



力勤资源
LYGEND RESOURCES

宁波力勤资源科技股份有限公司
LYGEND RESOURCES & TECHNOLOGY CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 2245

2025
ANNUAL REPORT



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Company Profile

We are a company with a full nickel industry chain and businesses across the entire nickel industry value chain, covering nickel resource procurement, nickel product trading, nickel product production and sales, and others aspects. In terms of nickel product trading, we are the largest nickel ore trader in China. In the field of smelting and production, we actively respond to the “Belt and Road” initiative, implement the development strategy of national new energy and other strategic industries, focus on the key nickel resources and the layout of major resource producing areas in the world, jointly invest in the construction of an independent industrial park in Obi Island, Indonesia, with our Indonesian Partner, and have completed the production layout of hydrometallurgy projects and pyrometallurgy projects for nickel products, as well as the supporting production auxiliary facilities in the park. This ensured our autonomy in aspects such as smelting and production, raw material and energy supply, and public ancillary facilities, and has helped us achieve various breakthroughs and significant progress in the field of smelting of nickel products.

Adhering to the concept of integrating Chinese technology with global resources, the Company has devoted itself in the nickel industry and has fully taken advantage of its strengths to strive for the development and construction of the entire nickel industry chain. Headquartered in Ningbo, the Company initially completed its business layout with manufacturing and smelting in Indonesia and has established market presence globally, thereby establishing an industrial pattern of “upstream nickel resource integration and trading, midstream smelting and production and sales, and expansion of downstream application scenarios”.

NICKEL RESOURCES SOURCING AND TRADING

Since venturing into the laterite nickel ore trading business in 2009, we have established stable business relationship with upstream nickel mining companies. We primarily sourced laterite nickel ore from countries and regions with the most abundant laterite nickel resources in the world, including the Philippines, Indonesia and Turkey. Among these countries and regions, the Philippines is currently the world’s largest exporter of laterite nickel ore. We have established long-term and stable business relationship with leading Filipino nickel mining companies including Nickel Asia Corporation and CTP Construction and Mining Corp., enabling us to secure a stable and long-term supply of laterite nickel ore. We are also engaged in the trading of ferronickel and primarily sourced ferronickel for our trading business from Indonesia.

We have a deep understanding of, and forward-looking insights into the global distribution, supply and demand, industry trends and pricing dynamics of nickel resources. These strong capabilities have enabled us to form long-term cooperation with many reputable and established downstream enterprise customers.

Company Profile

SMELTING AND PRODUCTION

To expand the breadth and depth of our products and service offerings, we have expanded our product and service portfolio to areas including nickel product production.

Since expanding our business to cover nickel product production in 2017, we have mastered the complete pyrometallurgy and hydrometallurgy processes for nickel product production. Starting from Jiangsu Province, China, we have gradually built up our production capacity for nickel products worldwide. Our manufacturing facilities in Suqian, Jiangsu Province, China (the “Jiangsu Facilities”) have three ferronickel production lines using the Rotary Kiln-Electric Furnace process (the “RKEF process”). The aggregate designed production capacity of our Jiangsu Facilities is 18,000 metal tons of ferronickel per annum. On the Obi Island, Indonesia, we have jointly invested in two nickel product production projects with our Indonesian Partner, including (i) the HPAL project, a hydrometallurgy project with an aggregate designed production capacity of 120,000 metal tons of nickel-cobalt compound per annum (including 14,250 metal tons of cobalt), and (ii) the RKEF project, a pyrometallurgy project using the RKEF process (the “RKEF project,” together with the HPAL project, the “Obi projects”), with an aggregate designed production capacity of 280,000 metal tons of ferronickel (among which, the pyrometallurgy production capacity of HJF, in which the Company holds equity interests, is 95,000 metal tons of ferronickel). Our nickel-cobalt compounds and ferronickel products are widely used in the rapidly growing NEV and stainless steel markets.

Our Obi project was selected for the List of Achievements in Promoting the ‘Belt and Road’ Construction in Zhejiang Province led by the Zhejiang Provincial Government, and won honorary awards such as China Standard Overseas Demonstration Project issued by China Non-Ferrous Metals Industry Association.

Corporate Information

BOARD OF DIRECTORS

Chairman and executive Director

Mr. CAI Jianyong

Executive Directors

Ms. FEI Feng
Mr. CAI Jianwei
Mr. WANG Ling
Mr. YU Weijun (*resigned on 23 June 2025*)

Non-executive Director

Mr. Lawrence LUA Gek Pong

Employee representative Director

Mr. YU Weijun (*appointed on 23 June 2025*)

Independent non-executive Directors

Dr. HE Wanpeng
Ms. ZHANG Zhengping
Dr. WANG James Jixian

SUPERVISORS¹

Mr. GE Kaicai (*Chairman of the Board of Supervisors*)
(*resigned on 23 June 2025*)
Mr. DONG Dong (*resigned on 23 June 2025*)
Ms. HU Zhinong (*resigned on 23 June 2025*)

BOARD COMMITTEE

Audit committee

Ms. ZHANG Zhengping (*Chairperson*)
Dr. HE Wanpeng
Dr. WANG James Jixian

Remuneration committee

Dr. HE Wanpeng (*Chairperson*)
Ms. ZHANG Zhengping
Mr. YU Weijun

Nomination committee

Ms. ZHANG Zhengping (*Chairperson*)
Dr. HE Wanpeng
Mr. CAI Jianyong

ESG committee

Mr. CAI Jianyong (*Chairperson*)
Mr. QIAN Feng (*Non-director*)
Mr. YU Hai (*Non-director*)
Mr. LIAO Zhengquan (*Non-director*)
Mr. LIU Xuanliang (*Non-director*)
Mr. QI Hui (*Non-director*)
Mr. WANG Duodong (*Non-director*)
Mr. SHI Wentang (*Non-director*)
Mr. CAI Jiansong (*Non-director*)
Ms. CAI Xiaou (*Non-director*)
Ms. WANG Chongfeng (*Non-director*) (*appointed on 17 October 2025*)

JOINT COMPANY SECRETARIES

Mr. CAO Zheng
Ms. LEE Hoi Ki (*appointed on 31 March 2026*)
Mr. CHOW Shing Lung (*appointed on 28 August 2025*
and resigned on 31 March 2026)
Ms. CHAN Yuen Mui (ACG HKACG) (*resigned on 28 August 2025*)

AUTHORIZED REPRESENTATIVES (UNDER THE LISTING RULES)

Ms. FEI Feng
Ms. LEE Hoi Ki (*appointed on 31 March 2026*)
Mr. CHOW Shing Lung (*appointed on 28 August 2025*
and resigned on 31 March 2026)
Ms. CHAN Yuen Mui (ACG HKACG) (*resigned on 28 August 2025*)

1. The Company has abolished the Board of Supervisors during the reporting period.

Corporate Information

REGISTERED OFFICE

2/F, Mingchuang Building
No. 707 Tiantong South Road
Yinzhou District
Ningbo City, Zhejiang Province
PRC

HEAD OFFICE

10-11/F, Building C10, R&D Park, Lane 299
Guanghua Road
Yinzhou District
Ningbo City, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKS

Agricultural Bank of China, Ningbo Branch
Bank of China, Fenghua Branch
China CITIC Bank, Ningbo Jiangdong Branch

LEGAL ADVISORS

As to Hong Kong laws:

Cleary Gottlieb Steen & Hamilton (Hong Kong)

As to PRC laws:

Zhejiang T&C Law Firm

AUDITOR

Ernst & Young

Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

STOCK CODE

2245

COMPANY'S WEBSITE

www.lygend.com

DATE OF LISTING

1 December 2022

Financial Summary

The following financial information is extracted from the consolidated financial statements of Lygend Resources & Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as, the “Group”), which is prepared under the International Financial Reporting Standards:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the years ended 31 December				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	40,239,786	29,232,958	21,059,316	18,289,596	12,449,318
GROSS PROFIT	7,715,126	5,352,458	3,381,965	4,493,835	1,515,928
PROFIT BEFORE TAX	5,845,003	3,817,046	1,761,514	3,184,970	1,439,137
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,211,037	3,370,089	1,897,695	3,568,068	1,277,212
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
OWNERS OF PARENT	2,511,081	1,881,502	1,166,043	2,052,377	1,117,740

Financial Summary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
NON-CURRENT ASSETS	29,301,314	25,357,700	20,400,855	12,015,872	7,637,849
CURRENT ASSETS	18,958,336	12,599,311	10,278,853	8,824,522	4,643,551
TOTAL ASSETS	48,259,650	37,957,011	30,679,708	20,840,394	12,281,400
LIABILITIES					
NON-CURRENT LIABILITIES	10,714,528	6,476,076	7,908,785	3,959,308	3,611,563
CURRENT LIABILITIES	16,625,901	13,798,359	9,285,573	4,853,289	3,496,180
TOTAL LIABILITIES	27,340,429	20,274,435	17,194,358	8,812,597	7,107,743
EQUITY					
EQUITY ATTRIBUTABLE TO					
OWNERS OF PARENT	12,728,985	10,758,904	9,185,546	8,476,396	3,138,398
NON-CONTROLLING INTERESTS	8,190,236	6,923,672	4,299,804	3,551,401	2,035,259
TOTAL EQUITY	20,919,221	17,682,576	13,485,350	12,027,797	5,173,657
TOTAL EQUITY AND LIABILITIES	48,259,650	37,957,011	30,679,708	20,840,394	12,281,400

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Lygend Resources & Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), we are pleased to present to you the 2025 annual report of the Group for the year ended 31 December 2025 (the "Reporting Period").

During 2025, the global nickel industry was at a critical stage of structural adjustment, with opportunities and challenges coexisting. From the industry supply side, Indonesia, as the country with the richest nickel reserves in the world (accounting for approximately 44% of the world's total nickel reserves), continues to tighten nickel ore quota management, shortening the quota validity period from three years to one year, highlighting the signal of marginal tightening in nickel ore.

From the demand side, the two core downstream sectors of nickel products are showing differentiated development trends. In the new energy sector, China's new energy vehicle market continues to thrive, with production and sales in 2025 reaching 16.63 million and 16.49 million units, respectively, representing year-on-year increases of approximately 29.0% and 28.2%. The penetration rate has risen to 47.9%, and exports of new energy vehicles have grown by 103.7% year-on-year, becoming a key growth driver for China's automobile exports. This has steadily boosted the demand for ternary batteries, creating a broad market space for nickel-cobalt compound products. In the stainless-steel sector, both China's crude stainless-steel production and apparent consumption have achieved year-on-year growth, and the demand structure is shifting from low-nickel 200 series to high-nickel 300 and 400 series, further driving up nickel demand.

Based on an entire nickel industry chain layout and the development philosophy of "green and low-carbon, innovation-driven", the Company coordinates the advancement of various businesses such as resource procurement and trading, smelting and production, and sales, effectively hedging market volatility risks, achieving growth in both operating revenue and profit, and demonstrating the Company's strong development resilience and core competitiveness.

During the Reporting Period, the Company realized a total operating revenue of RMB40,239.8 million, representing a year-on-year growth of 37.7%. The net profit attributable to shareholders of the Company was RMB2,857.4 million, representing a year-on-year growth of 61.1%.

Procurement and trading of nickel resource: During the Reporting Period, the Company further optimized its customer structure, focusing on expanding business with domestic carbon steel mills, implemented differentiated sales strategies, and improved the alignment between products and the market. Leveraging cutting-edge market information, the Company seized structural opportunities in the Indonesian market to expand overseas business. By combining long-term agreements with flexible orders, the Company built a diversified sales network, steadily increased the trade volume of nickel ore and nickel products while effectively managing market volatility risks, and further enhanced profitability.

Chairman's Statement

Hydrometallurgy production: During the Reporting Period, the laterite nickel ore hydrometallurgy project (HPAL project) operated continuously at full capacity, and the electrodeposited cobalt project also ran efficiently at full production, providing a solid guarantee for the supply of new energy materials. At the same time, the Company continued to deepen resource efficiency and technological optimization, effectively improved resource utilization efficiency and overall economic value through systematic improvement to the production lines.

Pyrometallurgy production: During the Reporting Period, the equity-participated HJF project under the laterite nickel ore pyrometallurgy project (RKEF project) operated stably, and our controlled KPS project (phase II of the RKEF project) was put into operation as planned, with six production lines having reached full capacity, further expanding the Company's pyrometallurgical production capacity. In addition, the Company has deepened cost control, successfully implemented the first phase of the lean pilot project, and fully launched systematic lean operational changes, significantly promoting the improvement of on-site operational indicators.

Looking ahead to the future, the Company will always adhere to the philosophy of "From Diligence, Toward Excellence (力致卓越, 勤無止境)" by leveraging its advantages across the entire nickel industry chain, and focusing on "project construction, technology research and development, global resource layout, industrial ecosystem building, and governance talent". The Company aims to release capacity and optimize its product portfolio by accelerating projects such as the RKEF in Indonesia and the hydrometallurgical slag resource utilization project; strengthen its leading position in technology through deepened industry-university-research cooperation; actively expand global nickel resources to solidify the supply chain; continuously optimize the park construction and promote the lean management systems to build industry-leading cost control capabilities. At the same time, the Company will implement the "governance improvement" and "talent strengthening the enterprise" strategies to comprehensively enhance overall competitiveness and compliance operations, dedicated to achieving higher-quality, more sustainable development, striving to realize its vision of becoming a globally leading nickel industry chain service provider, and creating greater value for its shareholders.

APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to the Group's management and staff for their commitment and dedication. I would also like to express my sincere gratitude to all of our partners, customers, suppliers and the shareholders of the Company for their continuous support.

LYGEND RESOURCES & TECHNOLOGY CO., LTD.

Cai Jianyong

Chairman and Executive Director

People's Republic of China, 31 March 2026

Management Discussion and Analysis

OVERVIEW

In 2025, despite a complex and ever-changing external environment, the Company rose to the challenges and pressed forward, with all business segments operating in coordination, achieving significant breakthroughs in key operational indicators. The Company timely adjusted its business strategies according to market trends, hedged risks through flexible procurement and sales strategies combined with refined operational management, achieved phased breakthroughs in key projects, and further increased the production of nickel and cobalt products, injecting strong momentum into profit growth. In 2025, the Company achieved an operating revenue of RMB40,239.8 million, representing a year-on-year increase of 37.7%, and a net profit attributable to owners of the parent of RMB2,857.4 million, representing a year-on-year increase of 61.1%. During the Reporting Period, the laterite nickel ore hydrometallurgy project (HPAL project), jointly invested and constructed by the Company and its Indonesian partner on Obi Island, Indonesia, continued to operate steadily and reached full-capacity operation across the entire production line all year round. The equity-participated HJF project (phase I of the RKEF project) under the laterite nickel ore pyrometallurgy project (RKEF project) operated stably, and the KPS project under the RKEF project (phase II of the RKEF project) has been put into operation as planned, with six production lines having reached full capacity. The Company has officially launched the hydrometallurgical slag resource utilization demonstration project and the MHP refinement project, completing the feasibility studies and regulatory filings for these projects to ensure their timely constructions. In addition, the Company consistently integrated the concept of sustainable development throughout the entire business chain of trade, production and sales, focusing on improving energy efficiency of production projects and creating industrial parks that are resource-saving, environmentally friendly, intelligent and clustered. Leveraging its advantages in trade and industry synergy, the Company continued to promote the construction and optimization of the Obi Island Industrial Park, ensuring a stable supply of auxiliary materials and enhancing efficient collaboration within the park to provide solid support for the long-term and stable operation of the projects. During the Reporting Period, the Company fully leveraged its supply chain capabilities to ensure a stable supply of key raw and auxiliary materials such as laterite nickel ore, sulfur and semi-coke for the park's production and construction, laying a solid foundation for its sustainable development.

In 2025, signals of marginal tightening in the nickel market emerged. In terms of changes in industrial policy, the Directorate General of Mineral and Coal (ESDM) of Indonesia shortened the validity of nickel ore quota permits from three years to one year. At the same time, the Democratic Republic of Congo (Kinshasa) implemented cobalt export restrictions and quota management policies, driving a significant increase in cobalt prices. In terms of downstream industries, according to data from the China Automotive Power Battery Industry Innovation Alliance, in 2025, the cumulative installed capacity of power batteries in China reached 769.7 GWh, of which the cumulative installed capacity of ternary batteries reached 144.1 GWh, representing a year-on-year increase of 3.7%. In the future, with the continuous advancement of solid-state battery industrialization, as well as the ongoing expansion of emerging application scenarios such as eVTOL (electric vertical take-off and landing vehicles) and robots, new growth opportunities will be created for the downstream demand of ternary lithium batteries. Along with the promotion of the trade-in policy, stainless steel consumption demand will also continue to maintain positive growth.

Management Discussion and Analysis

In 2025, nickel prices showed a trend of rising first before falling, with reduced volatility. In the first quarter, nickel ore supply was temporarily tight due to slow approval of nickel ore quotas in Indonesia and the rainy season in the Philippines. Coupled with rising expectations of a Federal Reserve interest rate cut, nickel prices fluctuated on the stronger side, with SHFE nickel futures being traded between RMB125,000/ton and RMB136,000/ton. In the second quarter, although Indonesia adjusted nickel ore royalty rates and increased Non-Tax State Revenue (PNBP), which drove up the fixed costs associated with mining taxes, global refined nickel inventories continued to accumulate. Additionally, the United States imposed tariffs on steel derivatives, causing nickel prices to face pressure and decline, with SHFE nickel futures temporarily dropping to RMB115,000/ton. In the third quarter, driven by macro policies and news flow, SHFE nickel futures fluctuated between RMB119,000/ton and RMB125,000/ton. The market was sensitive to policies and news such as suspending new intermediate smelting capacity approvals in Indonesia, one-year nickel ore quota approval, and taking over some nickel mining areas by the Indonesian government. However, the high inventory levels constrained the rebound potential, and macro events only intensified short-term volatility. In the fourth quarter, seasonal demand weakened, pushing nickel prices down to multi-year lows. Subsequently, the ESDM signaled that nickel ore quotas for 2026 will be significantly tightened, triggering expectations of supply contraction, and providing a basis for price increases.

In 2025, the nickel market as a whole faced structural challenges of high inventories and price pressure. However, in the medium to long term, the industry is at a crucial stage of structural adjustment and demand transformation, providing differentiated development opportunities for companies with technological and cost advantages. The global energy transition is driving a continuous increase in the penetration of new energy vehicles, while the advancement of high-nickel battery technology and the acceleration of solid-state battery industrialization will create sustained and significant market demand for nickel products. Domestic policies aimed at stabilizing growth, such as trade-in programs, are being gradually implemented and are expected to support demand for stainless steel and related products. Leveraging its technological expertise and cost control capabilities in hydrometallurgical processes, the Company can tap into the high value-added new energy materials market; its pyrometallurgical capacity, on the other hand, relies on scale and integration advantages to maintain competitiveness in traditional sectors. Facing a complex environment, the Company will continue to advance technological upgrades and resource integration, strengthen cost control, expand high-value products and overseas layout, so as to consolidate long-term competitiveness in the evolving industry landscape.

Management Discussion and Analysis

New Energy

As one of the important raw materials for power batteries, the demand for nickel has continued to grow with the rapid promotion of new energy vehicles. In 2025, China's new energy vehicle market continued to thrive under the support of national policies. Benefiting from the continuation of the trade-in policy and the introduction of local governments' purchase subsidies, the new energy vehicle market maintained steady growth. According to data from the China Association of Automobile Manufacturers, in 2025, the production and sales of new energy vehicles reached 16.63 million and 16.49 million units, respectively, representing a year-on-year increase of approximately 29.0% and 28.2%, accounting for 47.9% of total new vehicle sales, up 7 percentage points compared to 2024. In addition, domestic new energy vehicle enterprises, leveraging their advantages in high-end and intelligent technology as well as a stable local supply chain layout, have actively responded to the continuously evolving global market competition landscape, achieving annual exports of 2.615 million units, representing a year-on-year increase of 103.7%, becoming a core growth engine for China's automobile exports. In the future, with the large-scale equipment upgrades in 2026 and the implementation of the trade-in policy for consumer goods, it is expected to further stimulate the consumption potential of new energy vehicles, thereby driving the industry toward high-quality development. Moreover, from a medium to long-term perspective, high-end application scenarios such as embodied intelligent robots, eVTOL, and drones also provide enormous incremental space for ternary lithium batteries.

Stainless Steel

The stainless-steel industry is a major application area for nickel. With the development of the stainless-steel industry, the raw material for stainless steel has shifted from pure nickel to ferronickel, and the increase in stainless steel production has correspondingly increased the demand for ferronickel. As an important industrial basic material, stainless steel is widely used in transportation, industrial equipment, construction and decoration, household appliances, and high-end equipment manufacturing and other fields. In 2025, China's stainless-steel industry maintained growth in both production and apparent consumption. According to statistics from the Stainless-Steel Branch of the China Iron and Steel Association, in 2025, China's apparent consumption of stainless steel reached 33.4616 million tons, an increase of 0.9696 million tons year-on-year, representing a growth of 2.98%. China's crude stainless steel production reached 40.8681 million tons, an increase of 1.4270 million tons year-on-year, representing a growth of 3.62%. As demand grows, its demand structure is also shifting from low-nickel 200 series stainless steel to high-nickel 300 and 400 series stainless steel. According to statistics from the Stainless-Steel Branch of the China Iron and Steel Association, by 2025, 300 series and 400 series stainless steel accounted for 51.73% and 18.54% respectively, while 200 series stainless steel only made up 28.48%. This structural change further drives the increase in demand for nickel. In the future, under the impetus of policies, large-scale equipment upgrading and trade-in programs for consumer goods, as well as subsidies for replacement of aging elevators in domestic buildings, will be launched, stimulating an increase in demand for stainless steel.

Management Discussion and Analysis

BUSINESS REVIEW

We are a company covering the entire nickel industry chain, deeply rooted in the nickel sector, with business including nickel resource procurement, nickel product trading, and the production and sales of nickel products. In terms of nickel product trading, we are the largest nickel ore trader in China. In the field of smelting and production, we actively support the “Belt and Road” initiative and implement national strategies for the development of strategic industries such as new energy. Focusing on key nickel resources, we strategically layout production in major global resource areas. We have established the Obi Island Industrial Park in Indonesia and completed the production layout for both hydrometallurgy and pyrometallurgy projects. The total designed capacity of these smelting projects reaches 400,000 metal tons of nickel, with hydrometallurgical capacity at 120,000 metal tons of nickel-cobalt compounds and pyrometallurgical capacity at 280,000 metal tons of ferronickel (of which our associated company HJF’s pyrometallurgical capacity is 95,000 metal tons of nickel). We have adopted third-generation High Pressure Acid Leach process technology to effectively harness Indonesia’s local low-grade laterite nickel ore, and adopted mature Rotary Kiln-Electric Furnace process technology to achieve intensive, integrated production locally in Indonesia, providing high-quality nickel products to well-known domestic and international downstream customers in the new energy vehicle and iron and steel industries. The Company consistently adheres to the development philosophy of “green and low-carbon, innovation-driven”, aiming to promote the deep integration of global resources with advanced Chinese technologies and to lead the sustainable development of the nickel industry. Building on the nickel product trading business and focusing on the production and smelting of nickel products, the Company continuously deepens its strategic layout, optimizes its business structure, and constantly improves operational quality and market responsiveness. Guided by the strategy of “integrating global resources with Chinese technology”, the Company actively participates in the construction of global nickel industry ecosystem through continuous technological research and development and cross-border industrial collaboration, and is committed to providing stable and high-quality products and services to customers both at home and abroad, and promoting sustainable and coordinated development throughout the industry chain.

In 2025, the Company realized a total operating revenue of RMB40,239.8 million, representing an increase of 37.7% as compared with the same period last year. The net profit attributable to shareholders of the Company was RMB2,857.4 million, representing an increase of 61.1% as compared with the same period last year. The Company achieved growth both in its operating revenue and profit, which was mainly due to the stable full load production of the HPAL project and the positive impact brought by the further improvement of capacity release of KPS (phase II of the RKEF project).

Management Discussion and Analysis

Procurement and trading of nickel resources

As a leading enterprise in China's nickel ore trading sector, the Company, leveraging its outstanding resource integration capabilities and extensive industry experience, has not only consolidated long-term stable supply sources, but also expanded several new supply channels, continuously deepening its domestic and international market presence. The Company has always adhered to a customer-oriented approach, constantly optimizing trade processes and service systems, and strengthening and expanding strategic partnerships. During the Reporting Period, in terms of nickel ore trading, the Company focused on the incremental demand of domestic general carbon steel mills. On the basis of optimizing the customer structure, we have further promoted in-depth cooperation and value creation. At the same time, we proactively seized the structural opportunities in the Indonesian market, accelerated the layout of overseas business, and expanded new spaces for resource integration with the support of cutting-edge information analysis. In terms of ferronickel trading, the Company closely monitored market trends, fully leveraged the market sensitivity and informational advantages of traders, strengthened compliance management, and precisely adjusted sales strategies. By adopting a model that combines framework agreements with flexible orders, the Company actively built a diversified sales network. Through accurate market assessment and flexible trading strategies, the Company has steadily increased the trade volume of nickel products while effectively managing risks, significantly enhancing overall profitability.

