total</b>	<b>23,870,308</b>	<b>18,790,006</b>	<b>360,907</b>	<b>43,021,221</b>

## 50. 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 maximise 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 year.

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 years were as follows:

	2025 RMB'000	2024 RMB'000
Total liabilities	47,985,680	43,406,612
Total assets	81,607,865	72,895,179
Debt-to-asset ratio	59%	60%

## 51. EVENTS AFTER THE REPORTING PERIOD

- (i) The Company's wholly-owned subsidiary, PT Barokah New Energy and Technology Indonesia (hereinafter referred to as "**Indonesian Barokah New Energy and Technology**"), holds a 51% equity interest in PT Anugerah Barokah Cakrawala (hereinafter referred to as "**Barokah**"). To optimize the asset structure, Indonesian Barokah New Energy and Technology and PT Billy International (hereinafter referred to as "**Billy International**") entered into the Share Purchase Agreement on 6 March 2026, pursuant to which Indonesian Barokah New Energy and Technology transferred a 2.02% equity interest in Barokah to Billy International. Upon completion of this equity transfer, Barokah is no longer a subsidiary within the Company's consolidated financial statements.

During the period when Barokah was a controlled subsidiary of the Company, the Company provided loans to support its daily operations. As of 6 March 2026, the outstanding loans provided by the Company (including other subsidiaries) to Barokah (including its subsidiaries) amounted to US\$130 million. Following the completion of this equity transfer, the Company will passively form a financial assistance to an external party, which essentially represents the continuation of the daily operational loans previously extended to the former controlled subsidiary.

- (ii) On 30 March 2026, the Company declared its dividend distribution for the financial year ended 31 December 2025, which is based on the total number of shares of the Company after deducting the repurchased shares in the repurchase account from the total share capital on the record date for dividend distribution. A cash dividend of RMB3.80 (tax inclusive) per 10 shares will be distributed. No capital reserve will be converted into share capital, and no bonus shares will be issued. The 2025 annual profit distribution plan is subject to approval by the Shareholders at the Annual General Meeting.

## 52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>1,373,902</b>	1,546,455
Right-of-use assets	<b>97,048</b>	110,944
Other intangible assets	<b>20,657</b>	17,125
Investments in subsidiaries	<b>19,758,064</b>	18,697,998
Equity investments designated at fair value through other comprehensive income	<b>317,580</b>	283,689
Financial assets at fair value through profit or loss	<b>26,970</b>	28,000
Other non-current assets	<b>13,234</b>	10,504
<b>Total non-current assets</b>	<b>21,607,455</b>	20,694,715
<b>CURRENT ASSETS</b>		
Inventories	<b>1,681,961</b>	1,429,804
Trade and bills receivables	<b>1,688,860</b>	2,140,535
Prepayments, deposits and other receivables	<b>5,435,977</b>	2,398,463
Pledged deposits	<b>153,942</b>	235,338
Cash and cash equivalents	<b>1,386,951</b>	814,734
Financial assets at fair value through profit or loss	<b>102,708</b>	–
Derivative financial instruments	<b>–</b>	23,925
<b>Total current assets</b>	<b>10,450,399</b>	7,042,799
<b>CURRENT LIABILITIES</b>		
Trade and bills payables	<b>3,632,786</b>	2,581,601
Other payables and accruals	<b>4,196,630</b>	4,678,444
Derivative financial instruments	<b>39,707</b>	–
Interest-bearing bank borrowings	<b>1,779,143</b>	2,597,356
Lease liabilities	<b>8,348</b>	11,432
<b>Total current liabilities</b>	<b>9,656,614</b>	9,868,833
<b>NET CURRENT LIABILITIES</b>	<b>793,785</b>	(2,826,034)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>22,401,240</b>	17,868,681
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>5,188,879</b>	4,415,090
Lease liabilities	<b>4,923</b>	13,063
Deferred income	<b>57,848</b>	57,898
Deferred tax liabilities	<b>31,690</b>	41,993
<b>Total non-current liabilities</b>	<b>5,283,340</b>	4,528,044
<b>Net assets</b>	<b>17,117,900</b>	13,340,637
<b>EQUITY</b>		
Share capital	<b>1,042,254</b>	937,090
Treasury shares	<b>(1,086,635)</b>	(504,094)
Reserves (note 39)	<b>17,162,281</b>	12,907,641
<b>Total equity</b>	<b>17,117,900</b>	13,340,637

**Deng Weiming**  
Director

**Liao Hengxing**  
Director

## 52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Share capital RMB'000	Treasury shares RMB'000	Other equity instruments RMB'000	Capital reserve* RMB'000	Share-based payment reserve* RMB'000	Foreign currency translation reserve* RMB'000	Other comprehensive income* RMB'000	Statutory surplus reserve* RMB'000	Retained profits* RMB'000	Total RMB'000
As at 1 January 2025	937,090	(504,094)	-	10,442,628	60,683	17,447	(116,311)	385,433	2,117,761	13,340,637
Profit for the year	-	-	-	-	-	-	-	-	1,049,632	1,049,632
Other comprehensive loss for the year:	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	59,886	-	-	59,886
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	59,886	-	1,049,632	1,109,518
Issue of shares	107,004	-	-	3,096,260	-	-	-	-	-	3,203,264
Capital contribution by other equity instrument holders	-	-	700,000	(443)	-	-	-	-	-	699,557
Capital contribution of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(579,528)	(579,528)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	-	(2,957)	-	2,957	-
Vested of restricted share (note 36)	-	-	-	-	-	-	-	-	-	-
Repurchase and cancellation of shares (note 36)	(1,840)	(582,541)	-	(82,244)	-	-	-	-	-	(666,625)
Share-based payment (note 38)	-	-	-	-	11,077	-	-	-	-	11,077
Safety fund (note 39)	-	-	-	-	-	-	-	-	-	-
Appropriation to statutory surplus reserve	-	-	-	-	-	-	-	104,963	(104,963)	-
As at 31 December 2025	1,042,254	(1,086,635)	700,000	13,456,201	71,760	17,447	(59,382)	490,396	2,485,859	17,117,900

## **52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)**

*Note:*

A summary of the Company's reserves is as follows:

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

## **53. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.