Smelting and production of nickel products

Indonesia's influence and voice in the global nickel industry are continuously increasing. In terms of nickel ore reserves, according to the "2026 Mineral Commodity Summary" issued by the United States Geological Survey (USGS), by the end of 2025, the global nickel ore reserves amounted to over 350 million metal tons, of which 54% were laterite nickel ore. Among the proven nickel resources, Indonesia is the country with the richest nickel reserves in the world, accounting for approximately 44% of the world's total nickel reserves. In terms of nickel ore supply, the global proportion of Indonesia's nickel ore supply has increased from 62% in 2024 to 67% in 2025. The Company focuses on the smelting and production of nickel products, adhering to an open and cooperative philosophy, working with the Indonesian partner to optimize resource allocation and comprehensively support the Obi project in Indonesia.

Management Discussion and Analysis

Hydrometallurgy project/HPAL project

The Company has adopted the third-generation HPAL smelting process, which is one of the most advanced smelting technologies in the industry for processing low-grade laterite nickel ore. The Company's hydrometallurgy project in Indonesia has been planned with a total of six production lines, with a total designed capacity of 120,000 metal tons of nickel and 14,250 metal tons of cobalt. The project produces nickel-cobalt hydroxide, nickel sulfate, cobalt sulfate, and electrodeposited cobalt products based on market demand.

During the Reporting Period, the hydrometallurgy project was operated at full capacity across all lines, with the HPAL project continuing to run at full load stably and the electrodeposited cobalt project achieving efficient production. The Company closely followed the development trends of the new energy vehicle industry and actively adjusted its product structure to meet the growing market demand for high-performance battery materials. At the same time, the Company continued to deepen resource efficiency and technological optimization and has effectively enhanced resource utilization efficiency and overall economic value through systematic improvements to production lines. Among them: the optimization of the iron-aluminum slag washing process has significantly increased the metal recovery rate in smelting; after the transformation and upgrading of the electrodeposited cobalt production line, all economic and technical indicators and product quality have steadily improved, allowing for flexible and efficient adjustments to the cobalt product structure according to market conditions while meeting customer demand; by investing in and constructing the first hydrometallurgical tailings storage facility in Indonesia and innovatively adopting a slurry tailings hydraulic sedimentation process, the seismic performance of the facility has been significantly enhanced, the ecological reclamation cycle of the storage area has been effectively shortened, and production costs have been reduced.

Pyrometallurgy project/RKEF project

The Company has adopted mature RKEF smelting technology and has established business presence both domestically and abroad. The Company has planned pyrometallurgy projects in Indonesia with a total of 20 production lines and a total annual capacity of 280,000 metal tons of ferronickel, of which phase I of the pyrometallurgical project is the Company's equity-participated HJF project, with a designed annual capacity of 95,000 metal tons of ferronickel, and phase II of the pyrometallurgical project is the Company's majority-held KPS project, with a designed annual capacity of 185,000 metal tons of ferronickel. In addition, the Company has established a ferronickel smelting plant in Jiangsu, also adopting the RKEF process, with a designed annual capacity of 18,000 metal tons of ferronickel.

During the Reporting Period, the Company fully leveraged its experience with the RKEF process and the expertise of skilled workers, continuously strengthening the optimization and maintenance management of pyrometallurgical processes to improve production efficiency and product quality. The equity-participated HJF project maintained stable operation, and the majority-held KPS project was put into production as planned, with six production lines reaching full capacity and successfully obtaining ISO9001 Quality Management System certification. The Company deepened cost control, successfully implemented phase I lean pilot project, and fully initiated systematic lean operational reforms, significantly improving on-site operational metrics. In addition, the ferronickel smelting plant in Jiangsu, through measures such as reasonably scheduling production to avoid peak times and adding new energy storage stations, has further reduced costs and increased efficiency while practicing green production.

Management Discussion and Analysis

RISK ANALYSIS

Fluctuation in Nickel Metal Price

The changes in the market price of nickel products are mainly influenced by factors such as market supply and demand, macroeconomic conditions, etc. During the Reporting Period, due to factors such as the increase in supply of refined nickel products, the slowdown in growth of major economies worldwide, and the slowdown in demand growth in downstream industries such as stainless steel, nickel prices generally showed a fluctuating downward trend. In the purchase and sale agreements signed between the Company and customers and suppliers, the delivery price of nickel products is usually determined based on factors such as the average market price over a period of time and expected future prices. If the selling price of nickel products declines due to market supply and demand conditions, the price difference between the purchase and sale of nickel products in the Company's nickel product trading business may narrow, and the gross profit margin of nickel production and sales business may also decrease, which may have an adverse impact on the Company's operating results. On the other hand, if the price of nickel products continues to rise, downstream customers may seek more economical alternative solutions. For example, they may seek other more economically feasible energy solutions to replace ternary batteries, or increase the recycling and reuse of nickel metal, thereby reducing the demand for nickel products. In addition, even in the context of rising nickel prices, if the Company cannot fully transmit price changes to downstream customers, it will result in adverse effects on the Company's operating results.

To effectively mitigate the risks of nickel price fluctuations, the Company has established a systematic risk management framework. By continuously optimizing production processes and exploring cost-reduction potential, the Company steadily consolidated and expanded its cost advantages. At the same time, the Company strengthened market trend analysis, flexibly adjusted its procurement and sales strategies, and enhanced its dynamic responsiveness to price fluctuations. On this basis, the Company deepened strategic collaboration with downstream customers, optimized product structure, and improved the stability of supply-demand matching. The Company has also prudently controlled the pace of capacity expansion, maintained financial stability and capital allocation efficiency, laying a solid foundation for long-term sustainable development. Leveraging its leading hydrometallurgical technology, full industry chain layout, and excellent operational capabilities, the Company has demonstrated strong resilience during the industry adjustment period, and will continue to seize the long-term opportunities brought by the transition to new energy.

Management Discussion and Analysis

Fluctuations in Raw and Auxiliary Materials and Energy Prices

In addition to laterite nickel ore as the main raw materials, the Company also purchases auxiliary materials such as sulfur, liquid alkali, semi-coke, quicklime, as well as energy sources such as electricity, diesel, and coal to maintain the production and operation of smelting projects. The prices of these materials may be affected by factors such as inflation, global supply chain disruptions, supplier capacity limitations, demand for the same materials from other industries, availability of supplementary and alternative materials, and regulatory policies. If there are significant fluctuations in the prices of the aforementioned raw and auxiliary materials and energy sources in the future, and the Company cannot pass through increased costs to downstream enterprises, our operating results will be adversely affected.

To cope with the risks of fluctuations in raw and auxiliary materials and energy prices, the Company actively leveraged the advantages of traders by analyzing market price trends, proactively planning ahead, optimizing inventory, and combining process optimization and energy management on the production side to achieve reduction of operational cost. On the other hand, the Company extended its supply chain to upstream resource end, improved self-sufficiency in auxiliary materials, and enhanced cost transmission capabilities through product high-end and technological upgrades.

For example, affected by the ongoing geopolitical conflicts in the Middle East, shipping through the Strait of Hormuz, a key global sulfur transport channel, has been obstructed, and vessel passage has been restricted, resulting in tight sulfur supply from the Middle East. In this context, to ensure the stability and security of the supply chain for sulfur, a key auxiliary material for the Company's hydrometallurgical processes, we have planned ahead and taken proactive measures to actively promote a diversified procurement layout. Currently, we have established direct or indirect cooperative relationships with high-quality suppliers from countries and regions in North America, South Asia, and the Middle East, effectively mitigating potential risks brought by fluctuations in a single regional market and possible supply chain disruptions. At the same time, the Company is simultaneously expanding alternative raw material pathways and has successfully obtained an import quota for sulfuric acid approved by the Indonesian government. This allows part of the sulfur demand to be substituted through flexible procurement of sulfuric acid, further enhancing the flexibility of raw material acquisition and the resilience of the supply chain. Through the above combination strategy of "multi-channel procurement and alternative auxiliary material reserves", the Company has built a more robust and controllable sulfur supply guarantee system, maintained the dynamic stability of sulfur inventory, significantly enhancing its ability to respond to emergencies and providing solid and strong support for the continuous and stable operation of the hydrometallurgical system and the smooth and orderly advancement of production and operation.

Management Discussion and Analysis

Risk of Fluctuations in Exchange Rates

The Company's main production bases are located overseas, and its procurement mainly involves overseas nickel ore and various raw and auxiliary materials. The import trade at the sales end also includes payment and settlement model by letter of credit, involving a large amount of foreign currency settlements such as US dollars. Therefore, the Company's profit level has been affected by exchange rate fluctuations. With the continuous expansion of the Company's overseas business, changes in import trade at the sales end, and the political and economic situation in various countries overseas, there is a risk that the Company's operating results may change due to significant fluctuations in exchange rates.

To effectively manage the financial risks that may arise from exchange rate fluctuations, the Company has established a systematic risk identification and assessment mechanism, and regularly monitors and calculates foreign exchange risk exposure. By sorting out the allocation of foreign currency assets and liabilities, the Company can timely assess the potential impact of exchange rate fluctuations on operating results and financial conditions, and take targeted measures to respond. In daily operations, the Company focuses on reducing net foreign exchange risk exposure through currency matching for assets and liabilities, and uses financial instruments to hedge significant exchange rate risks when necessary. Adhering to the management philosophy of "risk neutrality", the Company is committed to reducing the interference of exchange rate fluctuations on its main business operations, and enhancing financial stability and performance predictability.

CORE COMPETITIVENESS OF THE COMPANY

We maintain a long-term, stable supply of core upstream resources

As a critical energy metal, nickel ore remains a highly scarce resource worldwide. Since Indonesia implemented a ban on the export of laterite nickel ore in 2020, the global supply pattern of nickel ore has further tightened. Therefore, ensuring a stable and sufficient supply of nickel ore is crucial for the sustained operation and competitive position of enterprises in the industry.

Indonesia and the Philippines, as the main suppliers of global nickel resources, are the core regions for the Company to obtain nickel ore. Among the proven nickel resources, Indonesia ranks first in the world with its abundant nickel reserves, accounting for 44% of the world's total reserves. The Philippines is the second largest supplier of nickel ore after Indonesia. We have established long-term stable supply relationships with upstream mines in these countries to ensure continuous and unimpeded access to high-quality nickel products, further consolidating our competitive advantage in the industry. In Indonesia, we have jointly invested in hydrometallurgy and pyrometallurgy projects with the Indonesian partner on Obi Island and signed a 20-year long-term supply agreement for laterite nickel ore, effective from 1 January 2021. The nickel ore resources owned by the Indonesian partner on Obi Island provide stable raw material support for the Company's related smelting projects. In the Philippines, the Company has established partnerships with leading nickel mining companies such as Nickel Asia Corporation and CTP Construction and Mining Corp. for over a decade, together with a deep understanding of the quality of mine output, the Company ensures that its nickel ore trading business continues to obtain high-quality and stable supply of nickel ore and ferronickel products.

These deep and long-term supply collaborations not only consolidate the Company's competitive position in the industry, but also provide supply chain resilience to cope with global market changes and potential geopolitical risks. In the future, the Company will further strengthen the cooperation with resource-rich countries such as Indonesia and the Philippines, actively explore diversified supply channels, and lay a solid foundation for expanding business scale and sustainable development.

Management Discussion and Analysis

Our breakthroughs in key processes and techniques have enabled us to achieve first-mover advantages, leverage our technological strengths, and lower our production costs

The production of nickel products requires extensive industry knowledge and experience, strong process optimization capabilities, technological research and development capabilities, and corresponding talent reserves. With technological innovation and practical experience in nickel product production accumulated through on-site operation and management, the Company has built a diversified product portfolio covering different production paths. At the same time, the Company has also gained a leading competitive advantage in operational efficiency and profitability.

Hydrometallurgy

The third-generation HPAL process used in the HPAL project is currently one of the most competitive technologies in the field of primary nickel ore production. This process has the advantages of low energy consumption and high comprehensive recovery rate when processing low-grade laterite nickel ores with high cobalt/iron content. However, at the same time, due to the high technical difficulty, complex production process, and the need to operate in high temperature, high pressure, and concentrated sulfuric acid environment, it puts forward extremely high requirements for technical capabilities and management level, with low fault tolerance. The Company has systematically optimized and upgraded the nickel hydrometallurgical production process, process details, and production equipment of the third-generation HPAL technology in the hydrometallurgy project, which has enabled the project to be at the forefront of the industry in terms of construction time, cash costs, unit nickel metal investment cost, and time to reach full capacity, while achieving significant reductions in energy consumption and production costs.

On the basis of the third-generation HPAL process, the Company has further increased production capacity, reduced comprehensive energy consumption and production costs through a series of technological improvements such as mineral processing optimization, residual acid recovery and utilization, and steam cycle application. With the continuous development and improvement of processes, the requirements for technical control and operational capabilities in high temperature, high pressure, and strong acid environments continue to increase. The Company relies on industry-leading technological strength and an experienced professional team to continuously introduce advanced equipment and process control systems. Through innovative production management and real-time monitoring methods, the Company has achieved precise control from raw material input to product output, ensuring stable and continuous production while also ensuring the safety of personnel and equipment. These systematic optimization and upgrading measures have significantly enhanced the operational efficiency and cost-effectiveness of the project.

Pyrometallurgy

In the field of pyrometallurgy, the Company has mastered mature RKEF process technology and accumulated experience in project design, construction, operation, and management that is compatible with it. As of the end of the Reporting Period, the Company has established production capacity for pyrometallurgy of laterite nickel ore in China and overseas.

The Company has successfully applied the experience of Jiangsu Facilities in technology upgrading and project management to the practice of the RKEF project. In the practice of the Obi projects, we continuously promoted technological innovation based on the original process, and optimized and upgraded the RKEF process and related production equipment in a targeted manner combining with the characteristics of local laterite nickel ore and other raw materials in Indonesia. By improving the efficiency of heat recovery and other measures, the energy utilization efficiency has been further enhanced, the frequency and cost of equipment maintenance have been reduced, and the Company has achieved breakthroughs in multiple production indicators.

Management Discussion and Analysis

Continuous process improvements and R&D

To achieve cost reduction and efficiency improvement, enhance comprehensive strength and sustainable development capabilities, the Company is promoting system optimization and technological innovation from multiple dimensions. The Company continues to optimize the logistics and energy allocation in the park, improve the comprehensive utilization efficiency of resources, strengthen the economic recovery of by-products, and enhance the circular system. At the same time, through continuous upgrading of technology and equipment, coordinated disposal of “waste gas, wastewater, and solid waste”, and promotion of substitution of high-value consumables, we have comprehensively improved operational efficiency and environmental performance, consolidating the Company’s competitive advantage in the market.

The Company has formulated a clear technology development plan, with technology integration as the main focus, to carry out systematic technological innovation and research and development around comprehensive resource utilization, new technology development, existing process optimization, potential project reserves, and other aspects. We consistently adhere to process improvement and research innovation, leveraging our own R&D team and closely collaborating with third-party organizations to continuously advance technological progress. During the Reporting Period, the Company’s technology center promoted the development and reservation of multiple technologies and deepened cooperation with several well-known domestic universities and research institutions to jointly promote process optimization and cost control and enhance the overall technological level. The hydrometallurgy project in Indonesia is an important engine for the Company’s future profit growth. The Company has already established strong technical reserves in several key areas such as electrodeposited nickel, hydrometallurgical slag ironmaking, chromium extraction from laterite nickel ore and low-cost precipitation replacement of liquid alkali. Through measures such as establishing new R&D centers, deepening industry-academia-research cooperation, and forming a high-level team, the Company will further enhance its independent research and development and process innovation capabilities.

In 2025, the Company continued to promote technological process improvements and sustainable upgrades. In the Obi Island Industrial Park in Indonesia, the first hydrometallurgical heap tailings demonstration warehouse has been officially put into use; the oil containing calcium sulfate crystal washing device in the HPL refining workshop has successfully operated and produced low oil calcium sulfate crystals; and the optimized ONC iron-aluminum slag washing process has significantly improved the recovery rate of smelted metals, and the construction of the ONC residual ore project is being carried out to enhance the recovery and utilization rate of nickel in gravel, consolidating the Company’s technological leadership and cost competitiveness in the field of hydrometallurgy.

Looking ahead, the Company will continue to increase its investment in R&D, actively introduce new production processes, expand product lines, and promote sustainable development in various business segments. These measures will not only strengthen the Company’s competitiveness in technological iteration and market changes, but also provide solid support for meeting future demands and technological innovations. With extensive industry experience and continuous technological accumulation, the Company provides strong technical support for the smooth implementation of projects and its long-term development.

Management Discussion and Analysis

We have formed long-term cooperation with a high-quality customer base

Through years of deep cultivation in the nickel industry chain, the Company has accumulated a good reputation and credibility among downstream customers and established long-term stable cooperative relationships with leading large production enterprises at home and abroad.

In the field of new energy, the nickel-cobalt compounds produced by the Company's hydrometallurgy projects serve as the core raw materials for ternary batteries in new energy vehicles. With the rapid growth of the new energy vehicle industry, the market demand continues to be strong. The Company has entered into long-term supply agreements with leading new energy material producers and bulk commodity traders in the industry, including subsidiaries of CATL (Hunan Bangpu, Ningde Bangpu and Ningbo Bangpu), Rongbay Technology and GEM. In 2025, the hydrometallurgical projects of the Company were operated at full capacity, which significantly enhanced the growth momentum of the Company's new energy business and consolidated its strategic position in the supply side of new energy materials.

In the field of stainless steel, as the largest nickel ore trader in China, the Company relies on a stable supply chain and strict quality control system built in major nickel resource supply areas such as Indonesia and the Philippines to continuously supply laterite nickel ore and ferronickel products to large iron and steel enterprises such as Tsingshan Holdings, Baosteel Desheng Stainless Steel Co., Ltd. and POSCO. Our products are widely used in the stainless-steel terminal market, forming a complete chain from resource acquisition and trade circulation to terminal application.

Thriving domestic downstream industries are driving increased demand for the Company's nickel products

The Company's nickel products are mainly used in downstream industries such as new energy vehicles and stainless steel. New energy is growing rapidly due to multiple favorable driving factors, and the Company's nickel products will fully benefit from the explosive growth in demand in the end markets.

In terms of the new energy vehicle market, many countries around the world have set goals for vehicle electrification. According to CIC, the penetration rate of new energy vehicle sales in China was only 5.0% in 2019, increasing to 44.4% in 2024, and is expected to further increase to 82.0% in 2029. With the introduction of favorable national policies such as the Announcement on Adjusting and Reducing Vehicle Purchase Tax and Technical Requirements for New Energy Vehicle Products 《關於調整減免車輛購置稅新能源汽車產品技術要求的公告》 and the Action Plan for Energy Conservation and Carbon Reduction 2024 to 2025 《2024 - 2025 年節能降碳行動方案》, as well as continuously developing automotive technology and rapidly decreasing battery costs, the sales and penetration rate of new energy vehicles in China will further increase. The rapid growth of the new energy vehicle market has driven the rapid development of the ternary battery market. Compared with other types of new energy power batteries, ternary batteries have higher energy density and longer actual driving range, and have been widely used in recent years. The high nickel conversion of ternary batteries will further release the market demand for raw materials such as nickel sulfate and cobalt sulfate for high nickel ternary batteries. The Company has accurately seized the growing market opportunities in the new energy vehicle industry and actively laid out the production capacity for nickel-cobalt compound products such as nickel sulfate and cobalt sulfate. The hydrometallurgy project in Indonesia has been fully put into operation, which has a total designed capacity of 120,000 metal tons of nickel-cobalt compounds (including 14,250 metal tons of cobalt), making the Company one of the leading raw material suppliers in the domestic new energy vehicle industry.

Management Discussion and Analysis

We adhere to the concept of ESG sustainable development

In the context of sustainable global development, the Company focuses on green development and is committed to improving resource utilization efficiency. The Company has fully integrated ESG management into its operations and governance. The Company actively practices green, low-carbon, and circular economy by recycling by-products from production, improving resource efficiency, and continuously optimizing energy structure and supply chain layout. The Company is promoting a demonstration project for hydrometallurgical slag resource utilization, using the hydrometallurgical slag generated during the hydrometallurgical process as a resource for recycling and extracting iron resources, effectively reducing waste emissions and decreasing dependence on primary ores. By improving energy efficiency and building intelligent industrial parks that are resource efficient and environmentally friendly, the Company actively practices the goals of circular economy and carbon neutrality. In terms of corporate governance, the Board has established four specialized committees, namely the audit committee, the remuneration committee, the nomination committee and the ESG committee, to ensure a scientific and standardized governance structure. The ESG committee is responsible for identifying relevant risks and opportunities, reporting to the Board, ensuring continuous optimization of ESG management, and integrating sustainable development concepts into the entire process of corporate governance. Currently, the Company's various production projects are steadily advancing, and significant progress has been made in the greening and environmental construction of parks. In the future, the Company will also continue to invest in R&D and technology upgrades, promote the green transformation of the entire industry chain, and strive to create intelligent, intensive, and eco-friendly industrial parks.

The Company has formed a complete industry ecosystem centered around nickel resources

As a globally leading nickel industry chain enterprise, the Company's main business covered the entire process of nickel resource procurement, trade, production, and sales during the Reporting Period. We deeply cultivated the industry chain and extended downstream from trade business, forming a complete industrial layout covering multiple links. In the upstream field, in response to the "Belt and Road" initiative, the Company has focused on the layout of major resource areas in the world, established stable supply chain networks in Indonesia and the Philippines, set up professional nickel ore testing departments to precisely purchase mineral products, improve production efficiency and economic benefit, deepen industry understanding by virtue of value-added services, and become the largest nickel ore trader in China. In the field of production and sales, the Company focuses on expanding demand in the European and American markets around Indonesia, efficiently developing and utilizing local laterite nickel ore resources, and establishing production bases in Indonesia and China to integrate the upstream and downstream of the supply chain. By establishing an independent nickel industrial park in Indonesia to produce high-quality nickel-cobalt compounds and ferronickel products, we provide key resources for downstream customers, we also uphold the concept of green production to ensure environmental protection and resource recycling, aiming to create an integrated industrial system.

With over a decade of accumulated experience, the Company has achieved efficient resource utilization and industrial upgrading through innovation and cooperation, guaranteed domestic resource supply, and obtained a good reputation for products and services, achieving a win-win situation in cross-border industrial layout and continuously enhancing international competitiveness. During the Reporting Period, the Company built a world-class nickel industrial park on Obi Island in Indonesia, adopting a dual technology route that runs through the green and low-carbon concept, and adhering to the principle of "integrating global resources with Chinese technologies" to promote sustainable development of the industrial chain. In the future, the Company will deepen cooperation with enterprises from countries such as Indonesia and the Philippines, so as to promote the development of the global nickel industry, and seize opportunities for new energy transformation.

Management Discussion and Analysis

OUTLOOK

Completing the Construction of Existing Projects and Enriching Our Product Range

The Obi project in Indonesia is the core driver for the Company's profitable growth in the future, and the timely and smooth commissioning and efficient operation of its production lines is critical to the expansion of our business. During the Reporting Period, the Company continued to steadily implement the established plan and concentrated its advantageous resources to implement the construction of the pyrometallurgical KPS project in an orderly manner. The Company plans to achieve full capacity for all 12 production lines of the project by 2026.

Empowering the Circular Economy to Promote Hydrometallurgical Slag Resource Utilization Demonstration Project

Always adhering to the development concept of green and environmental protection, the Company, based on multiple rounds of technical verification and in-depth market research, has launched the hydrometallurgical slag resource utilization demonstration project, aiming to transform the waste hydrometallurgical slag generated by the HPAL project into high-value resources. The hydrometallurgical slag contains a relatively high iron content which, after systematic pretreatment, can reach the grade level of ordinary iron ore, and can be used as high-quality raw material for subsequent pig iron production. These pig irons can be further refined and processed to produce rebar products that meet market standards. Rebar, as an important construction steel, is widely used in bridges, roads, high-rise buildings, tunnels and other infrastructure projects. With the rapid rise of emerging economies in Southeast Asia, the region is vigorously promoting infrastructure development and urbanization, and the market demand for rebar is expected to see significant growth. The implementation of this project not only effectively solves the environmental and land occupation problems caused by the storage of hydrometallurgical slag, but also creates considerable economic benefits for the Company through efficient resource recovery, truly achieving a dual improvement of environmental and economic benefits. During the Reporting Period, the Company was accelerating the layout of hydrometallurgical slag resource utilization demonstration project to build a moat for circular economy. The project aims to form a new value chain of "waste slag resource utilization – valuable metal recycling", and has currently completed feasibility studies and regulatory filing, and is about to enter the construction stage comprehensively.

Enriching Product Categories to Promote MHP Refinement Production Project

The Company continued to deepen R&D ability tailored to a wide range of downstream products, actively promoted MHP refinement production project and further processed the nickel-cobalt hydroxide products produced by ONC into nickel/cobalt sulfate, or electrodeposited nickel/cobalt. Battery-grade nickel/cobalt sulfate can be used in NEV, energy storage batteries, 3C electronics and other fields to improve the energy density of batteries and further improve product performance. Electrodeposited nickel/cobalt are featured by high strength and corrosion resistance, and can be widely used in stainless steel, alloy materials, aerospace and other fields. This project will further increase the proportion of the Company's high value-added products, and enrich the Company's product matrix to flexibly respond to diversified market demands, thereby enhancing the Company's overall competitiveness.

Management Discussion and Analysis

Enhancing Research and Development Capabilities and Promoting Technological Innovation

Adhering to the strategy of industrial coordinated development, the Company takes research and development as the core driver, achieving dual improvement of production efficiency and product quality through the large-scale application of advanced equipment and in-depth innovation in production processes. The Company focuses on sustainable development goals to build a full process green manufacturing system. While improving resource utilization efficiency, we integrate environmental protection concepts throughout the entire production cycle. In the process of promoting the comprehensive hydrometallurgical slag resource utilization project, the Company has formed a complete technical chain from technology research and development, pilot scale transformation to industrial application. With the support of supporting measures such as optimizing production processes, introducing advanced equipment, and building a green manufacturing system, the Company has established professional research centers, strengthened cooperation with research institutions, and enhanced the development of R&D teams, providing strong guarantees for project implementation and technological upgrades.

Expanding Global High-Quality Nickel Resources, and Building a Solid Foundation for Supply Chain Security and Competitive Advantage

Nickel resource is an important cornerstone for the sustained growth of the Company's business and meeting core market demands. Obtaining stable and high-quality nickel resource supply is strategically significant to ensuring the Company's long-term development. To strengthen its resource foundation, the Company will actively expand its global presence by investing in and partnering with high-quality nickel ore resources both domestically and internationally, continuously broadening its supply channels and reserve scale. This measure not only helps the Company to deeply participate in global nickel resource competition, but also systematically enhance its control and bargaining power over upstream resources, thereby enhancing the Company's comprehensive competitiveness in the international market. The Company will provide stable and reliable resource guarantees for domestic downstream customers and support the overall development of the industrial chain by building a safe and sustainable nickel resource supply chain.

Lean Empowerment and Cost Leadership

The Company will take equipment management, production management and energy efficiency management as the core dimensions, systematically build a lean management system, and use this as guidance to take the lead in implementing demonstration projects in key areas, forming management methods and practical paradigms that are operable and replicable. Through the effective implementation of the demonstration project, the Company continues to promote the professional competence improvement of internal personnel and optimize organizational mechanisms, laying a solid talent foundation and institutional guarantee for the subsequent promotion and implementation across the entire production line and the Company as a whole. Based on the in-depth operation of this system, the Company is expected to achieve comprehensive and refined control from production processes to resource allocation, and continuously optimize through data-driven approaches, ultimately establishing leading cost control capabilities in the industry. This not only enables the Company to effectively resist the operational risks brought by industry cyclical fluctuations, but also helps the Company to continuously build core advantages and achieve high-quality sustainable development in the increasingly fierce market competition.

Management Discussion and Analysis

Strengthening Corporate Governance and Talent Development to Build a Solid Foundation for Sustainable Development

The Company establishes and implements a dual wheel drive strategy of “governance improvement” and “talent strengthening the enterprise”, systematically promoting organizational capacity building. In terms of governance optimization, the Company has established effective decision-making mechanism, rapid market response mechanism, and risk prevention mechanism, comprehensively improving governance efficiency and compliance operation level, and providing institutional guarantees for achieving strategic goals. In terms of talent development, the Company is committed to building an integrated talent management system. By optimizing the talent structure, improving training mechanism, and implementing effective incentive mechanism, we aim to create a high-quality and specialized talent team, to provide solid support for the Company’s innovation and development.

Creating a More Open and Robust Nickel Resource Ecosystem

The Company continues to commit to building an advanced nickel resource ecosystem, strengthening its core competitiveness through deepening industrial park construction, and improving infrastructure support. We actively promote technological innovation and industrial synergy with an open attitude, deepening the creation of a sustainable nickel resource ecosystem. During the Reporting Period, the Company continued to promote the construction of infrastructure and supporting material production facilities in the Obi Island Industrial Park, focusing on achieving efficient integration of logistics, technology and resources to comprehensively enhance the park’s operational efficiency and sustainable development capabilities. In terms of water supply system, through refined operation and management, the industrial and domestic water demand in the park is coordinated, and the stable and reliable water supply is continuously guaranteed, providing solid support for the efficient operation of the park. In terms of living area construction, the Company adheres to the principle of ecological priority, creating a high-quality living environment for local residents, and providing high standard living facilities for project employees, effectively ensuring the harmony and stability of the community and the quality of life of employees. In terms of transportation infrastructure, the construction of ports and airports is steadily under construction, significantly improving logistics efficiency and employee’s commuting convenience, effectively enhancing the park’s external connectivity and internal mobility. Through the above comprehensive measures, the Company has not only significantly optimized the overall operational efficiency of the Obi Island Industrial Park, but also made sustained contributions to the development of local communities and employee’s welfare, actively fulfilling its social responsibility.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The following table sets out the breakdown of total revenue by business segment in absolute amounts and as a percentage of total revenue for the years ended 31 December 2025 and 31 December 2024:

	For the years ended 31 December			
	2025		2024	
	RMB'000	(%)	RMB'000	(%)
Nickel Products Trading				
Laterite nickel ore	5,960,477	14.8	3,708,890	12.7
Ferronickel	9,940,976	24.7	12,143,422	41.5
Subtotal	15,901,453	39.5	15,852,312	54.2
Nickel Products Production				
Ferronickel	6,589,515	16.4	1,302,192	4.5
Nickel-cobalt compounds	15,230,537	37.8	11,100,635	38.0
Subtotal	21,820,052	54.2	12,402,827	42.5
Others	2,518,281	6.3	977,819	3.3
Total	40,239,786	100	29,232,958	100.0

Revenue increased from RMB29,233.0 million in the year ended 31 December 2024 to RMB40,239.8 million in the year ended 31 December 2025. The increase in revenue was mainly attributable to the increase in revenue generated from our nickel products smelting business.

Revenue generated from the trading business increased by 0.3% from RMB15,852.3 million in the year ended 31 December 2024 to RMB15,901.5 million in the year ended 31 December 2025, mainly due to the increase in procurement and sales of trading nickel ore, as well as the rise in market price of nickel ore, resulting in an increase of RMB2,251.6 million in revenue from trading nickel ore. The increase of revenue from trade business was partially offset by the decrease in procurement and sales of trading ferronickel, resulting in a decrease of RMB2,202.4 million in revenue from trading ferronickel in 2025.

Management Discussion and Analysis

Revenue generated from the production business increased by 75.9% from RMB12,402.8 million in the year ended 31 December 2024 to RMB21,820.1 million in the year ended 31 December 2025, which was mainly due to (i) the increase of sales volume of nickel-cobalt compounds with the stable full load production of the HPAL phase III project, as well as the rise in market price of cobalt, resulting in an increase of RMB4,129.9 million in revenue from nickel-cobalt compounds; and (ii) the increase of sales volume of ferronickel with the KPS production of RKEF phase II project, resulting in an increase of RMB5,287.3 million in revenue from ferronickel.

Other revenue increased from RMB977.8 million in the year ended 31 December 2024 to RMB2,518.3 million in the year ended 31 December 2025, mainly due to the increase in coal sales business.

Gross Profit and Gross Profit Margin

Gross profit increased by 44.1% from RMB5,352.5 million in the year ended 31 December 2024 to RMB7,715.1 million in the year ended 31 December 2025, with an increase in gross profit margin from 18.3% to 19.2%.

Gross profit from our trading business increased by 31.1% from RMB460.7 million in the year ended 31 December 2024 to RMB604.1 million in the year ended 31 December 2025. Gross profit margin of the trading business increased from 2.9% to 3.8%, mainly due to (i) the rise in market prices; and (ii) an increase in the proportion of sales of high-gross-profit-margin trading of nickel ore.

Gross profit from our production business increased by 43.7% from RMB4,838.9 million in the year ended 31 December 2024 to RMB6,952.1 million in the year ended 31 December 2025. Gross profit margin of the nickel product production business decreased from 39.0% to 31.9%, mainly due to (i) the increase in sales of nickel-cobalt compounds, resulting in the gross profit of nickel-cobalt compounds increasing from RMB4,750.5 million for the year ended 31 December 2024 to RMB5,991.0 million for the year ended 31 December 2025; however, due to the increase in raw and auxiliary material costs, the gross profit margin decreased from 42.8% to 39.3%; and (ii) the commencement of local ferronickel production in Indonesia, leading to an increase in ferronickel sales and the increase in the gross profit of ferronickel from RMB88.3 million for the year ended 31 December 2024 to RMB961.1 million for the year ended 31 December 2025, with a gross profit margin of 14.6%.

Gross profit of other businesses increased from RMB52.9 million in the year ended 31 December 2024 to RMB159.0 million in the year ended 31 December 2025. Gross profit margin of other businesses increased from 5.4% to 6.3% in the same period.

Other income and gains increased by 61.0% from RMB211.6 million in the year ended 31 December 2024 to RMB340.6 million in the year ended 31 December 2025, mainly due to (i) an increase in interest income of RMB73.4 million and (ii) investment gains of RMB44.0 million from the portion of futures-linked products in our revenue pricing affected by nickel price fluctuations.

Selling and Distribution Expenses

Selling and distribution expenses increased by 19.9% from RMB121.0 million in the year ended 31 December 2024 to RMB145.1 million in the year ended 31 December 2025, mainly due to the increase in staff costs and testing fees corresponding to the increase in sales volume.

Management Discussion and Analysis

Administrative Expenses

Administrative expenses increased by 21.5% from RMB1,033.8 million in the year ended 31 December 2024 to RMB1,255.7 million in the year ended 31 December 2025, mainly due to (i) an increase in staff costs of RMB105.7 million as a result of business expansion; and (ii) an increase in consulting fees, insurance premium, business entertainment expenses, and office expenses.

Other Operating Expenses

Other operating expenses increased by 74.7% from RMB342.2 million in the year ended 31 December 2024 to RMB597.9 million in the year ended 31 December 2025, mainly due to the impact of exchange rate fluctuations in USD against RMB during the year ended 31 December 2025, resulting in a foreign exchange loss of RMB450.7 million. The increase in other operating expenses was offset by the following factor: during the same period in 2024, we conducted assessment on the recoverable value of the customer relationships under intangible assets, and recognized impairments of RMB142.3 million.

Financing Costs

The financing costs for the year ended 31 December 2025 were RMB637.6 million, remaining largely stable compared with the financing costs of RMB647.5 million for the year ended 31 December 2024.

Share of Profits and Losses of Associates

Share of profits from associates increased by 6.8% from RMB404.0 million for the year ended 31 December 2024 to RMB431.2 million for the year ended 31 December 2025, mainly due to the enhanced profitability, which was driven by refined cost control, technical improvements and process optimization implemented in phase I of the RKEF project.

Profit before Tax

As a result of the foregoing, our profit before tax increased by 53.1% from RMB3,817.0 million in the year ended 31 December 2024 to RMB5,845.0 million in the year ended 31 December 2025.

Income Tax Expenses

Income tax expenses increased significantly from RMB608.3 million in the year ended 31 December 2024 to RMB1,099.5 million in the year ended 31 December 2025, mainly due to the accrual of income tax provisions based on the profitability of the project companies, as well as the provision for Pillar Two top-up tax based on Pillar Two model rules.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by 47.9% from RMB3,208.8 million in the year ended 31 December 2024 to RMB4,745.5 million in the year ended 31 December 2025. Net profit margin increased from 11.0% in the year ended 31 December 2024 to 11.8% in the year ended 31 December 2025.

Management Discussion and Analysis

Current Assets, Financial Resources and Current Ratio

To safeguard the Group's ability to continue as a going concern, finance the Group's operations and maximise value for the shareholders, the Group adopted various funding and treasury measures during the year ended 31 December 2025. These measures included, but were not limited to: (i) regularly managing the Company's capital structure by making relevant adjustments in light of both the prevailing economic conditions and risk characteristics of underlying assets; (ii) using a recurring liquidity planning tool which considers the maturity of its financial instruments and financial assets, and projected cash flows from operations in order to continuously monitor the Company's risks to a potential shortage of funds; (iii) trading only with recognised and creditworthy third parties, who are subject to the Company's credit verification procedures; and (iv) using various financial instruments such as leases and interest-bearing loans as appropriate to maintain a balance between continuity of funding and flexibility. During the year ended 31 December 2025, the Group maintained a stable financial position.

As at 31 December 2025, current assets amounted to RMB18,958.3 million, representing an increase of 50.5% from RMB12,599.3 million as at 31 December 2024. As at 31 December 2025, cash and cash equivalents of the Group amounted to RMB7,371.9 million, which increased by 46.5% from RMB5,032.4 million as at 31 December 2024.

The Group's current ratio (current assets divided by current liabilities) increased from 0.9 times as at 31 December 2024 to 1.1 times as at 31 December 2025.

Capital Expenditures

The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	(%)	RMB'000	(%)
Prepayments for property, plant and equipment	5,113,717	100.0	5,678,955	99.2
Land use right	–	–	28,697	0.5
Interest in an associate	–	–	18,148	0.3
Total	5,113,717	100.0	5,725,800	100.0

Management Discussion and Analysis

Commitments

The following table sets forth a breakdown of our capital commitments as at the dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Property, plant and equipment	4,242,296	6,498,669

Indebtedness

We recognized debts of RMB18,615.7 million as at 31 December 2025 (as at 31 December 2024: RMB13,852.3 million), which included interest-bearing bank and other borrowings denominated in RMB and USD that amounted to RMB6,077.9 million with fixed interest rates (as at 31 December 2024: RMB6,022.6 million) and RMB12,526.8 million with floating interest rates (as at 31 December 2024: RMB7,810.1 million), lease liabilities of RMB10.3 million (as at 31 December 2024: RMB19.6 million) and long-term payables of RMB 0.7 million (as at 31 December 2024: RMB 0 million).

Contingent liabilities

As at 31 December 2025, we had no material contingent liabilities.

Gearing ratio

Gearing ratio equals total interest-bearing bank borrowings divided by total equity. As at 31 December 2025, the gearing ratio was 0.9, representing a slight increase from the gearing ratio of 0.8 as at 31 December 2024.

Significant Investments Held and Material Acquisitions and Disposals

During the year ended 31 December 2025, the Group did not hold any significant investments or carry out any material acquisitions or disposals in subsidiaries, joint ventures or associates.

Foreign Exchange Risk

Our financial statements are presented in RMB. Fluctuations in exchange rates between other currencies in which the Group conducts its business may affect the Group's financial position and operation results. We currently do not have a foreign currency hedging policy. However, our management will manage foreign currency risk through regular reviews and consider hedging significant foreign currency risk exposures when necessary.

Management Discussion and Analysis

Pledge of Assets

As at 31 December 2025, a portion of our loans was secured by (i) pledges of buildings and land located in the PRC with a carrying value of RMB19.7 million (as at 31 December 2024: RMB23.2 million); (ii) pledges of land use rights located in the PRC with a carrying value of RMB492.4 million (as at 31 December 2024: RMB380.8 million); (iii) pledges of plant and machinery, electronic and office equipment, motor vehicles and buildings under construction located in Indonesia with a carrying value of RMB16,636.6 million (as at 31 December 2024: RMB2,698.2 million); (iv) pledges of investment properties located in the PRC, with a carrying value of RMB188.9 million (as at 31 December 2024: RMB65.7 million); (v) pledges of inventory located in Indonesia with a carrying value of RMB1,232.4 million (as at 31 December 2024: nil); (vi) pledges of trade receivables located in Indonesia with a carrying value of RMB271.5 million (as at 31 December 2024: nil) ; and (vii) pledge of deposits with a carrying value of RMB2,466.6 million (as at 31 December 2024: RMB848.6 million).

As at 31 December 2025, the Group had no other assets pledged to financial institutions other than those disclosed above.

Future Plans for Material Investments and Capital Assets

As at 31 December 2025, we did not have plans for material investments and capital assets.

As required by PRC laws and regulations, we participate in social insurance schemes operated by the relevant local government authorities and maintain mandatory pension contribution plans and medical, work-related injury and maternity insurance schemes for our employees. We also contribute to unemployment insurance plans as well as housing accumulation funds for our employees.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2025, the Company had not entered into any off-balance sheet arrangements.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CAI Jianyong (蔡建勇), born in 1971, aged 55. He graduated from Shanghai Institute of Building Materials Industry (上海建築材料工業學院) (later merged into Tongji University) with a specialization in financial accounting. Mr. CAI Jianyong had nearly 10 years of experience in international commodity trade before the Company was established. He worked at Zhejiang Grand Resources Import and Export Co., Ltd. (浙江遠大進出口有限公司) from April 2000 to December 2007 and worked at Ningbo Future Import and Export Co., Ltd. (寧波前程進出口有限公司) from January 2008 to December 2008. In January 2009, Mr. CAI Jianyong founded the Company. He successively served as the director, general manager and chairman of the Company from January 2009 to December 2021. He has served as the executive director and chairman of the Company since December 2021, and was also the general manager of the Company between March 2024 and February 2025.

Mr. CAI Jianyong also holds positions in other members of the Group. He has served as a director of Ningbo Lygend Wisdom Co., Ltd. (寧波力勤惠然貿易有限公司) since June 2017, a director and the general manager of Ningbo Lygend Industrial Park Management Co., Ltd. (寧波力勤園區管理有限公司) since June 2021, a director and the general manager of Ningbo Baoxin Special Steel Technology Co., Ltd. (寧波寶鑫特鋼科技有限公司) since October 2021, a director and the general manager of Ningbo Lygend New Energy Co., Ltd. (寧波力勤新能源有限公司) since September 2020, a director of Contemporary Brunp Lygend Co., Ltd. (寧波普勤時代有限公司) since October 2020, a director of Shanghai Lygend International Trade Co., Ltd. (上海力勤國際貿易有限公司) since June 2018 and a director of Jiangsu Wisdom Industrial Co., Ltd. (江蘇惠然實業有限公司) since April 2015. In addition, he has served as the chief supervisor of PT. Halmahera Persada Lygend ("HPL") since July 2018, the chief supervisor of PT. Dharma Cipta Mulia ("DCM") since August 2021, the chief supervisor of PT. OBI Nickel Cobalt ("ONC") since August 2021, the chief supervisor of PT. Karunia Permai Sentosa ("KPS") since November 2021, the chief supervisor of PT. Obi Stainless Steel ("OSS") since November 2021, a director of Lygend Resources Pte. Ltd. ("Lygend Singapore") since August 2018, a director of Kang Xuan Company Limited (康軒有限公司) ("KX") since November 2021, a director of Hong Kong Blue Whale International Limited ("HBW") since March 2016, a director of Lygend New Power (Hong Kong) Limited since July 2021, a director of Lygend Golden Power (Hong Kong) Limited since July 2021, a director of Lygend Source Power (Hong Kong) Limited since December 2021, and a director of Laterite International (Hong Kong) Limited since April 2023.

Biographies of Directors and Senior Management

Ms. FEI Feng (費鳳), born in 1976, aged 50. She graduated from Zhengzhou University of Aeronautics with a bachelor's degree in auditing. She worked at Zhejiang Grand Resources Import and Export Co., Ltd. (浙江遠大進出口有限公司) from September 1999 to December 2007 and Ningbo Future Import and Export Co., Ltd. (寧波前程進出口有限公司) from January 2008 to June 2009. She served as the deputy general manager of the Company from July 2009 to September 2021, as well as the director, deputy general manager and secretary to the Board of the Company from September 2021 to December 2021. She was appointed and served as executive director, deputy general manager and secretary to the Board of Company from December 2021 to March 2023. She has continued to serve as an executive director and deputy general manager of the Company since March 2023.

Ms. FEI Feng also holds positions in other members of the Group. She has served as a supervisor of Ningbo Lygend Wisdom Co., Ltd. (寧波力勤惠然貿易有限公司) since June 2017, a supervisor of Ningbo Leda International Logistics Co., Ltd. (寧波勵達國際物流有限公司) since March 2021, a supervisor of Ningbo Lygend Headquarter Management Co., Ltd. (寧波力勤總部管理有限公司) since April 2023, a supervisor of Ningbo Lygend New Energy Co., Ltd. (寧波力勤新能源有限公司) since September 2020, a supervisor of Contemporary Brunp Lygend Co., Ltd. (寧波普勤時代有限公司) since October 2020, and a director of Kang Xuan Company Limited (康軒有限公司) ("KX") since November 2021.

Mr. CAI Jianwei (蔡建威), born in 1972, aged 54. He served as the sales manager, sales director and general manager of the trading business department of the Company from April 2009 to September 2021. He was appointed as director and deputy general manager of the Company between September 2021 and December 2021. He has been the executive director and deputy general manager of the Company since December 2021.

Mr. CAI Jianwei also holds a position in a member of the Group. He has served as the chief supervisor of PT Bumi Mineral Sentosa ("BMS") since February 2023.

Mr. WANG Ling (王凌), born in 1978, aged 48. He graduated from Zhejiang University with a master's degree in accountancy. He is a non-practicing certified public accountant and a non-practicing certified tax agent, and holds the Legal Profession Qualification. He worked at Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (Nanjing branch) from 2004 to 2006 and PricewaterhouseCoopers (Shenzhen) Co., Ltd. (Shanghai branch) from 2006 to 2007. He also worked at the finance department of Youngor Group Co., Ltd. (雅戈爾集團股份有限公司) from August 2008 to February 2012. He then served as a manager of the finance department of Grand Resources Group Co., Ltd. (遠大物產集團有限公司) from February 2012 to June 2014, and was the general manager of the finance department of Grand Petrochemical Co., Ltd (遠大石化有限公司) from July 2014 to April 2018. From April 2018 to September 2021, he was the person in charge of the Company's financial affairs and served as the chief financial officer of the Company since September 2021. He has been an executive Director of the Company since December 2024.

Biographies of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Lawrence LUA Gek Pong, born in 1957, aged 69. He obtained a bachelor's degree of Social Science (Honors in Economics) from the National University of Singapore. He is a member of the Wealth Management Advisory Committee at Singapore Management University and a member of the Standards Committee of the Institute of Banking and Finance Singapore (IBF). He has held senior positions at several foreign banks. From February 1991 to February 1999, he served as vice president and head of Global Markets at Citibank Private Bank; from March 1999 to August 2009, he was managing director (Investments) at Merrill Lynch International Bank Limited; from November 2009 to March 2011, he served as managing director and senior advisor at Bank Julius Baer & Co., Ltd; from April 2011 to December 2022, he was managing director at DBS Private Bank, holding positions as head of the Private Banking Division and senior advisor. Since September 2020, he has been the Chairman of Aesen Private Limited (formerly Miclyn Express Offshore), and has served as a non-executive director of the Company since December 2021.

Mr. LUA has served as an independent director of Bumitama Agri Ltd (a company listed on the Singapore Stock Exchange (stock code: P8Z)) since January 2020.

EMPLOYEE REPRESENTATIVE DIRECTOR

Mr. YU Weijun (余衛軍), born in 1969, aged 57. He graduated from Hangzhou College of Commerce (currently known as Zhejiang Gongshang University) with a specialization in accountancy and is qualified as an accountant specializing in enterprise accounting. From May 1999 to April 2006, he served as the chief financial officer of Ningbo Hualv Communications Co., Ltd. (寧波華旅通訊有限公司), and worked at Ningbo Tianhan Holding Group Co., Ltd. (寧波天漢控股集團股份有限公司) from September 2007 to February 2008. He was the person in charge of the financial affairs and the deputy general manager of the Company from August 2011 to September 2021. Mr. YU Weijun was appointed as the director and deputy general manager of the Company between September 2021 and December 2021. He was the deputy general manager of the Company from September 2021 to December 2024. From December 2021 to June 2025, he served as an executive director of the Company. He has acted as the employee representative Director of the Company since June 2025.

Mr. YU Weijun also holds positions in other members of the Group. He has served as a supervisor of Ningbo Lygend Industrial Park Management Co., Ltd. (寧波力勤園區管理有限公司) since June 2021, and a supervisor of Jiangsu Wisdom Industrial Co., Ltd. (江蘇惠然實業有限公司) since April 2018.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. HE Wanpeng (何萬蓬), born in 1974, aged 52. He graduated from Tongji University with a doctoral degree in management science and engineering. He is a professorate senior economist. He has served as the dean and chief researcher of Shanghai Research Center for Emerging Industries in the Foreshore (上海前灘新興產業研究院) since 2013. He has been an independent non-executive director of the Company since December 2021.

Dr. HE has served as an independent director of Shanghai Lujiazui Fin and Trade (上海陸家嘴金融貿易區開發股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600663)) since April 2021, and an independent director of Longyuan Construction Group Co., Ltd. (龍元建設集團股份有限公司) (stock code: 600491) since December 2025.

Ms. ZHANG Zhengping (張爭萍), born in 1980, aged 46. She graduated from the Chinese University of Hong Kong with an executive master of professional accountancy degree. She is a senior accountant, certified public accountant in China and a registered tax agent. She has worked at Ningbo Zhengyuan Tax Agent Co., Ltd. (寧波正源稅務師事務所有限公司) since July 2000 and served as an independent non-executive director of the Company since December 2021.

Dr. WANG James Jixian (王緝憲), born in 1954, aged 72. He graduated from the University of Toronto with a doctoral degree in geography and is an associate professor. He was an assistant lecturer, assistant professor and associate professor at the department of geography of the University of Hong Kong from 1993 to 2017. He has served as a research director of the Belt & Road Hong Kong Centre since October 2019. He has been an independent non-executive director of the Company since December 2021.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Dr. HU Zhichun (胡芝春博士), born in 1983, aged 43, is a senior engineer and a registered consulting engineer. In June 2004, he graduated from China Jiliang College (中國計量學院) (now known as China Jiliang University (中國計量大學)) with a bachelor's degree in management, majoring in Business Administration. In June 2007, he graduated from Southwestern University of Finance and Economics (西南財經大學) with a master's degree in management, majoring in Technical Economics and Management. In September 2023, he graduated from Chongqing University (重慶大學) with a Doctor of Engineering degree, majoring in Metallurgical Engineering. From July 2007 to February 2025, Dr. Hu worked in CISDI ENGINEERING CO., LTD. (中冶賽迪工程技術股份有限公司) ("CISDI Engineering"), and has successively served as a technical and economic designer in the Consulting Division, executive deputy director of the CCID Technology Consulting Research Office, deputy director of the Consulting and Operation Services Department, deputy general manager of the Consulting Business Unit, general manager of the Consulting Business Unit, general manager of the Steel Business Unit, deputy general manager, chief engineer, member of the Party Committee and deputy general manager, deputy secretary of the Party Committee and executive deputy general manager, and secretary of the Party Committee and general manager. He has been appointed as the general manager of the Company since February 2025.

Mr. SONG Zhen (宋臻), born in 1978, aged 48. He obtained an executive MBA degree from Hong Kong Asia Business College (香港亞洲商學院). He was the person in charge of the Company's business unit in Indonesia and a director from January 2009 to September 2021 and has been serving as the deputy general manager of the Company since September 2021.

Mr. Song Zhen also holds positions in other members of the Group. He has been a director of Jiangsu Wisdom Industrial Co., Ltd. (江蘇惠然實業有限公司) since August 2015, a supervisor of PT. Halmahera Persada Lygend ("HPL"), PT Halmahera Jaya Feronikel ("HJF"), PT. Dharma Cipta Mulia ("DCM"), PT. OBI Nickel Cobalt ("ONC") and PT Obi Stainless Steel ("OSS") since July 2024, and a supervisor of PT. Karunia Permai Sentosa ("KPS") since June 2024.

Mr. CAI Jiansong (蔡建松), born in 1974, aged 52. He was the sales manager of the Company from October 2009 to May 2015; from June 2015 to present, he has been the deputy general manager, general manager and chairman of Jiangsu Wisdom Industrial Co., Ltd. (江蘇惠然實業有限公司); from June 2023 to present, he has been the chairman and general manager of Ningbo Lygend Headquarter Management Co., Ltd. (寧波力勤總部管理有限公司); and from December 2024 to present, he has been the deputy general manager of the Company.

Mr. CAO Zheng (曹錚), born in 1994, aged 32. He holds a master's degree and has legal professional qualifications. From January 2019 to October 2021, he worked as a claims manager at the Ningbo branch of China Export & Credit Insurance Corporation (中國出口信用保險公司寧波分公司). From October 2021 to March 2023, he served as the Securities Affairs Officer of the Company; and he has been serving as the Secretary of the Board of Directors since March 2023 and Joint Company Secretary of the Company since June 2023.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strengthen accountability to all Directors.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the basis of the Company's corporate governance practices. Save as disclosed herein, the Group has complied with the applicable code provisions under the CG Code during the year ended 31 December 2025. The Company will continue to regularly review and monitor its corporate governance practices to ensure ongoing compliance with the CG Code and to maintain a high standard of corporate governance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry with all the Directors of the Group, all the Directors confirmed that they had strictly complied with the Model Code during the year ended 31 December 2025.

According to the Company's requirements, the relevant management personnel and employees are also subject to the Model Code, which prohibits them from dealing in the Company's securities when they are in possession of inside information related to the securities. The Company was not aware of any incidents of non-compliance with the Model Code by the relevant management personnel and employees during the year ended 31 December 2025.

CULTURE AND VALUE

The Board is committed towards lawful, ethical and responsible operation of our business to achieve our core corporate culture "From Diligence, Toward Excellence" (力致卓越, 勤無止境). In order to promote honesty-based and win-win cooperation in the operating environment, the Company has designed and adopted strict internal procedures to ensure the compliance of the business operations with the relevant rules and regulations. The Company has also implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters which enables the Company to improve long-term sustainable performance through investigation by the audit committee of the Board (the "Audit Committee"). The Company also has in place a whistleblowing mechanism such that any potential non-compliance incidents can be reported and investigated in a timely manner.

Corporate Governance Report

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the businesses, strategic decisions and performance of the Group and takes decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

BOARD COMPOSITION

As at the date of this annual report, the Board consists of nine Directors, including four executive Directors, one non-executive Director, three independent non-executive Directors, and one employee representative Director as follow:

Chairman and executive Director

Mr. CAI Jianyong¹

Executive Directors

Ms. FEI Feng

Mr. CAI Jianwei²

Mr. WANG Ling

Mr. YU Weijun (*resigned on 23 June 2025*)

Non-executive Director

Mr. Lawrence LUA Gek Pong

Employee representative Director

Mr. YU Weijun (*appointed on 23 June 2025*)

Independent non-executive Directors

Dr. HE Wanpeng

Ms. ZHANG Zhengping

Dr. WANG James Jixian

1 Brother of CAI Jianwei

2 Brother of CAI Jianyong

The biographical information of the Directors are set out in the section headed “Biographies of Directors and Senior Management” on pages 32 to 36 of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Company, there were no financial, business, family, or other material/relevant relationship(s) among the Directors.

Corporate Governance Report

BOARD AND BOARD COMMITTEES MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given for all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. The agenda and accompanying board papers are despatched to the Directors or members of the committees of our Board (the "Board Committee(s)") at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or Board Committee members are unable to attend a meeting, they are advised of the matters to be discussed and are given an opportunity to make their views known to the chairman of the Board (the "Chairman") prior to the meeting.

Minutes of the Board meetings and the Board Committee meetings are recorded in detail and include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments.

The Company has implemented different mechanisms to ensure independent views and input are available to the Board:

- **Composition of the Board:** Throughout the year ended 31 December 2025, the Board had at all times complied with Rules 3.10 and 3.10A of the Listing Rules. The Company has three independent non-executive Directors, representing one-third of the Board. At least one of the independent non-executive Directors possesses appropriate professional qualifications or accounting or related financial management expertise.
- **Independence assessment:** Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.
- **Board decision-making:** A Director who has a material interest in any transaction, contract or arrangement shall not vote (nor shall be counted in the quorum) on any Board resolution approving the same. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, such matter shall be dealt with in a Board meeting rather than by a written resolution.
- **Communication between the Chairman and the independent non-executive Directors:** The Chairman of the Board values communication with the independent non-executive Directors highly and holds meetings with them at least once each year without the presence of other Directors.

Corporate Governance Report

- **Remuneration of independent non-executive Directors:** Independent non-executive Directors receive fixed fees for their role as members of the Board and Board committees. No equity-based compensation with performance-related elements is granted to the independent non-executive Directors to avoid potential bias in their decision-making or compromise to their objectivity and independence.
- **Board evaluation:** The Board evaluates and reviews the time invested by Directors as well as attendance at Board and Board committee meetings to ensure that each Director devotes sufficient time to the Board to fulfill their duties as a Director of the Company.

The Company has established formal and informal channels of communication to ensure that independent views and inputs are available to the Board. The articles of association of the Company, as amended from time to time (the “Articles of Association”) and the terms of references of various board committee have set out a formal framework to ensure that the independent non-executive Directors remain independent and free to express their views, and their views are systematically considered by the Board. The executive Directors and the Chairman also engage regularly and directly with the independent non-executive Directors to receive their independent views and inputs in relation to a wide variety of matters.

The implementation and effectiveness of the above mechanisms are reviewed on an annual basis. The Board considers that such mechanisms had been implemented properly and effectively in the year ended 31 December 2025.

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group’s corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strengthen accountability to all shareholders. The Group’s corporate governance practices are based on the principles and code provisions prescribed in the CG Code as set out in Appendix C1 to the Listing Rules. The Group has complied with the applicable code provisions contained in the CG Code during the Reporting Period, save for code provision C.2.1 as set out below.

Code provision C.2.1 of the CG Code provides that the roles of the Chairman and the chief executive should be separate and should not be performed by the same individual. At the beginning of the Reporting Period, the roles of the Chairman and the general manager of the Company (the “General Manager”) were both performed by Mr. CAI Jianyong, which constituted a deviation from code provision C.2.1 of the CG Code.

As the founder of the Group, Mr. CAI Jianyong has extensive experience in international commodity trading and is responsible for the overall management of the Company’s business strategies and operations. He has played a pivotal role in the Group’s development and business expansion of the Group. The Board considered that vesting both roles of Chairman and General Manager in Mr. CAI Jianyong was beneficial to the Company’s management and operational efficiency during that period.

Corporate Governance Report

In addition, the Board was of the view that a balance of power and authority was maintained through the structure and operations of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board consisted of four executive Directors (including Mr. CAI Jianyong), one non-executive Director and three independent non-executive Directors, which the Board considered to have ensured a strong element of independence.

Mr. CAI Jianyong subsequently resigned as the General Manager with effect from 27 February 2025 due to a job change. He continues to serve as the Chairman of the Board and an executive Director. Dr. HU Zhichun was appointed as the General Manager with effect from 27 February 2025. For details, please refer to the announcement of the Company dated 27 February 2025. Accordingly, the Company has since complied with the requirements set out in code provision C.2.1 of the CG Code.

The Board will continue to review the leadership structure from time to time to ensure it supports the execution of the business strategies of the Group and maximizes operational effectiveness.

Code provision C.2.7 of the CG Code provides that the Chairman should at least annually hold a meeting with the independent non-executive Directors without the presence of other Directors. The Chairman held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2025.

Code provision C.5.1 of the CG Code provides that Board meetings should be held at least four times a year at approximately quarterly intervals. For the year ended 31 December 2025, the Company held 10 Board meetings. The table below sets out the details of attendance record of the Directors at Board and committee meetings, as well as at the general meetings of Shareholders held during the year:

Name of Director	Attendance/Number of meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General meetings
Executive Directors					
Mr. CAI Jianyong (<i>Chairman</i>)	10/10	N/A	N/A	2/2	5/5
Ms. FEI Feng	10/10	N/A	N/A	N/A	5/5
Mr. CAI Jianwei	10/10	N/A	N/A	N/A	5/5
Mr. WANG Ling	10/10	N/A	N/A	N/A	5/5
Mr. YU Weijun (<i>resigned on 23 June 2025</i>)	4/4	N/A	1/1	N/A	3/3
Non-executive Director					
Mr. Lawrence LUA Gek Pong	10/10	N/A	N/A	N/A	5/5
Employee representative Director					
Mr. YU Weijun (<i>appointed on 23 June 2025</i>)	6/6		N/A		2/2
Independent non-executive Directors					
Dr. HE Wanpeng	10/10	8/8	1/1	2/2	5/5
Ms. ZHANG Zhengping	10/10	8/8	1/1	2/2	5/5
Dr. WANG James Jixian	10/10	8/8	N/A	N/A	5/5

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

According to the Articles of Association, Directors shall be elected by general meetings and the term of office of the Directors (including non-executive Directors, but excluding employee representative Directors) is from the date of passing the resolutions at the general meeting to the expiry date of the term of office of the Board of that session. The term of office of an employee representative Director shall commence from the date of passing the election resolution at the employee representative congress to the expiry date of the term of office of the Board of that session. The term of each session of the Board is three years, and the Directors are eligible for re-election upon expiry of the term.

At any time before the expiration of the Director's term, the Shareholders may remove any Director by an ordinary resolution at any general meeting convened and held in accordance with the Articles of Association, despite the existence of any agreement reached between the Company and the Director (but without prejudice to any claim for damages under that agreement).

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision-making body of the Company, setting fundamental business strategies and policies for the management and operation of our business and monitoring their implementation.

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 executive Directors, non-executive Director, employee representative Director and independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors bring independent judgment to the decision-making process of our Board.

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, at the Company's expense for discharging their duties to the Company.

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 coordinating the daily operation and management of the Company are delegated to the management team.

Corporate Governance Report

Name of Director	Topic 1: The Board of Directors and Directors' Duties	Topic 2: Compliance with Hong Kong Laws and the Listing Rules	Topic 3: Corporate Governance and ESG	Topic 4: Risk Management and Internal Controls	Topic 5: Latest Developments in the Industry and Business	Other Topics	Total Hours
Non-executive Director							
Mr. Lawrence LUA Gek Pong	1 2	4 6	1 1	-	-	-	15
Employee representative Director							
Mr. YU Weijun (<i>appointed on 23 June 2025</i>)	1 2	4 6	1 1	-	-	-	15
Independent non-executive Directors							
Dr. HE Wanpeng	1 2	4 6	1 1	-	-	-	15
Ms. ZHANG Zhengping	1 2	4 6	1 1	-	-	-	15
Dr. Wang James Jixian	1 2	4 6	1 1	-	-	-	15

- represents the training hours undertaken through external training, such as online or offline training organised by external law firms, consulting firms or industry bodies
- represents the training hours undertaken through internal training, such as online or offline training organised by Directors, senior management, the training department and other internal personnel
- represents the training hours undertaken through self-study, such as reading training materials or watching training videos

Corporate Governance Report

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, a remuneration committee (the “Remuneration Committee”), a nomination committee (the “Nomination Committee”) and an environmental, social and governance committee (the “ESG Committee”) to oversee particular aspects of the Company’s affairs. All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties.

The written terms of reference of the Audit Committee, Remuneration Committee, Nomination Committee and ESG Committee are available on the Company’s website (www.lygend.com) and the Stock Exchange’s website (www.hkexnews.hk) and are available to Shareholders upon request.

AUDIT COMMITTEE

The Audit Committee was established by the Board with its written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. During the year ended 31 December 2025 and as at the date of this annual report, the Audit Committee consists of three independent non-executive Directors, namely Ms. ZHANG Zhengping, Dr. HE Wanpeng and Dr. WANG James Jixian. Ms. ZHANG Zhengping is the chairperson of the Audit Committee.

The primary duties of the Audit Committee are set out in its written terms of reference which include the appointment of external auditors, overseeing the financial reporting system, risk management and internal control system of our Group, reviewing the financial information of the Group and reviewing policies and practices in relation to corporate governance. The written terms of reference of the Audit Committee are available on the websites of the Company (www.lygend.com) and the Stock Exchange (www.hkexnews.hk).

Code provision D.3.3(e)(i) of the CG Code provides that members of the Audit Committee should liaise with the Board and Senior Management and the Audit Committee must meet, at least twice a year, with the Company’s auditors.

For the year ended 31 December 2025, eight Audit Committee meetings were held: (i) to consider the appointment of the auditor; (ii) to review the consolidated annual financial statement of the Group for the year ended 31 December 2024 and report of the independent auditor; (iii) to consider the independence and audit scope of the independent auditor; (iv) to review the 2025 plan of provision of guarantees by the company and its subsidiaries and bank credit line applications; (v) to review the consolidated interim financial statements of the Group for the six months ended 30 June 2025; and (vi) to review and discuss the risk management, internal control system, financial information and policies and practices in relation to corporate governance of the Group.

For the year ended 31 December 2025, the Audit Committee also met twice with the external auditor without the presence of the executive Directors to discuss the Group’s interim and annual financial results and annual audit plan.

The Company’s annual results announcement for the year ended 31 December 2025 and this annual report have been reviewed by the Audit Committee.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Board with its written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code adopting the model to make recommendations to the Board on the remuneration packages, bonuses and other compensation payable of individual Directors and senior management. During the year ended 31 December 2025 and as at the date of this annual report, the Remuneration Committee consists of three members, being two independent non-executive Directors and one employee representative Director, namely Dr. HE Wanpeng, Ms. ZHANG Zhengping and Mr. YU Weijun. The majority of the members are independent non-executive Directors. Dr. HE Wanpeng is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee are set out in its written terms of reference which include making recommendations on the Company's remuneration policy and structure, remuneration packages of Directors and Senior Management, review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules (if any) and reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time. The written terms of reference of the Remuneration Committee are available on the websites of the Company (www.lygend.com) and the Stock Exchange (www.hkexnews.hk).

The remuneration of the Directors and Senior Management is determined with reference to the level of remuneration paid by comparable companies, the time commitment and responsibilities of directors and senior management, and the employment conditions of the Company and its subsidiaries and consolidated affiliated entities. The level of remuneration takes into consideration the remuneration required to attract and retain talents capable of managing the Company successfully. No Director or Senior Management is involved in deciding his/her own remuneration.

For the year ended 31 December 2025, the Remuneration Committee held one meeting to review the remuneration policy and structure of the Directors and Senior Management and to make recommendations to the Board on their remuneration.

Corporate Governance Report

DIRECTORS' RETIREMENT AND TERMINATION BENEFITS

No retirement or termination benefits have been paid to the Directors for the year ended 31 December 2025.

No emolument was paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

The remuneration paid/payable to the senior management of the Company, excluding the Directors, by band for the year ended 31 December 2025 is set out below:

Remuneration band (HK\$)	Number of persons
HK\$Nil to HK\$5,000,000	1
HK\$5,000,001 to HK\$10,000,000	1
HK\$10,000,001 to HK\$15,000,000	1
HK\$15,000,001 to HK\$20,000,000	1

Further details of the Directors' and the five highest paid individuals' remuneration for the year ended 31 December 2025 are set out in note 8 and note 9 to the consolidated financial statements of this annual report.

NOMINATION COMMITTEE

The Nomination Committee was established by the Board with its written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. During the year ended 31 December 2025 and as at the date of this annual report, the Nomination Committee consists of three members, being our Chairman and two independent non-executive Directors, namely Mr. CAI Jianyong, Dr. HE Wanpeng and Ms. ZHANG Zhengping. The majority of the members are independent non-executive Directors. Ms. ZHANG Zhengping is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee are set out in its written terms of reference which include reviewing the structure, size and composition of the Board, selecting and recommending individuals for directorship to the Board, and assessing the independence of the independent non-executive Directors. The written terms of reference of the Nomination Committee are available on the websites of the Company (www.lygend.com) and the Stock Exchange (www.hkexnews.hk).

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In assessing the Board composition, the Nomination Committee takes into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy (the "Board Diversity Policy"). Where necessary, the Nomination Committee discusses and agrees on measurable objectives for achieving diversity on the Board, and recommends such objectives to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee considers relevant criteria that complement the Company's corporate strategy and support Board diversity before making recommendations to the Board.

For the year ended 31 December 2025, two Nomination Committee meetings were held: (i) to review the existing structure, size and composition of the Board; (ii) to consider the election of senior manager, annual report of nomination committee; and (iii) to elect the chairperson of the Nomination Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The ESG Committee was established by the Board with its written terms of reference on 31 March 2023. The written terms of reference of the ESG Committee are available on the websites of the Company (www.lygend.com) and the Stock Exchange (www.hkexnews.hk).

The ESG Committee is responsible for identifying ESG-related risks and opportunities and reporting regularly to the Board on their management status. In addition, the ESG Committee coordinates stakeholder engagement, conducts materiality analysis of ESG issues, oversees day-to-day ESG management and disclosures, and sets ESG goals as well as regularly reviewing the progress of such ESG goals. The ESG Committee will develop appropriate corrective measures when discrepancies are found against the ESG goals and targets.

As at the date of this annual report, the ESG Committee consists of eleven members, being one executive Director, namely Mr. CAI Jianyong, and other members including Mr. QIAN Feng (Non-Director), Mr. YU Hai (Non-Director), Mr. LIAO Zhengquan (Non-Director), Mr. LIU Xuanliang (Non-Director), Mr. QI Hui (Non-Director), Mr. WANG Duodong (Non-Director), Mr. SHI Wentang (Non-Director), Mr. CAI Jiansong (Non-Director) and Ms. CAI Xiaou (Non-Director) and Ms. WANG Chongfeng (Non-director). Mr. CAI Jianyong is the chairperson of the ESG Committee.

Detailed information on the ESG Committee and the environmental, social and governance measures adopted by the Group are set out in the Environmental, Social and Governance Report of the Company.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Nomination Committee is authorised by the Board to determine the nomination of directors, the procedure, process and criteria to be adopted for the purposes of selecting and recommending candidates for directorship, and shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the General Manager.

The Board has adopted a Board Diversity Policy in accordance with Rule 13.92 of the Listing Rules, which sets out the objective and approach to achieve diversity to strengthen the performance of the Board. Our Board is of the view that having diversity will help the Company better understand and maintain our leading position in both the trading and the production of nickel products. Selection of Director candidates will be based on a range of diversity perspectives, including but not limited to skills, experience, cultural and educational background, geographical, industry and professional experience, ethnicity, gender, age, knowledge and length of service. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules.

The Nomination Committee will continue to monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy on an annual basis to ensure its effectiveness.

As at the date of this annual report, the Board comprises nine members, including two female Directors and seven male Directors with a balanced mix of knowledge and skills, including in overall management and strategic development, finance and accounting, policy research and corporate governance, as well as industry experience in metals production and trading. The Company has three independent non-executive Directors who have different industry backgrounds, including accounting, economics, engineering and geography. Furthermore, the Board has a relatively wide range of ages, ranging from 46 to 72 years old.

Following a review of the Board's composition, expertise and experience, as well as its diversity, the Nomination Committee and the Board are of the view that the current Board composition is sufficiently diverse in terms of gender, skills and experience and therefore, are satisfied with the implementation and effectiveness of the Board Diversity Policy.

Going forward, we will continue to work to ensure gender diversity of our Board through measures to be implemented by our Nomination Committee in accordance with the Board Diversity Policy. In particular, we will aim to maintain at least two female Directors and at least 20% female representation on our Board, whichever is lower. The Nomination Committee and the Board will take opportunities to increase the proportion of female Directors on the Board over time when selecting and making recommendations on suitable candidates as Directors. We will also continue to ensure that (i) there is gender diversity when recruiting staff at mid to senior level; and (ii) sufficient training and long-term development opportunities are provided to our female talent, so that we will have a pipeline of female senior management and potential successors to our Board in due course to ensure gender diversity of our Board.

Corporate Governance Report

DIVERSE WORKFORCE

Traditionally, the nickel industry has been short of female talent due to cultural influences. However, the Group maintained a workforce (including the senior management which comprised approximately 85.7% male and 14.3% female) of which approximately 91.8% were male and 8.2% were female as at 31 December 2025.

Nonetheless, the Board places emphasis on diversity (including gender diversity) across all levels of the Group and acknowledges the importance of having a diverse workforce. We strictly prohibit any discrimination in recruitment on the basis of ethnicity, race, nationality, religious beliefs, gender, age and other circumstances. We provide equal opportunities to each applicant, and fully respect and accommodate the diversity of employees. Looking ahead, the Company will adjust its recruitment practices and leverage more channels, both online and offline, to attract outstanding talents from all walks of life to increase the female proportion in its workforce.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. The Board recognizes that corporate governance should be the collective responsibility of Directors, which include:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board held a meeting on 31 March 2026 to review the Company's compliance with the CG Code, the Model Code and the disclosure requirements in the Corporate Governance Report during the Reporting Period.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining a sound and effective internal control system in order to safeguard the Group's assets and Shareholders' interests and review the effectiveness of the Group's internal control and risk management systems (including ESG risks) on an annual basis so as to ensure that internal control and risk management systems in place are adequate, as well as those relating to the Company's ESG performance and reporting. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to management rather than eliminate risks of failure in the Group's operational systems and in achievement of the Group's business objectives.

We have in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations, including but not limited to procurement management, sales management, inventory management, research and development management, investment management, regulatory compliance, anti-bribery and corruption risk management, credit risk, controls on connected transaction, controls on information disclosure, human resources, IT management and other various financial and operational controls and monitoring procedures.

In order to adequately and effectively manage our compliance and legal risk exposures, including for our business operation in overseas jurisdictions, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our internal audit department reports to and is authorized by the Audit Committee to monitor and prevent relevant regulatory misconduct.

The Audit Committee consists of all of the independent non-executive Directors, as part of our measures to improve risk management and corporate governance. The primary duties of the Audit Committee are to annually review and supervise the financial report of process and internal control system of the Group, and to advise our Board accordingly. The Audit Committee also ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

The Board, as supported by the Audit Committee, and the management monitor the implementation of our risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025. During the Reporting Period, the Audit Committee held meetings on 26 March 2025 and 26 August 2025 respectively and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Corporate Governance Report

The Group also implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters. Our internal anti-bribery and corruption policies and procedures include the following:

- (1) requiring our employees to report any bribery and corruption incident when they became aware of such an incident;
- (2) prohibiting our employees and other engaged working parties from receiving bribes, including financial benefits and benefit-in-kind (such as gifts);
- (3) performing financial and internal audits by our internal audit department and external audit agency on a regular basis to identify any risk of bribery and corruption;
- (4) regularly evaluating the anti-bribery and corruption policies by our internal audit department to ensure their effectiveness; and
- (5) regularly providing training to our employees on how to identify and report misconduct.

In case our internal audit department has identified a material risk of bribery and corruption, it will promptly initiate investigation. The investigation results will be reported to our Board (including to our independent non-executive Directors). Our internal audit department is required to keep all information about and related to the investigation, including the fact that an investigation has been filed, the nature of the complaint and the persons involved, in strict confidence. We also require all new employees to go through anti-bribery and corruption training as part of their orientation training programs.

In addition, we have in place an employee handbook and code of conduct issued by our human resources department and distributed to all our employees, which contains internal rules and guidelines covering various aspects, such as compliance and integrity, conflict of interest, work ethics, fraud prevention mechanism and anti-bribery and corruption issues.

The Company has procedures and internal controls for the handling and dissemination of inside information. In practice, employees of the Group who become aware of any events and/or matters which he/she considers potentially inside information, will report to the designated personnel of the Company who, if considered appropriate, will pass such information to the Board for the purpose of considering and deciding whether or not such information constitutes inside information and disclosure of which shall be made immediately.

We actively monitor applicable laws and regulations within the industry we operate, including those relating to the operation of the Obi projects in Indonesia. We have implemented internal measures to ensure our compliance, which primarily include establishing guidelines and providing regular trainings and resources to keep our employees, senior management and overseas staff abreast of the relevant rules and guidelines. During the Reporting Period, there was no material incidents or complaints in relation to corruption or bribery-related matters in the course of our operations.

Corporate Governance Report

In addition, the Group's internal control system includes various enhanced internal control measures as elaborated in "BUSINESS — Enhanced Internal Control Measures" in the prospectus of the Company dated 21 November 2022 (the "Prospectus"). The Group has also established internal control mechanisms to identify connected transactions. The Directors and management closely monitor the implementation and assess the effectiveness of these guidelines and measures which are crucial to the Company's business sustainability.

The Board is responsible for overseeing our overall risk management. After due consideration, the Directors are of the view that our current internal control measures are adequate and effective.

The Company has in place a whistleblowing mechanism such that any potential non-compliance incidents can be reported and investigated in a timely manner. The Board has designated the Audit Committee to receive on their behalf any such reports, to oversee the conduct of subsequent investigations, and to provide information, including recommendations arising from any investigations to Audit Committee for consideration by the Board.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 85 to 90.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 amounted to RMB5,205,000 and RMB482,000 respectively. An analysis of the remuneration paid to the external auditor of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable <i>RMB'000</i>
Audit services:	
Annual audit	5,205
Non-audit services:	
Transfer pricing advisory service	482

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JOINT COMPANY SECRETARIES

On 28 August 2025, Ms. CHAN Yuen Mui resigned as a joint company secretary of the Company (the “Joint Company Secretary”) and Mr. CHOW Shing Lung was appointed as a Joint Company Secretary in replacement of Ms. CHAN Yuen Mui. Mr. CHOW Shing Lung is Assistant Vice President of Computershare Hong Kong Investor Services Limited, the Company’s company secretarial service provider.

Mr. CAO Zheng, one of the Joint Company Secretaries, was designated as the primary contact person of the Company and worked and communicated with Mr. CHOW Shing Lung on the Company’s corporate governance and secretarial and administrative matters.

For the year ended 31 December 2025, each of Mr. CAO Zheng and Mr. CHOW Shing Lung has taken not less than 15 hours of relevant professional training respectively in compliance with the requirements of Rule 3.29 of the Listing Rules.

On 31 March 2026, Ms. LEE Hoi Ki replaced Mr. CHOW Shing Lung as a Joint Company Secretary. For details, please refer to the Company’s announcement dated 31 March 2026. Mr. CAO Zheng remains the primary contact person of the Company and works and communicates with Ms. LEE Hoi Ki 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.

CONSTITUTIONAL DOCUMENTS

At the extraordinary general meeting held on 23 June 2025, a special resolution regarding the amendments to the Articles of Association of the Company was passed. Summary of the key amendments to the Articles of Association are set out in the circular of the Company dated 5 June 2025.

The latest version of the Articles of Association are available on the websites of the Company (www.lygend.com) and the Stock Exchange (www.hkexnews.hk). Save as disclosed in this annual report, there is no other change in constitutional documents of the Company for the year ended 31 December 2025.

DIVIDEND POLICY

With respect to the dividend policy, the Board may consider, among other things, the following factors when proposing dividends and determining the amount of dividends: the Company’s actual and projected financial performance, our estimated working capital requirements, capital expenditure requirements and future business expansion plan, our present and future cash flow, other internal and external factors that may have an impact on our business operations or financial performance and position, and other factors that our Board deems relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, including (where required) the approval of Shareholders. The declaration and payment of dividends, as well as the amount of dividends, will be subject to our Articles of Association, the relevant PRC laws and any loan or other agreements that the Group has entered into or may enter into in the future. We currently do not have any fixed dividend pay-out ratio. According to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels. To safeguard Shareholders' interests and rights, separate resolution(s) should be proposed for each substantially separate issue at general meetings, including the election of an individual director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.lygend.com) and of the Stock Exchange (www.hkexnews.hk) after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING AT THE REQUEST OF SHAREHOLDERS

Pursuant to the Articles of Association, the Board may convene an extraordinary general meeting as it thinks fit. Shareholders requesting to convene an extraordinary general meeting or a class meeting of shareholders shall follow the following procedures:

- (I) on the basis of one share one vote, shareholders individually or collectively holding 10% or more of the voting rights attached to the Company's share capital have the right to request the board of directors to convene an extraordinary general meeting or a class meeting of shareholders by way of written request(s), setting out the subject matters of the meeting. The aforementioned number of shareholdings shall be calculated as at the date of the shareholders' written request. The board of directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten (10) days upon receiving the request in accordance with the requirements of the laws, administrative regulations, the listing rules of the securities regulatory authority at the place where the Company's shares are listed and the Articles of Association;
- (II) if the board of directors agrees to convene an extraordinary general meeting or a class meeting of shareholders, notice convening the meeting shall be issued within five (5) days upon receiving the request. If the board of directors makes alterations to the original proposal in the notice, consent has to be obtained from the related shareholders;
- (III) if the board of directors does not agree to convene an extraordinary general meeting or a class meeting of shareholders, or fails to provide feedback within ten (10) days after receiving the request, shareholders individually or collectively holding 10% or more of voting rights attached to the Company's share capital on the basis of one share one vote shall have the right to propose to the Audit Committee to convene an extraordinary general meeting or a class meeting of shareholder, and shall submit a written request to the Audit Committee;
- (IV) if the Audit Committee agrees to convene an extraordinary general meeting or a class meeting of shareholders, notice of the shareholders' meeting shall be issued within five (5) days after receiving the request. Should there be alterations to the original proposal in the notice, consent has to be obtained from the relevant shareholders.

If the Audit Committee fails to issue a notice of the shareholders' meeting or a class meeting of shareholders within the prescribed period, it is deemed that the Audit Committee will not convene and preside over the shareholders' meeting or the class meeting. Shareholders who, individually or in aggregate, hold 10% or more of the Company's share with voting rights for ninety (90) consecutive days or more, based on the one-share-one-vote principle, may convene and preside over the meeting by themselves.

Corporate Governance Report

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

According to the Articles of Association, on the basis of one share one vote, Shareholders individually or collectively holding more than 1% of the Company's shares with voting right shall be entitled to propose provisional proposals and submit the same to the convener in writing 10 days prior to date of the meeting. The convener shall dispatch a supplementary notice of the shareholders' meeting and announce the contents of such provisional proposal within 2 days of receiving the proposal.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, shareholders of the Company may send written enquiries to the Company, the contact details of which are as follows:

Address: 10-11/F, Building C10, R&D Park, Lane 299, Guanghua Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC (For the attention of the Board of Directors)

Attention: Board of Directors of Lygend Resources & Technology Co., Ltd.

Email: ir@lygend.com

Please also refer to the "Communications with Shareholders and Investors" section below for other means of communication with Shareholders.

COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of maintaining effective and transparent communication with Shareholders and the investment community. The Board believes that regular and constructive dialogue with Shareholders is essential for enhancing investor relations, facilitating investor understanding of the Group's business performance and strategies, and ensuring accountability and transparency.

The Company has established a Shareholders' Communication Policy, with the objective of providing Shareholders and investors with ready, equal and timely access to current and relevant information about the Company. The policy is available on the Company's website (www.lygend.com) and is subject to regular review by the Board to ensure its effectiveness.

The Company communicates with Shareholders and investors through a variety of formal channels, including annual general meetings and other general meetings, interim and annual results announcements, circulars, notices and other announcements published on the websites of the Company and The Stock Exchange of Hong Kong Limited. A dedicated "Investor Relations" section is maintained on the Company's website, where corporate announcements, press releases, financial information, business developments, corporate governance reports and other relevant information are made available and updated on a timely basis to facilitate equal access.

Corporate Governance Report

The Company responds as soon as practicable to written and telephone enquiries from Shareholders and investors. Relevant enquiries and concerns are forwarded to the Board and/or the appropriate Board Committees for consideration and response as appropriate. At general meetings, Directors (or their duly authorised delegates) are available to meet Shareholders and address questions raised.

During the Reporting Period, the Company held a total of five general meetings, all of which were attended by the Directors, who addressed questions raised by both institutional and individual Shareholders. In addition, the Company conducted one earnings briefing, which was attended by the Chairman of the Board, the Chief Financial Officer and the Board Secretary. The Company also participated in investor research sessions and strategy conferences organised by securities firms, and actively engaged with Shareholders and potential investors to address key concerns and communicate the Company's value.

The Board has reviewed the Company's communication and engagement with Shareholders and investors during the year ended 31 December 2025 and is satisfied that the Shareholders' Communication Policy has been effectively implemented and that the existing communication channels remain appropriate and effective.

Report of Directors

The Board is pleased to present this report and the audited financial statements of the Group for the year ended 31 December 2025. Unless otherwise defined, capitalised terms used herein shall have the same meanings as given to them in the prospectus dated 21 November 2022 issued by the Company (the “Prospectus”).

The biographical details of the Directors and Senior Management of the Group are set out on pages 32 to 36 of this annual report.

GLOBAL OFFERING

The Company was established as a limited liability company under the laws of the PRC on 5 January 2009. The H Shares were listed on the main board of the Stock Exchange on 1 December 2022 by way of Global Offering. For details of the Global Offering, please refer to the Prospectus.

PRINCIPAL BUSINESS

We started as a nickel product trading company, focusing on the import and domestic trade of nickel ore and ferronickel. We tapped into the nickel product production sector and acquired a majority equity interest in Jiangsu Wisdom Industrial Co., Ltd. in 2017. In 2018, we jointly invested in the nickel product production project on Obi Island in Indonesia with our Indonesian Partner. We have formed a comprehensive product service system in the nickel industry chain, and our business covers (1) upstream procurement of nickel resources, (2) nickel product trade, (3) smelting, production and sale of nickel products.

There were no significant changes in the nature of the principal activities of the Group for the year ended 31 December 2025. An analysis of the Group’s revenue and gross profit for the year ended 31 December 2025 by principal activities is set out in the section headed “Management Discussion and Analysis” on pages 10 to 31 in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

A summary of the principal risks and uncertainties faced by the Group and risk mitigation measures are set out in the subsection headed “Management Discussion and Analysis – Risk Analysis” in this annual report. Further, please refer to the subsection headed “Management Discussion and Analysis – Financial Risks” for a summary of the Group’s key financial risks.

Report of Directors

BUSINESS REVIEW

A fair review of the Group's business and its outlook are set out in the section headed "Management Discussion and Analysis" and "Chairman's Statement" in this annual report.

OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. 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.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 91 to 92.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in "Management Discussion and Analysis" of this annual report on pages 10 to 31.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2025, the Company had not entered into any off-balance sheet arrangements.

FINAL DIVIDEND

The Board has resolved to recommend the distribution of a final dividend for the year ended 31 December 2025 of RMB0.6 (before tax) per share, subject to approval in the forthcoming annual general meeting.

EQUITY FUND RAISING ACTIVITIES

Details of equity fund raising activities of the Group are set out in note 41 to the consolidated financial statements and the section headed "Use of Proceeds" below. Save as disclosed therein, there was no other equity fund raising activity of the Company since the Listing Date and up to 31 December 2025.

Report of Directors

USE OF PROCEEDS

Our H Shares were listed on the Main Board of the Stock Exchange on 1 December 2022 (the “Listing Date”). The net proceeds from the Global Offering were approximately HK\$3,600.4 million (including the additional net proceeds received by the Company from the partial exercise of the Over-allotment Option) after deducting underwriting commissions and offering expenses paid or payable. As of 31 December 2025, we had fully utilized the proceeds from the Global Offering in accordance with the purposes and proportions disclosed in the Prospectus, the 2024 annual results announcement and the 2024 annual report of the Company dated 28 March 2025 and 29 April 2025, respectively. Details are set out in the table below:

Purpose	Net proceeds available from the Listing (HK\$ million)	Actual net amount utilized as at 31 December 2024 (HK\$ million)	Net proceeds available after change approved at the 2024 annual general meeting (HK\$ million)	Actual net amount utilized during the Reporting Period (HK\$ million)	Actual net amount utilized up to 31 December 2025 (HK\$ million)	Unused net proceeds up to 31 December 2025 (HK\$ million)
Development and construction of our nickel product production projects on the Obi Island	2,030.7	2,030.7	0	0	2,030.7	0
Contribute additional capital to CBL	864.1	864.1	0	0	864.1	0
Making potential minority investments in nickel mines in Indonesia	345.6	0	0	0	0	0
Working capital and general corporate purposes	360.0	360.0	345.6	345.6	705.6	0
Total	3,600.4	3,254.8	345.6	345.6	3,600.4	0

After careful considerations, the Board decided to revise the use of the net proceeds of potential minority investments in nickel mines in Indonesia to working capital and for general corporate purposes of the Group. Such change in use of proceeds was approved at the 2024 annual general meeting held on 21 May 2025. For details of the reasons for the change in use of proceeds from the Global Offering, please refer to the 2024 annual results announcement and the 2024 annual report of the Company dated 28 March 2025 and 29 April 2025, respectively.

Report of Directors

COMPLIANCE WITH LAWS AND REGULATIONS AND LEGAL PROCEEDINGS

The Group is up to date with the requirements under the relevant laws and regulations in jurisdictions in which it operates, particularly in the PRC and Indonesia, applicable to it to ensure compliance. Relevant laws and regulations include environmental, chemical manufacturing, health and safety and employment-related laws and regulations. The Group has allocated abundant resources to ensure ongoing compliance with applicable laws and regulations and to maintain healthy relationships with regulators through effective communications. During the Reporting Period, to the best knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that had a significant impact on the business operations of the Group.

DIRECTORS

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

Chairman and Executive Director

Mr. CAI Jianyong

Executive Directors

Ms. FEI Feng

Mr. CAI Jianwei

Mr. WANG Ling

Non-executive Director

Mr. Lawrence LUA Gek Pong

Independent Non-executive Directors

Dr. HE Wanpeng

Ms. ZHANG Zhengping

Dr. WANG James Jixian

Employee representative Director

Mr. YU Weijun

Report of Directors

DIRECTORS' SERVICE CONTRACTS

Each of our Directors entered into a contract with our Company in respect of, among other things, (i) the compliance of relevant laws and regulations, (ii) compliance with the Articles of Association, and (iii) the provision on arbitration, which became effective on 9 December 2024.

The appointments are subject to the relevant provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. None of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employers within one year without the payment of compensation (other than statutory compensation)).

MATERIAL TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

The Directors have confirmed that save as disclosed in the section headed "Connected Transactions" in this annual report, none of the Directors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACT

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 Reporting Period.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the Reporting Period are set out in note 8 to the consolidated financial statements of this annual report.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate Directors and officers liability insurance and the permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, the Directors and their associates did not have any interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group.

Report of Directors

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiries with all the Directors of the Group, all the Directors confirmed that they had strictly complied with the Model Code during the Reporting Period.

CONNECTED TRANSACTIONS

One-off Connected Transactions

During the year ended 31 December 2025, the Group conducted the following one-off connected transactions:

- (1) On 28 March 2025, PT Karunia Permai Sentosa ("KPS"), a non-wholly owned subsidiary of the Company, entered into the Equipment Purchase Agreement (the "Purchase Agreement") with Ningbo Lihua Port Machinery Heavy Industry Co., Ltd. (寧波力華港機重工有限公司) ("Ningbo Lihua"), pursuant to which KPS agreed to purchase and Ningbo Lihua agreed to sell the Equipment at a consideration of US\$10,749,918. Ningbo Lihua is held as to 51% by Zhejiang Lygend Investment Co., Ltd. (浙江力勤投資有限公司) ("Lygend Investment", one of the controlling shareholders of the Company), and is an associate of Lygend Investment, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Purchase Agreement constitutes a connected transaction of the Company. For further details, please refer to the announcement of the Company dated 28 March 2025.
- (2) On 3 July 2025, KPS entered into the Facility Agreement, pursuant to which the lenders have agreed to make available a term loan facility of up to US\$741,000,000 for the purpose of, among others, refinancing the Bridge Facility, subject to the terms and conditions set out in the Facility Agreement. In addition, on 3 July 2025, KPS entered into the WCF Facility Agreement, pursuant to which the lenders have agreed to make available a loan facility of up to US\$150,000,000 for the purpose of financing the working capital requirements of KPS, subject to the terms and conditions set out in the WCF Facility Agreement. (the above collectively referred to as the KPS Loan Agreement) It is a condition to the Facility Agreement and the WCF Facility Agreement that, among other things, (i) the HPL Deed of Guarantee, (ii) the Lygend Deed of Guarantee, (iii) the HJR Deed of Guarantee, (iv) the Project Support Undertaking, (v) the NBSS Share Pledge, and (vi) the TBP Share Pledge be entered into by the relevant parties to secure the full and punctual payment and performance of the relevant Secured Liabilities. HPL is a non-wholly owned subsidiary of the Company, directly and indirectly owned as to 54.9% by the Company; Baoxin Special Steel is a wholly-owned subsidiary of the Company; and KPS is a non-wholly owned subsidiary of the Company, indirectly owned as to 65% by the Company and held as to 35% by TBP. TBP is a wholly owned subsidiary of HJR, and HJR is ultimately controlled by family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a substantial Shareholder of the Company. As such, Ms. Lim is a substantial Shareholder and connected person of the Company. As Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules, accordingly, HJR, and TBP, being a subsidiary of HJR, are each a connected person of the Company. Further, as Ms. Lim's family members are collectively entitled to control the exercise of 10% or more of the votes attaching to the shares of KPS, KPS is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules. Therefore, the transactions contemplated under the KPS Loan Agreement constitute multiple connected transactions of the Company. For further details, please refer to the announcements of the Company dated 14 August 2025, 20 August 2025 and the circular of the Company dated 25 August 2025.

Report of Directors

Continuing Connected Transactions

During the year ended 31 December 2025, the Group conducted the following continuing connected transactions in accordance with the relevant pricing policies as set out below:

Continuing connected transactions	Connected parties	Transaction value for the year ended 31 December 2025 (US\$ million)	Annual cap amount (US\$ million)
1. GSP Stevedoring Framework Agreement	PT Gema Selaras Perkasa (“GSP”, together with its subsidiaries, the “GSP Group”)		
<i>Expense-based</i>			
Provision of stevedoring services to our Group		1.7	2.8
2. Mutual Supply Framework Agreement	PT Harita Guna Dharma Bhakti (“HG”, together with its subsidiaries, the “HG Group”) and/or associates of HG		
<i>Expense-based</i>			
(a) Supply of nickel ore to our Group		399.0	657.5
(b) Supply of nickel products to our Group		3,440.2	6,439.9
(c) Supply of coal to our Group		60.1	345.4
(d) Lease of construction equipment to our Group		0.7	8.5
(e) Provision of administrative services to our Group		278.6	475.9
<i>Revenue-based</i>			
(f) Supply of production equipment, repair materials and raw and auxiliary materials to our Group		882.6	1,832.9

Report of Directors

Continuing connected transactions	Connected parties	Transaction value for the year ended	
		31 December 2025 ⁽¹⁾ (RMB million)	Annual cap amount ⁽²⁾ (RMB million)
3. Engineering Construction Services and Materials Framework Agreement	Zhejiang Lygend Investment Co., Ltd.* (浙江力勤投資有限公司) (“Lygend Investment”) and/or its certain subsidiaries and associates		
<i>Expense-based</i>			
Provision of Engineering construction services and materials to our Group		368.7	500.0

Notes:

- (1) The transaction amount for the year ended 31 December 2025 includes the one-off transaction incurred in January 2025.
- (2) The annual cap for the year ended 31 December 2025 has accounted for the one-off transaction incurred in January 2025.

1. GSP Stevedoring Framework Agreement*Background and reasons for the transactions*

GSP Group (our Indonesian Partner entity, controlled by family members of Ms. Lim, Ms. Lim is also the de facto controller of Feng Yi, a substantial Shareholder of the Company) has provided stevedoring services to the Group for the operation of our Obi project. As the original GSP Stevedoring Framework Agreement expired on 31 December 2024, the Company entered into a framework agreement (the “GSP Stevedoring Framework Agreement”) with GSP on 28 October 2024 in respect of the provision of stevedoring services by the GSP Group to the Group, effective from 1 January 2025 to 31 December 2027.

In view of our cooperation with the Indonesian Partner on the Obi project, who are familiar with our business operations on the Obi Island and the geographical proximity of the GSP Group’s docks to our manufacturing facilities on the Obi Island, it will be more convenient and cost-effective for the GSP Group to provide us with these stevedoring services.

Report of Directors

Principal terms

During the term of the GSP Stevedoring Framework Agreement, the consideration payable by or to the Group under the 2025 GSP Stevedoring Framework Agreement will be paid at the time and according to the settlement method to be agreed in the definitive agreements. Such definitive agreements must in any event be subject to and in compliance with the terms and conditions of the 2025 GSP Stevedoring Framework Agreement. Upon the completion of the relevant services provided, the settlement shall be made within the settlement cycle as agreed under the definitive agreement to be entered into in accordance with the 2025 GSP Stevedoring Framework Agreement, including but not limited to the settlement of transaction amounts based on a fixed period or other payment methods agreed by both parties.

Pricing

The consideration under the 2025 GSP Stevedoring Framework Agreement is determined between the parties following arm's length negotiations and is on normal commercial terms with reference to (a) qualification of service providers in stevedoring of cargoes; (b) the prevailing market price for the provision of similar types of services in the same or nearby service area by Independent Third Parties; (c) the actual services to be provided, the volume of cargoes to be handled and the duration of storage of cargoes; and (d) the historical prices offered to Independent Third Party service providers, and on a cost basis depending on actual usage of the stevedoring services. In any event, the Company will ensure that the consideration payable by the Group shall be no less favorable than the price that is available from Independent Third Party suppliers for the same or comparable services.

Annual caps

The proposed annual caps for the aggregate payments to be made by the Group under the 2025 GSP Stevedoring Framework Agreement for each of the years ending 31 December 2025, 2026 and 2027 are as follows:

	For the years ending 31 December		
	2025	2026	2027
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Provision of stevedoring services to the Group (Expense based)	2.8	4.2	4.4

When reaching the proposed annual caps mentioned above, the Directors have considered:

- (i) the historical transaction amounts for the stevedoring services;
- (ii) the expected scale of operations of the Company on the Obi Island and corresponding need for stevedoring services in connection with the Obi projects;

Report of Directors

- (iii) in accordance with market practices for determining the consideration for stevedoring services, all potential costs and taxes that GSP may incur in fulfilling its responsibilities and obligations under the 2025 GSP Stevedoring Framework Agreement, such as labor costs, machinery expenses, self-procured material costs, and technical support fees;
- (iv) the Group's overall business development strategy and business plan for continuous growth; and
- (v) any upward adjustment due to macro-economic factors such as inflation.

2. Mutual Supply Framework Agreement

Background and reasons for the transactions

The HG Group and/or associates of HG (including certain Indonesian Entities) have supplied nickel ore, nickel products and coal to our Group, and provided equipment rental and certain administrative services to our Group. In addition, our Group (excluding the Indonesian Entities) has supplied production equipment and supplies, repair materials and raw and auxiliary materials to the HG Group and/or associates of HG (including certain Indonesian Entities). HG is controlled by the family members of Ms. Lim, the de facto controller of Feng Yi, a substantial shareholder of the Company.

As the original Mutual Supply Framework Agreement expired on 31 December 2024, the Company conditionally entered into the 2025 Mutual Supply Framework Agreement with HG on 28 October 2024 in respect of the following transactions, effective from 1 January 2025 to 31 December 2027:

- (a) the HG Group shall supply the Group with nickel ore;
- (b) the HG Group and/or associates of HG and/or the Indonesian Entities (which are the subsidiaries of the Group) shall supply the Group (excluding the Indonesian Entities) with nickel products;
- (c) the HG Group shall supply coal to the Group, which is used to generate electricity required for the operation of the Obi projects;
- (d) the HG Group and/or associates of HG shall lease site construction equipment and machinery used in the construction of the Group's production facilities on the Obi Island ("Construction Equipment") to the Group;
- (e) the HG Group and/or associates of HG shall provide the Group with administrative services ancillary to the day-to-day administration and operation of the Group in connection with the Obi projects, including without limitation the leasing of vessels to the Group, the making of payments of fees required to be made to the relevant local government authority in Indonesia for the use of certain land located on the Obi Island, Indonesia ("Land Use Fees") on behalf of the Group, as well as the provision of electricity to the Group; and
- (f) the Group (excluding the Indonesian Entities) shall supply (i) equipment and supplies used for the production of nickel products; (ii) repair materials; and (iii) raw and auxiliary materials required for the nickel product production operations, to the HG Group and/or associates of HG and/or the Indonesian Entities.

Report of Directors

The reasons for and benefits of the mutual supply of products and services are as follows:

- (a) the purchases of nickel ore, nickel products and coal by our Group are at competitive prices which are no less favorable than those that our Group can obtain from Independent Third Parties;
- (b) in view of our Group's past experience in procuring nickel ore and coal from the HG Group, our Directors are of the view that the HG Group can effectively fulfill our Group's demands in terms of volume and quality in a timely and reliable manner;
- (c) the nickel ore mines owned by the HG Group are in close proximity to the manufacturing facilities of our Group, such that our Group's procurement of nickel ores from the HG Group can save transportation and logistics costs;
- (d) the supply of nickel products by the Indonesian Entities, which are subsidiaries of our Company, to our Group are intra-group transactions entered into in the ordinary course of our nickel product production business. The nickel products acquired by our Group (excluding the Indonesian Entities) pursuant to these transactions will be sold to downstream customers of our Group;
- (e) it would be more cost-effective to obtain Construction Equipment through leasing from the HG Group and/or associates of HG as compared to purchasing such equipment. Given our well-established business relationship with our Indonesian Partner in building our HPAL project on the Obi Island, HG understands the requirements and logistics relevant to the construction of our nickel production facilities and is able to offer leasing arrangements that suit our needs most appropriately;
- (f) given our involvement in the Obi projects with our Indonesian Partner, it is (i) mutually beneficial for us to sell a stable and sizable amount of production equipment and supplies, repair materials and raw and auxiliary materials, including critical components for certain production equipment used in the HPAL project and the RKEF project on the Obi Island, to satisfy the production needs of the Indonesian Entities and of other associates of HG; and (ii) more convenient for the HG Group and/or associates of HG to provide related administrative services to us; and
- (g) the terms offered by our Group in respect of sales to the HG Group and/or associates of HG and/or the Indonesian Entities are on normal commercial terms and no more favorable than those provided to Independent Third Party purchasers.

Principal terms

During the term of the Mutual Supply Framework Agreement, relevant members of the Group (excluding the Indonesian Entities), the HG Group and/or associates of HG and/or the Indonesian Entities, may from time to time enter into separate definitive agreements which shall set out specific terms and conditions for the transactions under the 2025 Mutual Supply Framework Agreement. The consideration payable by or to the Group under the 2025 Mutual Supply Framework Agreement will be paid at the time and according to the settlement method to be agreed in the definitive agreements. Such definitive agreements must in any event be subject to and in compliance with the terms and conditions of the 2025 Mutual Supply Framework Agreement.

Report of Directors

Pricing

The consideration under the 2025 Mutual Supply Framework Agreement is determined between the parties following arm's length negotiations and is on normal commercial terms. Further details are set out in the table below:

Type of Transaction	Pricing Policy
(a) Supply of nickel ore to the Group	<p>The purchase price for nickel ore is determined with reference to the following:</p> <ul style="list-style-type: none"> (i) the price for nickel ore adjusted for nickel content and moisture content issued by appointed independent surveyors; and (ii) a calculation formula taking into account the mineral benchmark price in accordance with the relevant decree issued by the Minister of Energy and Mineral Resources of Indonesia plus shipping or other transportation costs, as further set out in each definitive agreement. The calculation formula set out in the definitive agreements is typically as follows: Nickel ore purchase price = Mineral Benchmark Price x Nickel Content x (1 – Moisture Content) x Correction Factor.

Notes:

1. "Mineral Benchmark Price" means the benchmark price of nickel ore periodically published by the Ministry of Energy and Mineral Resources of Indonesia (which, at the time of this circular, can be found on the ministry's website at https://www.minerba.esdm.go.id/harga_acuan).
2. "Nickel Content" means the nickel content percentage of the relevant batch of nickel ore, as determined by the independent surveyor appointed by the parties to the definitive agreement.
3. "Moisture Content" means the content percentage of water contained in the relevant batch of nickel ore, as determined by the independent surveyor appointed by the parties to the definitive agreement.
4. "Correction Factor" is a fixed percentage that shall be adjusted upward or downward proportionately based on the percentage increment or decrement in Nickel Content over or below the benchmark nickel content as set forth in the definitive agreement.
5. The Group's nickel ore purchase price also includes shipping or other transportation costs, which refer to costs incurred in relation to the shipping and transportation of the nickel ore.

Report of Directors

Type of Transaction	Pricing Policy
(b) Supply of nickel products to the Group	The purchase price for the nickel products is determined with reference to the prevailing market price for the relevant type of nickel product, including the prices quoted from Independent Third Party suppliers for the same or comparable nickel products every time when a definitive agreement is about to be entered into, and taking into account the purchase price for nickel ore.
(c) Supply of coal to the Group	The supply price for coal is calculated by multiplying the unit price by actual weight. The unit price of coal shall be determined with reference to (a) market price and conditions; (b) relevant local industry index prices; (c) changes in local policies; (d) coal quality characteristics; and (e) transportation costs. In determining the market price, the Group makes reference to the benchmark price of coal periodically published by the Ministry of Energy and Mineral Resources of Indonesia (which, at the time of this circular, can be found on the ministry's website at https://www.minerba.esdm.go.id/harga_acuan).
(d) Lease of Construction Equipment to the Group	The rental consideration for each type of Construction Equipment is determined with reference to the prevailing market prices of the same or comparable equipment or machinery leased in the ordinary and usual course of business. Before entering into a definitive agreement, the Group will seek quotation from two or more comparable Independent Third Parties to ensure that the rental charged by HG is fair and reasonable and is no less favourable than those offered by the Independent Third Parties. The total rent payable is based on the quantity of each type of Construction Equipment used and the recorded rental usage of the same, as further set out in each definitive agreement.
(e) Provision of administrative services to the Group	The fees for the administrative services is generally determined on a cost basis depending on actual usage of the relevant services. For example, rental payable for the lease of vessels is based on the type and/or size of vessels, and is determined with reference to the prices charged by Independent Third Parties. We also reimburse the HG Group for the amount of land use fees paid by them on our behalf, which is calculated with reference to the area of land used by the relevant member of our Group and the rate of fees charged by the relevant local government authority in Indonesia.

Report of Directors

Type of Transaction	Pricing Policy
(f) Supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group	<p>The price for the Group’s sale of production equipment and supplies and repair materials is determined based on a reasonable profit margin on top of the Group’s procurement costs and related expenses (e.g. labor and logistics costs).</p> <p>The Company engaged an independent consultant to conduct a benchmarking study in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. The transactional net margin method was selected as the pricing method for the purpose of the study and the full cost mark-up (“FCMU”) ratio was selected as the most appropriate profit margin indicator. A range of reasonable profit margin levels was determined by reference to the weighted average FUMU ratios of a number of comparable companies over a three-year period. The FCMU ratios adopted by the Group for the sale of production equipment and supplies and repair materials are within the arm’s length interquartile range as determined in the benchmarking study.</p> <p>The price for the Group’s sale of raw and auxiliary materials is determined with reference to the prevailing market price for the relevant type of material, including the prices offered by Independent Third Party suppliers for the same or comparable materials every time when a definitive agreement is about to be entered into.</p>

In any event, the Group will ensure that (i) the consideration payable by the Group shall be no less favorable than the price that is available from Independent Third Party suppliers for the same or comparable products and services; and (ii) the consideration payable to the Group shall be no more favorable to the HG Group and/or associates of HG and/or the Indonesian Entities than the price that is available to Independent Third Party purchasers for the same or comparable products.

Where it is impracticable to make reference to the prices offered by Independent Third Party suppliers for comparable goods or services, the Group will take into consideration (i) the terms of market transactions of a similar size and nature recently entered into by the Group or Independent Third Parties, and the latest market information of such Independent Third Party suppliers; and (ii) the cooperative specifications, cost structure, profit margin, market condition and development strategy in determining the prices pursuant to the 2025 Mutual Supply Framework Agreement to ensure the terms of the agreements are in the interest of the Group.

Report of Directors

Annual caps

The proposed annual caps for the aggregate payments to be made by the Group, or to the Group, under the 2025 Mutual Supply Framework Agreement for each of the years ending 31 December 2025, 2026 and 2027 are as follows:

	For the years ending 31 December		
	2025	2026	2027
	(US\$ million)	(US\$ million)	(US\$ million)
Expense-based			
(a) Supply of nickel ore to the Group	657.5	828.3	876.6
(b) Supply of nickel products to the Group ⁽¹⁾	6,439.9	8,631.3	9,062.8
(c) Supply of coal to the Group	345.4	719.9	772.3
(d) Lease of Construction Equipment to the Group	8.5	8.9	9.3
(e) Provision of administrative services to the Group	475.9	613.3	621.6
Revenue-based			
(f) Supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group ⁽¹⁾	1,832.9	2,263.5	2,270.1

Note:

- (1) Includes intra-group transactions involving the supply of nickel products by the Indonesian Entities, which are connected subsidiaries of the Company and project companies of the Obi projects, to other members of the Group, as well as the purchase of production equipment and supplies, repair materials and raw auxiliary materials by the Indonesian Entities from the Group.

Report of Directors

3. Engineering Construction Services and Materials Framework Agreement

Background and reasons for the transactions

On 17 October 2025, Lygend Investment entered into a framework agreement with the Company, pursuant to which Lygend Investment and/or its certain subsidiaries and associates will provide engineering construction services and materials to the Group from time to time during the term commencing from 17 October 2025 to 31 December 2027 (the “Engineering Construction Services and Materials Framework Agreement”).

The Group has previously purchased a variety of engineering construction services and materials from certain subsidiaries of Lygend Investment to satisfy its business and operational needs, which has enabled them to acquire a comprehensive understanding of the Group’s business and operational requirements and establish a great foundation for mutual trust. Taking into consideration the Group’s previous procurement from certain subsidiaries of Lygend Investment and the following factors: (i) technical factors such as technical capabilities, quality, safety, environmental management systems and measures, and construction progress management systems and control measures; (ii) project performance, and credentials of the person in charge and the team he/she managed; and (iii) commercial factors such as qualifications for construction, historical performance and cost, the Group believes that Lygend Investment and its subsidiaries and associates are capable of fulfilling the Group’s demands efficiently and reliably with a stable and high-quality supply of services and materials, and entering into the Engineering Construction Services and Materials Framework Agreement would allow for greater flexibility and minimize disruption to the Group’s operation and internal procedures.

Principal terms

During the term of the Engineering Construction Services and Materials Framework Agreement, Lygend Investment and/or its certain subsidiaries and associates will provide construction materials and engineering construction services, including but not limited to engineering construction services, engineering equipment leasing services, project operation services required for specific engineering constructions, and other ancillary services, to the Group.

The Engineering Construction Services and Materials Framework Agreement is a framework agreement for the procurement of products and/or services and does not constitute a specific transaction document. The specific contracts governing the scope of products and/or services, amount, payment method and other terms and conditions shall be entered into by the parties in accordance with the principles set forth in the Engineering Construction Services and Materials Framework Agreement. All documents shall be entered into on a fair and reasonable basis and shall be subject to the terms of the Engineering Construction Services and Materials Framework Agreement.

Report of Directors

Taking into account the industry practice and nature of the transactions, the payment terms for the products and/or services to be provided under the Engineering Construction Services and Materials Framework Agreement shall be as follows:

- (i) for engineering construction services, payments include advance payment (if any), installment payment calculated and paid according to the actual project progress, acceptance payment, settlement payment and a certain percentage of quality assurance deposit;
- (ii) for the supply of construction materials, payments include advance payment (if any), installment payment determined with reference to different stages of delivery and inspection of the materials, acceptance payment, settlement payment and a certain percentage of quality assurance deposit; and
- (iii) for engineering equipment leasing and project operation services required for specific project constructions, regular settlement of fees according to the actual usage.

Pricing

Where the Group proposes to enter into specific contracts with Lygend Investment and/or its subsidiaries and associates, the relevant members of the Group shall follow the internal rules and regulations to conduct necessary procedures such as price comparison and bidding to ensure fair pricing.

The consideration for the products and/or services to be provided under the Engineering Construction Services and Materials Framework Agreement shall be determined by the parties through arm's length negotiations in accordance with normal commercial terms, with reference to the terms of other Independent Third Party vendors and taking into account fair market prices with reference to the bidding price from the public tendering process. The pricing and transaction terms shall be no less favorable than those offered by Independent Third Parties for similar transactions.

Report of Directors

Without limiting the generality of the foregoing and taking into account the industry practice and the nature of the transactions, the consideration for the products and/or services to be provided under the Engineering Construction Services and Materials Framework Agreement shall be determined in the following manner:

- (i) for engineering construction services, the consideration shall be based on the unit price and quantity for each type of project, as well as costs of labor, materials and construction equipment;
- (ii) for the supply of construction materials, the consideration shall be calculated by multiplying the unit price by the quantity of the materials required for each sub-project; and
- (iii) for engineering equipment leasing and project operation services required for specific project constructions, the consideration shall be determined with reference to the prevailing market prices.

Annual caps

The historical amounts and annual caps for the transactions contemplated under the Engineering Construction Services and Materials Framework Agreement are as follows:

	For the year ending 31 December		
	2025 <i>(RMB million)</i>	2026 <i>(RMB million)</i>	2027 <i>(RMB million)</i>
Provide engineering construction services and construction materials to the Group (Expense-based)	500	700	600

Report of Directors

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that such continuing connected transactions were:

- (1) entered into in the ordinary and usual course of business of the Group;
- (2) conducted on normal commercial terms or better terms; and
- (3) carried out pursuant to the agreements governing the relevant transactions, the terms of which are fair and reasonable, and in the interests of Shareholders and the Company as a whole.

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY THE AUDITOR

Pursuant to Rule 14A.56 of the Listing Rules, the Company's external auditor, Ernst & Young, was engaged to report on the Group's continuing connected transactions.

Below was set out in the letter from the auditor containing their findings and conclusions of the review in respect of the disclosed continuing connected transactions:

- (1) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (2) as for the transactions that involve the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

Report of Directors

A summary of transactions with related parties entered into by the Group during the Reporting Period is contained in note 35 to the consolidated financial statements. During the Reporting Period, other than the transactions of the Group set out in the section headed “Connected Transactions” of this annual report which should be disclosed pursuant to the Listing Rules, no related party transactions disclosed in note 35 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales for the year generated from the Group’s major customers is as follows:

- The largest customer 11.8%
- The five largest customers 43.6%

The percentage of supply for the year attributable to the Group’s major suppliers is as follows:

- The largest supplier 31.3%
- The five largest suppliers 42.8%

None of the Directors, their close associates (as defined under the Listing Rules) or any Shareholder (which to the knowledge of the Directors, owns more than 5% of the Company’s share capital) had any beneficial interest in any of the Group’s five largest customers or its five largest suppliers for the year.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were 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 under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Report of Directors

Directors' and Chief Executives' Interests in the Company

Name of Director or Chief Executive	Class of Shares	Capacity and nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Relevant Class of Shares ⁽²⁾	Approximate percentage of shareholding in the Company ⁽³⁾
Mr. CAI Jianyong ⁽⁴⁾	Domestic Shares ("Unlisted Shares")	Beneficial owner and interest held by controlled corporations	799,987,865 (L)	79.58%	51.42%
Mr. CAI Jianwei	Unlisted Shares	Beneficial owner	10,406,000 (L)	1.04%	0.67%
Ms. FEI Feng ⁽⁵⁾	Unlisted Shares	Beneficial owner and interest held by controlled corporations	31,419,500 (L)	3.13%	2.02%
	H Shares	Interest held by controlled corporations	2,223,000 (L)	0.40%	0.14%

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) The calculation is based on 1,005,237,059 Unlisted Shares or 550,694,291 H Shares issued by the Company as of 31 December 2025.
- (3) The calculation is based on the total number of 1,555,931,350 Shares issued by the Company as of 31 December 2025.
- (4) As of 31 December 2025, (i) Mr. Cai, one of our executive Directors and the chairman of the Board, directly held 291,987,865 Unlisted Shares; (ii) Lygend Investment, 89.5% of the equity interest of which was held by Mr. Cai, directly held 507,000,000 Unlisted Shares; and (iii) Ningbo Lizhan, a wholly-owned subsidiary of Lygend Investment, directly held 1,000,000 Unlisted Shares. Therefore by virtue of the SFO, Lygend Investment is deemed to be interested in the Shares held by Ningbo Lizhan and Mr. Cai is deemed to be interested in the aggregate number of Shares held by Lygend Investment and Ningbo Lizhan.
- (5) As of 31 December 2025, Ms. Fei Feng directly held 7,804,500 Unlisted Shares, and was the general partner of Employee Incentive Platforms of the Company. Therefore by virtue of the SFO, Ms. Fei Feng is deemed to be interested in the aggregate number of 31,419,500 Unlisted Shares and 2,223,000 H Shares held by the Employee Incentive Platforms of the Company.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be 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 the Directors and chief executives were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of Directors

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to our Directors, as at 31 December 2025, other than the interests and short positions of the Directors or chief executives of the Company, the interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Class of Shares	Capacity and nature of interest	Number of Shares held or interested in ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the Company ⁽³⁾
Ms. Xie Wen (謝雯)	Unlisted Shares	Beneficial owner	108,915,194(L)	10.83%	7.00%
	H Shares	Beneficial owner	43,174,141(L)	7.84%	2.77%
Lygend Investment ⁽⁴⁾	Unlisted Shares	Beneficial owner and interest held by controlled corporations	508,000,000 (L)	50.54%	32.65%
Feng Yi ⁽⁵⁾	H Shares	Beneficial owner	255,851,950(L)	46.46%	16.44%
Ms. Lim Shu Hua, Cheryl ⁽⁵⁾	H Shares	Interest held by controlled corporations	255,851,950(L)	46.46%	16.44%
DBS Trustee Limited ⁽⁵⁾	H Shares	Trustee	255,851,950(L)	46.46%	16.44%
Oakwood Group Ltd ⁽⁵⁾	H Shares	Interest held by controlled corporations	255,851,950(L)	46.46%	16.44%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares, and the letter "S" denotes the person's short position in the Shares.
- (2) The calculation is based on 1,005,237,059 Unlisted Shares or 550,694,291 H Shares issued by the Company as of 31 December 2025.
- (3) The calculation is based on the total number of 1,555,931,350 Shares issued by the Company as of 31 December 2025.
- (4) As of 31 December 2025, (i) Mr. Cai, one of our executive Directors and the chairman of the Board, directly held 291,987,865 Unlisted Shares; (ii) Lygend Investment, 89.5% of the equity interest of which was held by Mr. Cai, directly held 507,000,000 Unlisted Shares; and (iii) Ningbo Lizhan, a wholly-owned subsidiary of Lygend Investment, directly held 1,000,000 Unlisted Shares. Therefore by virtue of the SFO, (i) Lygend Investment is deemed to be interested in the Shares held by Ningbo Lizhan; and (ii) Mr. Cai is deemed to be interested in the aggregate number of Shares held by Lygend Investment and Ningbo Lizhan.
- (5) As of 31 December 2025, Feng Yi was wholly-owned by Oakwood Group Ltd, a corporation held under a discretionary trust with Ms. Lim as settlor of the trust, and DBS Trustee Limited acting as trustee. Therefore by virtue of the SFO, each of Oakwood Group Ltd, DBS Trustee Limited and Ms. Lim are deemed to be interested in the Shares held by Feng Yi.

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any entities/persons (other than the Directors or chief executives of the Company) who had long or short position in the Shares, underlying shares and debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Report of Directors

PRE-IPO SHARE INCENTIVE SCHEME

On 20 October 2021, the Board adopted a pre-IPO share incentive scheme (the “Scheme”), to issue 25,915,000 domestic shares (“Restricted Domestic Shares”) to eligible employees (including Directors) in order to provide incentives and rewards to participants for the business development of the Group. The terms of the Scheme are not subject to the provisions of Chapter 17 of Listing Rules when it was adopted, as the Scheme does not involve the grant of options or share awards by our Company after the Listing. Given the underlying Restricted Domestic Shares under the Scheme have already been issued, there will not be any dilution effect to the issued Shares as a result of the operation of the Scheme.

Grant of Awards

The Restricted Domestic Shares were subscribed at the price of RMB3.02 per share by the four Employee Incentive Platforms. The general partner of each of the Employee Incentive Platforms is appointed by the Management Committee. All selected participants of the Scheme are not able to exercise any voting rights in the Company as mere limited partners of the Employee Incentive Platforms. Upon being granted share awards and becoming a limited partner of the Employee Incentive Platforms, the grantees are able to indirectly receive economic interest in the corresponding number of underlying Shares held by the Employee Incentive Platforms.

The Scheme commenced on 20 October 2021 and shall continue to be in effect unless terminated earlier. The grant of awards was made to three directors of the Company and certain other employees of the Group on 15 December 2021 with the purchase price of RMB3.02 per share. The granted Restricted Domestic Shares will be unlocked and shall be available for sale over a four-year period from 1 December 2023 to 15 December 2026, with up to 25% of the awards unlocking on each of the first, second, third and fourth anniversary of the Listing Date.

During the Reporting Period, no award was cancelled or forfeited. Meanwhile, 630,000 awards lapsed during the Reporting Period due to the withdrawal of certain employees from the Scheme following their resignations from the Group. As at 31 December 2025, there were in total 6,478,750 granted Restricted Domestic Shares that remain locked pursuant to the terms of the Scheme.

Report of Directors

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

PRINCIPAL SUBSIDIARIES

Details of the principal activities of the principal subsidiaries of the Company are set out in note 1 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2025 are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution to shareholders, calculated in accordance with the provisions of the companies law in the Company's place of incorporation, were retained profits that amounted to RMB1,739.2 million (as at 31 December 2024: RMB947.1 million).

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independently of our controlling shareholder(s) (as defined under the Listing Rules) (the "Controlling Shareholders") in view that the Group has maintained management independence, operational independence and financial independence since the Listing Date. Details of the independence from the Controlling Shareholders are set out in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders of the Company, as at 31 December 2025, no other person is individually or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, in a practicable manner, to direct or influence the management of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the PRC that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Report of Directors

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) of the Listing Rules, such that the minimum percentage of the Shares from time to time held by the public will be 15.31%. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date and up to the latest practicable date for ascertaining certain information in this annual report before its publication.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 37 to 57 of this annual report.

ENVIRONMENTAL POLICY AND PERFORMANCE

Our business operations have complied in all material respects with the environmental protection and occupational health and safety laws and regulations in the regions in which we operate, primarily the PRC and Indonesia, and we have not been subject to any significant fines or other penalties for non-compliance with health, work safety, social or environmental regulations. The Board will continue to assess and manage the risks associated with environmental, occupational health and safety, social and corporate governance matters.

During the Reporting Period, we appointed Ernst & Young (China) Advisory Limited, an independent environmental, social and governance consultant, to advise and assist the Company in preparing an environmental, social and governance (“ESG”) report (the “ESG Report”) to ensure that we are aware of and comply with the latest ESG requirements of the regulatory authorities and to meet our ESG related obligations.

We are committed to operate our business in a manner that protects the environment and improves environmental sustainability. In accordance with Rule 13.91 of the Listing Rules, the ESG Report will be published at the same time as this annual report.

Report of Directors

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For our relationships with employees, please refer to the section headed “Employees and Remuneration Policy”.

The Group attaches great importance to maintaining good relationships with customers, values all customers’ opinions and views, and understands customers’ needs through different methods and channels to ensure the provision of quality products and services to customers.

The Group has built stable and long-term relationships with suppliers, while we regularly evaluate and seek new suppliers in order to maintain competitiveness. All departments work closely together to ensure that the bidding and procurement process is conducted in an open, fair and equitable manner. The Group also communicates its rules and standards to suppliers to ensure that projects are carried out with all parties fully understanding the rules.

DONATIONS

During the Reporting Period, the Company donated a total of RMB7.4 million to external parties. By supporting the development of rural specialty industries, we have promoted local employment and economic growth, and contributed to community integration and sustainable development.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements dated 28 October 2024, 26 December 2024 and 13 January 2025 regarding the entering into of the BBS Shareholders Agreement and the transactions contemplated thereunder. On 13 January 2026, BBS, a non-wholly owned subsidiary of our Company, and BMS, a wholly owned subsidiary of our Company, entered into the BJL Shareholders Agreement in relation to the establishment of a joint venture company, BJL. The initial investment amount in BJL is approximately US\$505,000,379, with BBS contributing approximately US\$505,000,000 (holding 99.999925% of the shares) and BMS contributing US\$379 (holding 0.000075% of the shares). BJL was established to meet the needs of the Company’s business development and apply for the necessary Indonesian tax incentives, thereby optimizing the tax burden cost of future hydrometallurgical slag treatment business. For details, please refer to the announcements of the Company dated 13 January 2026 and 26 January 2026.

Save as disclosed above, as at the date of this report, the Group had no other material events after the Reporting Period.

Report of Directors

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 15,453 employees (as at 31 December 2024: 11,969).

We recruit primarily through job search websites, employee referrals and campus recruiting programs for our recruitment needs. Our employees typically enter into standard employment contracts with us. The remuneration packages for our employees include base salary, bonuses and allowances. We set performance targets for our employees based on their position and periodically review their performance. We provide orientation programs for new employees and continuous trainings to enhance our employees' industry, technical and product knowledge, as well as their familiarity with industry quality standards and work safety standards.

As required by PRC laws and regulations, we participate in social insurance schemes operated by the relevant local government authorities and maintain mandatory pension contribution plans and medical, work-related injury and maternity insurance schemes for our employees. We also contribute to unemployment insurance plans as well as housing accumulation funds for our employees.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by Ernst & Young, who will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed in the forthcoming annual general meeting to re-appoint Ernst & Young as the auditor of the Company.

On behalf of the Board

CAI Jianyong

Chairman and Executive Director

31 March 2026

Independent Auditor's Report



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Independent auditor's report

To the shareholders of Lygend Resources & Technology Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Lygend Resources & Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 91 to 216, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other 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 ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("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.

Independent Auditor's Report



Independent auditor's report (Continued)

To the shareholders of Lygend Resources & Technology Co., Ltd.

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue</i></p> <p>The Group generates revenues primarily from the trading and production of nickel products. The Group's revenue for the year ended 31 December 2025 amounted to RMB40,239,786,000.</p> <p>The Group has certain provisionally priced sales where the contract terms for the Group's nickel product sales allow for a price adjustment based on a final assay of the goods determined after discharge. The Group assesses that such provisional pricing is a variable consideration and recognises revenue at a most likely amount.</p> <p>For certain contracts, the sales price is determined on a provisional basis at the date of sale as the final sales price is often based on the average quoted market prices during a subsequent period (the "QP") which normally is the next month after 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 QP pricing exposures embedded within such provisionally priced sales arrangements are accounted for as embedded derivatives.</p> <p>Revenues serve as a key performance indicator of how the Group measures its performance creating financial incentives and pressures that may entice management to falsify accounting records.</p>	<p>Our audit procedures included, but not limited to, the following:</p> <ul style="list-style-type: none"> – reviewing the Group's accounting policies on revenue recognition to assess the compliance with the requirements of IFRSs; – reviewing the key terms of major contracts with customers and assessing the accounting policy applied by the Group; – Obtaining an understanding of the revenue cycle and performing walkthroughs for all significant streams and testing controls in revenue recognition; – performing confirmation procedures to confirm revenue and balances of trade receivables from certain customers; – evaluating management's assumptions adopted in estimating variable consideration by analysing contract terms, historical information, commercial practice and actual subsequent settlements; – evaluating management's assumptions adopted in estimating fair value of trade receivables containing provisional pricing features; – performing analytical reviews to obtain an understanding of how the revenue trends over the year and conducting detailed testing on transactions during the year by tracing them to agreements, invoices and shipment records;

Independent Auditor's Report



Independent auditor's report (Continued)

To the shareholders of Lygend Resources & Technology Co., Ltd.

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Revenue (continued)</i>	
<p>The Group's disclosures about revenue recognition are included in note 2.4 <i>Material accounting policies</i>, note 3 <i>Significant accounting judgements and estimates</i> and note 5 <i>Revenue, other income and gains</i> to the financial statements.</p>	<ul style="list-style-type: none"> – testing revenue transactions close to the year end to verify whether they were recorded in the correct periods; – testing the journal entries related to revenue recognition focusing on unusual or irregular transactions; and – evaluating the adequacy of the related disclosures about revenue in the financial statements.
<i>Impairment testing of goodwill</i>	
<p>The carrying amount of goodwill as at 31 December 2025 was RMB218,037,000. The Group performs its impairment test of goodwill at least on an annual basis. Management's annual impairment test is important to our audit because the assessment process is complex and requires significant judgement and estimates including allocation of goodwill to the cash-generating unit, as well as assumptions such as annual revenue growth rate, the pre-tax discount rate and the terminal growth rate.</p> <p>The Group's disclosures about impairment testing of goodwill are included in note 2.4 <i>Material accounting policies</i>, note 3 <i>Significant accounting judgements and estimates</i> and note 17 <i>Goodwill</i> to the financial statements.</p>	<p>Our audit procedures included, but not limited to, the following:</p> <ul style="list-style-type: none"> – evaluating management's allocation of goodwill to cash-generating units within the Group; – reviewing and testing management's future forecasted cash flows and key assumptions by comparing them to the Group's development plan, budget and financial projections and analysis of the industry; – involving our valuation specialist to assist us in evaluating the key valuation parameters such as the pre-tax discount rate, the terminal growth rate applied and the valuation model with forecasted cash flows; and – evaluating the adequacy of the related disclosures about impairment testing of goodwill in the financial statements.

Independent Auditor's Report



Independent auditor's report (Continued)

To the shareholders of Lygend Resources & Technology Co., Ltd.

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

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.

When we read the Chairman's Statement, the Report of Directors, and the Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

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 the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report



Independent auditor's report (Continued)

To the shareholders of Lygend Resources & Technology Co., Ltd.

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

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.
- 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.

Independent Auditor's Report



Independent auditor's report (Continued)

To the shareholders of Lygend Resources & Technology Co., Ltd.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong (practising certificate number: P06108).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	40,239,786	29,232,958
Cost of sales		(32,524,660)	(23,880,500)
Gross profit		7,715,126	5,352,458
Other income and gains	5	340,588	211,556
Selling and distribution expenses		(145,073)	(121,011)
Administrative expenses		(1,255,692)	(1,033,842)
Impairment losses on financial assets, net		(5,664)	(6,343)
Other operating expenses		(597,892)	(342,180)
Finance costs	7	(637,621)	(647,543)
Share of profits and losses of associates		431,231	403,951
PROFIT BEFORE TAX	6	5,845,003	3,817,046
Income tax expense	10	(1,099,539)	(608,290)
PROFIT FOR THE YEAR		4,745,464	3,208,756

continued/...

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR		4,745,464	3,208,756
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit in subsequent periods:			
Share of other comprehensive income of associates		(59,403)	18,584
Exchange differences on translation of foreign operations		(477,129)	142,749
		(536,532)	161,333
Other comprehensive income that may not be reclassified to profit in subsequent periods:			
Others		2,105	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(534,427)	161,333
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,211,037	3,370,089
Profit attributable to:			
Owners of the parent		2,857,421	1,773,150
Non-controlling interest		1,888,043	1,435,606
		4,745,464	3,208,756
Total comprehensive income for the year attributable to:			
Owners of the parent		2,511,081	1,881,502
Non-controlling interests		1,699,956	1,488,587
		4,211,037	3,370,089
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	1.84 yuan	1.14 yuan

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	25,447,842	21,639,059
Intangible assets	16	175,629	240,936
Investment properties	14	218,962	335,239
Right-of-use assets	15(a)	521,866	543,440
Deferred tax assets	28	204,111	106,372
Interests in associates	18	2,349,902	1,964,511
Derivative financial instruments	22	–	6,344
Goodwill	17	218,037	218,037
Prepayments, other receivables and other assets	21	164,965	303,762
Total non-current assets		29,301,314	25,357,700
CURRENT ASSETS			
Inventories	19	5,311,021	3,368,359
Trade and bills receivables	20	2,384,067	1,886,954
Prepayments, other receivables and other assets	21	1,074,621	1,163,240
Due from related parties	35	349,486	298,072
Pledged deposits	23	2,466,784	850,335
Derivative financial instruments	22	454	–
Cash and cash equivalents	23	7,371,903	5,032,351
Total current assets		18,958,336	12,599,311
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	26	8,632,523	7,882,268
Trade and bills payables	24	2,353,852	1,522,183
Lease liabilities	15(b)	7,029	9,911
Derivative financial instruments	22	10,082	–
Other payables and accruals	25	3,440,183	2,779,488
Contract liabilities	27	136,277	139,129
Income tax payable		697,628	100,059
Due to related parties	35	1,348,327	1,365,321
Total current liabilities		16,625,901	13,798,359

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Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NET CURRENT ASSETS/(LIABILITIES)		2,332,435	(1,199,048)
TOTAL ASSETS LESS CURRENT LIABILITIES		31,633,749	24,158,652
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	26	9,972,200	5,950,472
Due to a related party	35	–	57,056
Lease liabilities	15(b)	3,240	9,666
Other payables and accruals	25	9,043	3,444
Employee benefits liability	29	59,556	46,461
Deferred tax liabilities	28	670,489	408,977
Total non-current liabilities		10,714,528	6,476,076
NET ASSETS		20,919,221	17,682,576
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	1,555,931	1,555,931
Reserves	31	11,173,054	9,202,973
Equity attributable to equity holders of the parent		12,728,985	10,758,904
Non-controlling interests		8,190,236	6,923,672
Total equity		20,919,221	17,682,576

Mr. Cai Jianyong
Director

Ms. Fei Feng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital (note 30)	Share premium* (note 31)	Statutory surplus reserve* (note 31)	Exchange fluctuation reserve and other* (note 31)	Safety production reserve* (note 31)	Other reserves*	Retained profits*	Non-controlling interests		Total equity
								Total	interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	1,555,931	3,809,341	271,277	568,430	28,143	10,699	4,515,083	10,758,904	6,923,672	17,682,576
Profit for the year	-	-	-	-	-	-	2,857,421	2,857,421	1,888,043	4,745,464
Exchange differences on translation of foreign operations and other	-	-	-	(288,767)	-	-	-	(288,767)	(188,087)	(476,854)
Share of other comprehensive income of associates	-	-	-	(57,573)	-	-	-	(57,573)	-	(57,573)
Total comprehensive income for the year	-	-	-	(346,340)	-	-	2,857,421	2,511,081	1,699,956	4,211,037
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	422,808	422,808
Dividends declared	-	-	-	-	-	-	(544,576)	(544,576)	(856,200)	(1,400,776)
Equity-settled share award arrangements	-	-	-	-	-	3,576	-	3,576	-	3,576
Transfer to statutory surplus reserves	-	-	148,517	-	-	-	(148,517)	-	-	-
Safety production reserve	-	-	-	-	997	-	(997)	-	-	-
At 31 December 2025	1,555,931	3,809,341	419,794	222,090	29,140	14,275	6,678,414	12,728,985	8,190,236	20,919,221

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Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Share capital (note 30) RMB'000	Share premium* (note 31) RMB'000	Statutory surplus reserve* (note 31) RMB'000	Exchange fluctuation reserve* (note 31) RMB'000	Safety production reserve* (note 31) RMB'000	Other reserves* RMB'000	Retained profits* RMB'000			
At 1 January 2024	1,555,931	3,806,997	196,634	459,380	24,032	10,699	3,131,873	9,185,546	4,299,804	13,485,350
Profit for the year	-	-	-	-	-	-	1,773,150	1,773,150	1,435,606	3,208,756
Exchange differences on translation of foreign operations	-	-	-	89,768	-	-	-	89,768	52,981	142,749
Share of other comprehensive income of associates	-	-	-	18,584	-	-	-	18,584	-	18,584
Total comprehensive income for the year	-	-	-	108,352	-	-	1,773,150	1,881,502	1,488,587	3,370,089
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	1,886,251	1,886,251
Capital reduction from non-controlling shareholders	-	-	-	-	-	-	-	-	(93,881)	(93,881)
Dividends declared	-	-	-	-	-	-	(311,186)	(311,186)	(641,926)	(953,112)
Equity-settled share award arrangements	-	2,344	-	-	-	-	-	2,344	-	2,344
Transfer to statutory surplus reserve	-	-	74,643	-	-	-	(74,643)	-	-	-
Disposal of a subsidiary	-	-	-	698	-	-	-	698	(15,163)	(14,465)
Safety production reserve	-	-	-	-	4,111	-	(4,111)	-	-	-
At 31 December 2024	1,555,931	3,809,341	271,277	568,430	28,143	10,699	4,515,083	10,758,904	6,923,672	17,682,576

* As at 31 December 2025, these reserve accounts comprise the consolidated reserves of RMB11,173,054,000 (2024: RMB9,202,973,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,845,003	3,817,046
Adjustments for:			
Finance costs	7	637,621	647,543
Share of profits and losses of associates		(429,426)	(348,825)
Interest income		(1,865)	(15,779)
Investment income from financial instruments at fair value through profit or loss, net	5	–	(8,076)
Fair value loss, net:			
Derivative financial instruments, net		16,071	45,566
Trade receivables containing provisional pricing features		1,164	(190)
Loss on disposal of items of property, plant and equipment		13,723	24,236
Loss on disposal of intangible assets		6,148	142,256
Loss on disposal of land use right together with properties		–	738
Gain on a finance lease as a sublease lessor		–	(3,230)
Loss on early termination of lease		–	1,712
Loss on disposal of a subsidiary		–	698
Depreciation of property, plant and equipment		1,358,164	909,869
Depreciation of right-of-use assets		9,532	15,710
Amortisation of intangible assets	16	54,811	72,536
Amortisation of investment properties		16,032	–
Impairment of financial assets, net		5,664	6,343
Write-down of inventories to net realisable value		–	117
Impairment of investment properties		100,585	–
Donation of ecological village		–	96,609
Equity-settled share award expense		3,576	2,344
Foreign exchange differences, net		170,132	(37,433)
		7,806,935	5,369,790
Increase in inventories		(1,956,602)	(1,178,653)
Increase in trade and bills receivables		(548,392)	(865,311)
(Increase)/decrease in prepayments, other receivables and other assets		115,611	(27,134)
Increase in pledged deposits		120,323	(351,771)
Decrease/(increase) in amounts due from related parties		(51,414)	395,896
Increase in trade and bills payables		831,669	272,907
Increase in other payables and accruals		309,121	608,161
Increase in amounts due to related parties		198,398	355,913
(Decrease)/increase in contract liabilities		(2,852)	(169,901)
Cash generated from operations		6,822,797	4,409,897
Income tax paid		(413,900)	(184,566)
Income tax received		55,456	–
Net cash flows from operating activities		6,464,353	4,225,331

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Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from a finance lease as a sublease lessor		2,805	4,348
Purchases of items of property, plant and equipment		(4,785,082)	(5,678,955)
Proceeds from disposal of property, plant and equipment		1,088	2,577
Proceeds from disposal of land use right		-	57,163
Prepayment for a land use right		-	(28,697)
Purchases of intangible assets		(3,304)	(4,395)
Interests in associates		-	(18,148)
Deposits for purchases of futures		-	(100,000)
Repayment of loans to a related party		-	3,495
Advances of loans to a related party		-	(3,495)
Disposal of a subsidiary		-	(27,882)
Repayment of deposits for purchases of futures		-	100,000
Investment income from derivatives		-	8,164
Interest received		1,617	15,779
Net cash flows used in investing activities		(4,782,876)	(5,670,046)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection from non-controlling shareholders		365,752	927,647
New bank borrowings		30,582,764	21,519,073
Repayment of bank borrowings		(25,874,948)	(19,206,939)
Repayment of other borrowings		(356,750)	-
Loan from a related party		-	359,420
Principal portion of lease payments		(10,092)	(17,149)
Interest paid		(778,330)	(782,113)
Dividend paid		(1,400,776)	(953,112)
Placement of pledged time deposits		(1,736,772)	-
Listing expenses		(6,010)	-

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Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Net cash flows from financing activities		784,838	1,846,827
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,466,315	402,112
Cash and cash equivalents at beginning of year		5,032,351	4,616,829
Effect of foreign exchange rate changes, net		(126,763)	13,410
CASH AND CASH EQUIVALENTS AT END OF YEAR		7,371,903	5,032,351
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	9,838,687	5,882,686
Less: Pledged deposits		(2,466,784)	(850,335)
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows		7,371,903	5,032,351

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at No. 707 Tiantong South Street, Yinzhou District, Ningbo, Zhejiang, China.

The Company and its subsidiaries were principally engaged in the nickel industry, with business covering the entire nickel industry value chain including upstream nickel resource integration, trading of laterite nickel ore and nickel products, smelting and production of nickel compounds and ferronickel.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1 December 2022.

In the opinion of the directors, the holding company of the Company is Zhejiang Lygend Investment Co., Ltd. ("Lygend Investment"), which is controlled by Mr. Cai Jianyong and incorporated in PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ningbo Yiwei Mining Co., Ltd. 寧波毅威礦業有限公司*	PRC/Chinese Mainland 15 October 2015	RMB 2,000,000	100	–	Export of machinery and equipment
Ningbo Lygend Wisdom Co., Ltd. ("Ningbo Huiran") 寧波力勤惠然貿易有限公司*	PRC/Chinese Mainland 7 June 2017	RMB 50,000,000	100	–	Trading of laterite nickel ore and ferronickel
Shanghai Lygend International Trade Co., Ltd. 上海力勤國際貿易有限公司*	PRC/Chinese Mainland 11 June 2018	RMB 20,000,000	100	–	Project management
Jiangsu Wisdom Industrial Co., Ltd. ("Jiangsu Wisdom") 江蘇惠然實業有限公司*	PRC/Chinese Mainland 21 March 2011	RMB 120,000,000	100	–	Smelting and production
Xi'an Pengyuan Metallurgical Equipment Co., Ltd. ("Xi'an Pengyuan") 西安鵬遠冶金設備有限公司*	PRC/Chinese Mainland 20 February 2017	RMB 50,000,000	70	–	Manufacture and sale of machinery and equipment
Lygend Resources Pte., Ltd. ("Lygend Singapore") 新加坡力勤資源有限公司	Singapore 16 August 2018	USD 2,000,000	100	–	Trading of laterite nickel ore and ferronickel
Ningbo Lygend New Energy Co., Ltd. * ("Lygend New Energy") 寧波力勤新能源有限公司*	PRC/Chinese Mainland 30 September 2020	RMB 200,000,000	100	–	New energy technological development

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ningbo Leda International * Logistics Co., Ltd. ("Lida Logistics") 寧波勵達國際物流有限公司*	PRC/Chinese Mainland 17 March 2021	RMB 100,000,000	100	–	Logistics services
Hong Kong Blue Whale International Limited ("Hong Kong Bwhale")	Hong Kong 29 March 2016	USD 20,000,000	100	–	Investment holding and shipping
Kang Xuan PTE. LTD. ("Kang Xuan")	Singapore 14 June 2021	USD 107,866,544	100	–	Investment holding
PT. Halmahera Persada Lygend ("HPL")	Indonesia 27 July 2018	IDR 6,283,286,000,000	36.9	18	Smelting and production
PT. OBI Nickel Cobalt ("ONC")	Indonesia 26 August 2021	IDR 6,282,400, 000,000	–	60	Smelting and production
PT. Karunia Permai Sentosa ("KPS")	Indonesia 26 November 2021	IDR 6,029,167, 000,000	–	65	Smelting and production
PT. Dharma Cipta Mulia ("DCM")	Indonesia 5 November 2007	IDR 638,052,000,000	–	60	Industrial real estate business
HPAL International Trading (Ningbo) Co., Ltd. ("HPAL NB") 趣柏國際貿易(寧波)有限公司*	PRC/Chinese Mainland 20 September 2022	USD 1,000,000	–	54.9	Business management services
ONC International Trading (Ningbo) Co., Ltd. ("ONC NB") 歐恩司國際貿易(寧波)有限公司*	PRC/Chinese Mainland 24 August 2022	USD 1,000,000	–	60	Business management services
KPS International Trading (Ningbo) Co., Ltd. ("KPS NB") 凱帕斯國際貿易(寧波)有限公司*	PRC/Chinese Mainland 24 August 2022	USD 1,000,000	–	65	Business management services
Ningbo Lygend Headquarter Management Co., Ltd. ("Lygend Headquarter") 寧波力勤總部管理有限公司*	PRC/Chinese Mainland 10 April 2023	RMB 540,000,000	100	–	Headquarters management
PT.Bumi Mineral Sentosa ("BMS")	Indonesia 7 February 2023	IDR 157,000,000,000	–	100	Trading of laterite nickel ore and sand

Notes to Financial Statements

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1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Notes:

- * These entities are limited liability enterprises established under the PRC law. The English names of these 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 names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to Financial Statements

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2. ACCOUNTING POLICIES

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 and Interpretations) as 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 certain trade and bills receivables and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“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.

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2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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 exchange fluctuation 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 accumulated losses, 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* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to 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, branches, associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

Notes to Financial Statements

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRSs 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 IFRSs 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.

Notes to Financial Statements

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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.

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 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.

Notes to Financial Statements

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

Notes to Financial Statements

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING 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 subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Investments in associates

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.

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

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates 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 is included as part of the Group's investments in associates.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

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

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

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 net 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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its derivative financial instruments and trade and bills receivables under provisionally priced sales arrangements 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 reporting period.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

An assessment is made at the end of each 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.

Related parties

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

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

or

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

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

Property, plant and equipment and depreciation

Property, plant and equipment, 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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

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

Buildings	4.75% to 20.00%
Plant and machinery	4.75% to 33.33%
Electronic and office equipment	9.5% to 33.33%
Motor vehicles	9.5% to 25.00%
Leasehold improvements	Over the shorter of the lease terms and 20.00%

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

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs.

Investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as followings:

Buildings	20 years
Land use right	50 years
Others	3-10 years

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Customer relationship

Customer relationship represents eight-year long-term offtake agreements with customers upon nickel-cobalt compounds. The useful life of customer relationship is determined based on the agreement period, which represents its useful economic life expected to generate net cash inflows from the sale of nickel-cobalt compounds to such customers. Customer relationship is stated at cost less accumulated amortisation and identified impairment loss and amortised on the straight-line basis over its remaining agreement period.

Research and development costs

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

Expenditure incurred on projects to develop new products is 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.

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. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(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 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:

Land use right	40-50 years
Office premises and warehouses	2 to 7 years

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

(b) Lease liabilities

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

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

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

- (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 equipment and vehicles (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 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 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.

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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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.

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

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

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

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 profit or loss. This category of the Group includes derivative instruments and trade and bills receivable under trade receivables containing provisional pricing features.

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 profit or loss. Reassessment only 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.

Notes to Financial Statements

31 December 2025

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

General approach

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

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

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

Notes to Financial Statements

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2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

Simplified approach

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

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 bills payables, other payables and accruals, interest-bearing bank and other borrowings, amounts due to related parties.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Initial recognition and measurement (Continued)

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

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

After initial recognition, trade and other payables and interest-bearing loans and borrowings 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.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income 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 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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate 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.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the individual or weighted average basis, in the case of work in progress and finished goods, costs comprise 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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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, except that deferred tax is not recognised for the Pillar Two income taxes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; 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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; 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 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.

Notes to Financial Statements

31 December 2025

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 or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

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

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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of nickel products

Revenue from the sale of nickel products is recognised at the point in time when control of the asset is transferred to the customer, generally on shipment on board incoterms or delivery of goods to the destination specified by the customer or issuance of the release notice of goods to the port cargo controller or delivery of goods from the factory by the customer.

When the Group is responsible for providing these services (shipping and insurance) to the customer, sometimes after the date at which the Group has lost control of the goods. Revenue related to the provision of shipping-and-insurance activities is recognised overtime as the service is rendered.

Variable consideration

The Group has certain provisionally priced sales where the contract terms for the Group's nickel products sales allow for a price adjustment based on a final assay of the goods determined after discharge. The Group assesses such provisional pricing to be a variable consideration and recognises revenue at a most likely amount. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the sale of products with price adjustment, given that supplier is capable to provide the weight and inspection results at the port of loading. This amount is based on the most recently determined estimate of product assays. The Group applies judgement regarding the likelihood of significant reversals to ensure that revenue is only recognised to the extent that it is highly probable that significant reversal will not occur. Any adjustments to the final price are recognised as revenue.

Contracts with quotational period pricing exposures

For certain contracts, 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 during a subsequent period (the "quotational period" or "QP") which normally is the next month after 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 QP pricing exposures embedded within such provisionally priced sales arrangements are accounted for as embedded derivatives.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(b) Sale of others

Others include the sale of equipment, auxiliary materials, waste and shipping services to customers. Revenue from the sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on shipment on board incoterms or acceptance of goods by the customer. Revenues from the sale of auxiliary materials is recognised at the point in time when control of the asset is transferred to the customer, generally on shipment on board incoterms. Revenue from the sale of waste is recognised at the point in time when control of the asset is transferred to the customer generally on delivery of waste to the customer. Revenue related to the provision of shipping services is recognised over time as the services are rendered.

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.

Notes to Financial Statements

31 December 2025

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 goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company operates a share award 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 or the Company’s stock closing price on the Stock Exchange on the grant date, further details of which are given in note 32 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 and other comprehensive 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. 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 cancelled, 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.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

Pension schemes

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to profit or loss as incurred.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in central pension schemes operated by the local municipal government and the central government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Post-employment benefits

The Group provides post-employment benefits to its employees in Indonesia in conformity with the requirements of Indonesia's Labor Law No. 13/2003 dated 25 March 2003. The provision for post-employment benefits is determined using the projected-unit-credit actuarial valuation method. Re-measurements, comprising actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- i) The date of the plan amendment or curtailment; or
- ii) The date of the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation in profit or loss:

- i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ii) Net interest expense or income.

Notes to Financial Statements

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use, 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. 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.

Foreign currencies

The functional currency of the Company is RMB. As the major revenues of the Group are derived from operations in Chinese mainland, RMB is chosen as the presentation currency to present the financial statements. 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 profit or loss.

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

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

Notes to Financial Statements

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2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries and associates are currencies other than 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 profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions, say average exchange rates for the reporting period for frequently recurring transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is 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.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Determining the method to estimate variable consideration and assessing the constraint for the sale of nickel products

Contracts for the sale of nickel products include price adjustments subject to the quality and weight of nickel products inspected by independent surveyor at the discharging port that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the sale of products with price adjustment, given that the supplier is capable to provide the weight and inspection results at the port of loading. The selected method that better predicts the amount of variable consideration related to price adjustment is primarily driven by management which will not expect material variances between weight and quality results provided by the supplier at the port of loading and those inspected at the discharging port.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Determining the method to recognise revenue and estimate the fair value of trade receivables for contract containing provisional pricing features

Revenue on such provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable at the initial revenue recognition date. The QP pricing exposures embedded within such provisionally priced sales arrangements are accounted for as embedded derivatives, which are included in trade receivables. Trade receivables containing provisional pricing features are estimated based on the assessment of future movements in market prices at the date of initial recognition of such receivable.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill was approximately RMB218,037,000 (2024: RMB218,037,000) during the year. Further details are included in note 17 to the financial statements.

Impairment of non-financial assets (other than goodwill)

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

Provision for expected credit losses on financial assets

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on financial assets (Continued)

The Group has applied the general approach to providing for expected credit losses for other receivables and lease payments receivable under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

The information about the ECLs on the Group's other financial assets are disclosed in note 21 and note 35 to the financial statements.

Leases – Estimating the incremental borrowing rate

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

Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies 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. Further details are included in note 28 to the financial statements.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management's judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed. As at 31 December 2025, the carrying amount of inventories was RMB5,311,021,000 (2024: RMB3,368,359,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. 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

	2025 RMB'000	2024 RMB'000
Chinese Mainland	34,217,642	25,585,753
Others	6,022,144	3,647,205
Total revenue	40,239,786	29,232,958

Most of the revenue information above is based on the shipment destinations except that revenue from shipping services is based on the locations of the customers.

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland	4,224,515	3,628,658
Indonesia	24,870,103	21,611,088
Total non-current assets	29,094,618	25,239,746

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

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the years ended 31 December 2025 and 2024 is set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	4,106,609	4,154,443
Customer B	4,267,364	NA
Customer C	4,753,133	NA

Notes to Financial Statements

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	40,239,786	29,232,958

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sale of nickel products	37,721,505	28,255,139
Others	2,518,281	977,819
Total	40,239,786	29,232,958
Geographical markets		
Chinese Mainland	34,217,642	25,585,753
Others	6,022,144	3,647,205
Total	40,239,786	29,232,958
Timing of revenue recognition		
Goods transferred at a point in time	38,822,087	27,518,669
Services transferred over time	1,417,699	1,714,289
Total	40,239,786	29,232,958

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of revenue is as follows: (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current year 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 the beginning of the reporting period:		
Sale of nickel products	84,465	285,838
Others	45,377	18,477
Total	129,842	304,315

(b) Performance obligations

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

Sale of nickel products

For the sale of nickel products, when the performance obligation is satisfied upon shipment on board of nickel products, the contract payment is generally made using letters of credit or by upfront payments. For the sale of nickel products, when the performance obligation is satisfied upon delivery of goods to the destination specified by the customer or issuance of the release notice of goods to the port cargo controller or delivery of goods from the factory by the customer, a large percentage of payment is usually required upon or before delivery and final payment is made according to the final settlement.

The performance obligation of shipping and insurance services in relation to the sale of nickel products is satisfied over time as the service is rendered. The revenue is included in the sale of nickel products.

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of revenue is as follows: (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

Sale of others

For the sale of equipment, the performance obligation is satisfied upon shipment on board or acceptance by customer. Advances are normally required before delivery and a certain percentage of payment is retained by customer until the end of the retention period. For the overseas sale of auxiliary materials, the performance obligation is usually satisfied upon shipment on board and advances are normally required before delivery. For the sale of waste, the performance obligation is satisfied upon delivery of waste to customers and advances are normally required before delivery. The performance obligation of shipping service is satisfied over time as the service is rendered and advances are normally required before shipping service provided.

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	3,929,503	8,759,759

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year relate to the sales of nickel products, of which the performance obligations are to be satisfied. The amounts disclosed above do not include variable consideration which is constrained.

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of revenue is as follows: (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

In addition, for the nickel-cobalt compounds produced by HPL, the Group has entered into eight-year long-term offtake agreements with two customers in 2021, one of which is performing normally for the year ended 31 December 2025. The offtake agreements specify the customers' commitment to purchase specified quantities (in terms of metal tons of nickel and cobalt) of nickel-cobalt compounds produced by HPL during the agreement period. The agreements also set forth the nickel-cobalt compounds will be priced based on market price.

As for the nickel sulfate produced by HPL, the Group has entered into five-year long-term offtake agreements with a customer in 2023. The offtake agreements specify the customer's commitment to purchase specified quantities (in terms of metal tons of nickel) of nickel sulfate. The agreements also set forth the nickel sulfate will be priced based on market price.

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
<u>Other income</u>		
Government grants*	78,059	48,204
Bank interest income	184,927	101,840
Other interest income	10,163	19,802
Investment income from financial assets and liabilities at fair value through profit or loss	43,991	8,076
Others	23,441	13,169
Total other income	340,581	191,091
<u>Gains</u>		
Foreign exchange gain, net	-	20,465
Others	7	-
Total gains	7	20,465
Total other income and gains	340,588	211,556

* The amount represents grants received from local PRC government authorities by the Group in connection with certain financial support to local business enterprises for the purpose of encouraging business development.

Notes to Financial Statements

31 December 2025

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold*		30,882,867	22,194,161
Depreciation of property, plant and equipment**		1,358,164	909,869
Depreciation of right-of-use assets***	15(c)	22,257	15,710
Amortisation of intangible assets****	16	54,811	72,536
Government grants	5	(78,059)	(48,204)
Bank interest income	5	(184,927)	(101,840)
Loss on disposal of items of long-term assets		19,871	24,236
Loss on disposal of land use right together with properties		–	738
Loss on early termination of lease		–	1,712
Loss on disposal of a subsidiary		–	698
Impairment of intangible assets	16	–	142,256
Impairment of investment properties		100,585	–
Write-down of inventories to net realisable value	19	–	117
Impairment of financial assets, net		5,664	6,343
Lease payments not included in the measurement of lease liabilities	15(c)	312,153	43,355
Foreign exchange differences, net		450,724	(20,465)
Auditor's remuneration		5,205	4,766
Fair value loss, net:			
Derivative financial instruments		16,071	45,566
Trade receivables containing provisional pricing features		1,235	(190)
Investment income from financial assets at fair value through profit or loss, net:			
Derivative financial instruments		–	(8,076)
Trade receivables containing provisional pricing features		(43,991)	–
Total		(43,991)	(8,076)
Employee benefit expense (excluding directors' and supervisors' remuneration (note 8)):			
Wages and salaries		1,685,226	958,533
Pension scheme contributions		70,851	18,115
Staff welfare expenses		9,865	41,320
Total		1,765,942	1,017,968

Notes to Financial Statements

31 December 2025

6. PROFIT BEFORE TAX (CONTINUED)

- * The cost of inventories sold includes RMB2,262,216,000 (2024: RMB1,122,149,000) relating to staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets during the year, which are also included in the respective total amounts disclosed above for each type of expenses.
- ** The depreciation of property, plant and equipment is included in “Cost of sales”, “Selling and distribution expenses” and “Administrative expenses” on the face of the consolidated statement of profit or loss and other comprehensive income.
- *** The depreciation of right-of-use assets is included in “Cost of sales” and “Administrative expenses” on the face of the consolidated statement of profit or loss and other comprehensive income.
- **** The amortisation of intangible assets is included in “Cost of sales” and “Administrative expenses” on the face of the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	798,137	755,578
Interest on other borrowings	1,608	741
Interest on lease liabilities (note 15(c))	541	2,168
Total interest expense on financial liabilities	800,286	758,487
Less: Interest capitalised	(162,665)	(110,944)
Total	637,621	647,543

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Certain of the directors received remuneration from subsidiaries for their appointment as directors of the subsidiaries. The remuneration of the directors and supervisors as recorded is set out below:

	2025 RMB'000	2024 RMB'000
Fees	1,200	1,200
Other emoluments:		
Salaries, allowances and benefits in kind	24,668	26,337
Performance related bonuses*	70,072	71,355
Equity-settled share award expense	3,576	2,344
Pension scheme contributions	262	245
Subtotal	98,578	100,281
Total fees and other emolument	99,778	101,481

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

(a) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	2025 RMB'000	2024 RMB'000
Dr. HE Wanpeng	300	300
Ms. ZHANG Zhengping	300	300
Dr. WANG James Jixian	300	300
Total	900	900

There were no other emoluments payable to the independent non-executive directors during the year ended 31 December 2025 (2024: nil).

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and supervisors

2025

	Fees <i>RMB'000</i>	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses* <i>RMB'000</i>	Pension scheme contri- butions <i>RMB'000</i>	Equity- settled share option expense <i>RMB'000</i>	Total remune- ration <i>RMB'000</i>
Executive directors						
Mr. CAI Jianyong*	-	8,060	13,516	35	3,391	25,002
Mr. CAI Jianwei	-	3,056	25,307	35	-	28,398
Ms. FEI Feng	-	2,961	11,240	35	185	14,421
Mr. WANG Ling**	-	1,254	4,295	29	-	5,578
Mr. YU Weijun	-	2,257	139	35	-	2,431
Subtotal	-	17,588	54,497	169	3,576	75,830
Non-executive director						
Mr. Lawrence Lua Gek Pong	300	-	-	-	-	300
Supervisors						
Mr. DONG Dong	-	3,311	9,923	35	-	13,269
Mr. GE Kaicai	-	3,327	5,030	35	-	8,392
Ms. HU Zhinong	-	442	622	23	-	1,087
Subtotal	-	7,080	15,575	93	-	22,748
Total	300	24,668	70,072	262	3,576	98,878

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and supervisors (continued)

2024

	Fees <i>RMB'000</i>	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Perfor- mance related bonuses* <i>RMB'000</i>	Pension scheme contri- butions <i>RMB'000</i>	Equity- settled share option expense <i>RMB'000</i>	Total remune- ration <i>RMB'000</i>
Executive directors						
Mr. CAI Jianyong*	–	8,056	27,089	32	2,344	37,521
Mr. CAI Jianwei	–	3,007	16,028	32	–	19,067
Ms. FEI Feng	–	2,957	10,464	32	–	13,453
Mr. WANG Ling**	–	1,256	2,197	27	–	3,480
Mr. YU Weijun	–	2,256	270	32	–	2,558
Mr. JIANG Xinfang*	–	1,743	–	5	–	1,748
Subtotal	–	19,275	56,048	160	2,344	77,827
Non-executive director						
Mr. Lawrence Lua Gek Pong	300	–	–	–	–	300
Supervisors						
Mr. DONG Dong	–	3,310	9,712	32	–	13,054
Mr. GE Kaicai	–	3,310	5,075	32	–	8,417
Ms. HU Zhinong	–	442	520	21	–	983
Subtotal	–	7,062	15,307	85	–	22,454
Total	300	26,337	71,355	245	2,344	100,581

* Mr. CAI Jianyong was appointed as the chief executive of the Company and Mr. JIANG Xinfang resigned as an executive director of the Company on 28 March 2024.

** Mr. WANG Ling was appointed as an executive director of the Company on 9 December 2024.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year.

Notes to Financial Statements

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2024: three) directors and one (2024: one) supervisor, details of whose remuneration are set out in note 8 above. During the year, there was one (2024: one) highest paid employees who is neither a director nor a supervisor of the Company.

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,317	2,652
Performance related bonuses	13,201	6,556
Pension scheme contributions	35	27
Total	16,553	9,235

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2025	2024
HK10,000,001 to HK10,500,000	–	1
HK18,000,001 to HK18,500,000	1	–
Total	1	1

10. INCOME TAX

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

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the companies which operate in Chinese mainland are subject to CIT at a rate of 25% (2024: 25%) on the taxable income of the year. A preferential tax treatment is available to a subsidiary of the Company, since it was recognised as a High and New Technology Enterprise on 4 November 2022, and was entitled to a preferential tax rate of 15% (2024: 15%) during the year.

Notes to Financial Statements

31 December 2025

10. INCOME TAX (CONTINUED)

Indonesia

Pursuant to the Corporate Income Tax Law of Indonesia and the respective regulations (the "CIT Law"), the companies which operate in Indonesia are subject to CIT at a rate of 25% on the taxable income. On 31 March 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, a reduction of the tax rates for corporate income tax payers and entities with permanent establishment from previously 25% to 22% for the fiscal years 2020 and 2021 and 20% starting the fiscal year 2022 and onwards, and a further reduction of 3% for corporate income tax payers that fulfil certain criteria. Subsequently, on 7 November 2021, the Government ratified the Tax Regulation Harmonization Law/Undang-Undang Harmonisasi Peraturan Perpajakan ("UU HPP"). The UU HPP reinstated the corporate income tax rate of 22%.

Based on the Decree of the Minister of Finance of the Republic of Indonesia number 721/KMK.03/2018 concerning Corporate Income Tax Reduction Facility to HPL dated 1 November 2018, HPL was granted a 100% corporate income tax reduction for 10 fiscal years starting from 2021 and an additional 50% corporate income tax reduction for the following 2 fiscal years.

Based on the Decree of the Minister of Finance of the Republic of Indonesia number NOMOR 33/THIPMA/2021 and number NOMOR 30/KM.3/2025 concerning Corporate Income Tax Reduction Facility to ONC dated 3 December 2021 and dated 10 February 2025, ONC was granted a 100% corporate income tax reduction for 15 fiscal years starting from 2024 and an additional 50% corporate income tax reduction for the following 2 fiscal years.

Based on the Decree of the Minister of Finance of the Republic of Indonesia number NOMOR 4/TH/PMA/2022 concerning Corporate Income Tax Reduction Facility to KPS dated 17 January 2022, KPS was granted a 100% corporate income tax reduction for 15 fiscal years and an additional 50% corporate income tax reduction for the following 2 fiscal years. Based on the latest NOMOR 168/MK/PJ/2025 concerning Corporate Income Tax Reduction Facility to KPS dated 23 July 2025, KPS was granted a 100% corporate income tax reduction for 10 fiscal years starting from 2025 and an additional 50% corporate income tax reduction for the following 2 fiscal years.

According to the 31E Facility as stipulated in Taxation Law No. 36 of 2008 issued to by the Minister of Finance of the Republic of Indonesia, the entities with total annual gross income below IDR 50 billion are eligible for a 50% reduction in the corporate income tax rate on the taxable income corresponding to IDR4.8 billion. For the fiscal year ended December 31, 2025, CKM and BBS applied for the facility.

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under Hong Kong and Indonesia. The Group will account for the Pillar Two income taxes as current tax when incurred.

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10. INCOME TAX (CONTINUED)

Indonesia (continued)

The income tax expense of the Group during the year is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current tax:		
Charge for the year	936,966	213,977
Deferred tax (note 28)	162,573	394,313
Total tax charge for the year	1,099,539	608,290

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	5,845,003	3,817,046
Tax at the statutory tax rate of 25%	1,461,251	954,262
Preferential tax rates enacted by local authority	(971,524)	(691,552)
Expenses not deductible for tax	12,048	10,761
Additional deductible allowance for research and development costs	(2,441)	(2,193)
Adjustments in respect of current tax of previous periods	(5,950)	16,090
Tax losses utilised from previous periods	(8,549)	(10,708)
Profits and losses attributable to associates	(5,830)	(27,664)
Income not subject to tax	(645)	(3)
Effect of withholding tax on the distributable profit of foreign subsidiaries of the Company	176,603	349,452
Temporary differences not recognised	27,358	2,570
Tax losses not recognised	9,998	8,306
Pillar Two income taxes	405,494	–
Effect on opening deferred tax of increase in rates	1,726	(1,031)
Tax charge at the Group's effective tax rate	1,099,539	608,290

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11. DIVIDENDS

The board of directors has resolved to recommend the distribution of a final dividend for the year ended 31 December 2025 of RMB0.60 (tax inclusive) per share, subject to approval of the Company's shareholders at the forthcoming annual general meeting.

In July 2025, ONC distributed dividends of USD300,000,000 to all shareholders, among which included USD120,000,000 was distributed to a non-controlling shareholder PT Trimegah Bangun Persada ("TBP").

On 21 May 2025, the board of directors declared a final dividend for the year ended 31 December 2024 of RMB0.35 (tax inclusive) per share, amounting to a total of approximately RMB544,576,000, which was fully paid subsequently in 2025.

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

The calculation of the 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 1,555,931,350 (2024: 1,555,931,350) outstanding during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

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13. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Electronic, office equipment and others <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improve- ments <i>RMB'000</i>	Con- struction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025							
At 1 January 2025:							
Cost	8,892,919	9,919,424	61,050	691,388	3,766	4,490,288	24,058,835
Accumulated depreciation	(819,951)	(1,319,326)	(33,950)	(217,935)	(407)	(28,207)	(2,419,776)
Net carrying amount	8,072,968	8,600,098	27,100	473,453	3,359	4,462,081	21,639,059
At 1 January 2025, net of							
accumulated depreciation	8,072,968	8,600,098	27,100	473,453	3,359	4,462,081	21,639,059
Additions	-	27,884	9,968	183,797	472	5,428,566	5,650,687
Disposals	-	(14,858)	(141)	(919)	1,087	-	(14,831)
Exchange realignment	(168,698)	(184,290)	(560)	(9,130)	-	(96,425)	(459,103)
Transfers	2,511,412	2,179,198	-	-	-	(4,690,610)	-
Depreciation provided during the year	(579,185)	(683,555)	(8,548)	(95,574)	(1,108)	-	(1,367,970)
At 31 December 2025, net of							
accumulated depreciation and impairment	9,836,497	9,924,477	27,819	551,627	3,810	5,103,612	25,447,842
At 31 December 2025:							
Cost	11,210,559	11,831,683	67,873	856,534	5,325	5,148,629	29,120,603
Accumulated depreciation	(1,374,062)	(1,907,206)	(40,054)	(304,907)	(1,515)	(45,017)	(3,672,761)
Net carrying amount	9,836,497	9,924,477	27,819	551,627	3,810	5,103,612	25,447,842

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Electronic, office equipment and others <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improve- ments <i>RMB'000</i>	Con- struction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost	4,262,113	5,514,723	53,801	545,095	17,241	8,058,921	18,451,894
Accumulated depreciation	(475,169)	(835,770)	(25,651)	(143,240)	(1,234)	-	(1,481,064)
Net carrying amount	3,786,944	4,678,953	28,150	401,855	16,007	8,058,921	16,970,830
At 1 January 2024, net of							
accumulated depreciation	3,786,944	4,678,953	28,150	401,855	16,007	8,058,921	16,970,830
Additions	19,304	74,530	7,844	139,831	2,349	5,527,810	5,771,668
Disposals	(12,910)	(434)	(380)	(407)	(12,378)	(97,361)	(123,870)
Exchange realignment	51,688	65,104	253	5,222	-	115,905	238,172
Transfers	4,839,682	4,295,411	8,101	-	-	(9,143,194)	-
Transfers to investment properties	(252,632)	(10,911)	(5,960)	-	-	-	(269,503)
Disposal of a subsidiary	-	-	(13)	-	-	-	(13)
Depreciation provided during the year	(359,108)	(502,555)	(10,895)	(73,048)	(2,619)	-	(948,225)
At 31 December 2024, net of							
accumulated depreciation and impairment	8,072,968	8,600,098	27,100	473,453	3,359	4,462,081	21,639,059
At 31 December 2024:							
Cost	8,892,919	9,919,424	61,050	691,388	3,766	4,490,288	24,058,835
Accumulated depreciation	(819,951)	(1,319,326)	(33,950)	(217,935)	(407)	(28,207)	(2,419,776)
Net carrying amount	8,072,968	8,600,098	27,100	473,453	3,359	4,462,081	21,639,059

At 31 December 2025, certain of the Group's buildings with a net carrying amount of approximately RMB6,339,140,000 (2024: RMB23,183,000) as at 31 December 2025 were pledged to secure bank loans (note 26).

At 31 December 2025, certain of the Group's plant and machinery, electronic and office equipment, motor vehicles and construction in progress with a net carrying amount of approximately RMB10,278,827,000 (2024: RMB2,698,208,000) as at 31 December 2025 were pledged to secure bank loans (note 26).

At 31 December 2025, certain of the Group's buildings have not obtained the relevant building ownership certificates.

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14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	335,239	–
Cost:		
Additions	340	355,229
Accumulated depreciation	(16,032)	(19,990)
Impairment during the year	(100,585)	–
Carrying amount at 31 December	218,962	335,239

As at 31 December 2025, the Group's certain investment properties with a net carrying amount of approximately RMB188,876,000 (2024: RMB65,736,000) were pledged to secure bank loans (note 26).

The Group's investment properties consist of commercial properties located in Chinese Mainland held to earn rentals.

The Group's investment properties were revalued on 31 December 2025 by Canwin Appraisal Co. Ltd. (“坤元資產評估有限公司”), an independent professionally qualified valuer. Each year, the Group's property manager and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Commercial properties	–	–	218,962	218,962

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: nil).

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14. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

As at 31 December 2025:

	Valuation technique	Significant unobservable inputs	Range or weighted average
Industrial properties	Income method	Prevailing market rent	RMB0.69-RMB1.34 per square metre per day
		Discount rate	6.26%

Estimated market rents are estimated based on the independent valuer's view of recent renting transactions within the subject properties and other comparable properties. A significant increase (decrease) in the estimated rental value in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the term yield.

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15. LEASES

The Group as a lessee

The Group has lease contracts for office premises, warehouses and vessels used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 40-50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises, warehouses and vessels generally have lease terms between 2 and 7 years. There are no lease contracts that include extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Office premises and warehouses RMB'000	Total RMB'000
As at 1 January 2024	631,937	51,290	683,227
Additions	28,697	9,810	38,507
A finance lease as a sublease lessor	–	(5,932)	(5,932)
Early termination	–	(24,924)	(24,924)
Disposals	(52,429)	–	(52,429)
Transfer to investment properties	(65,736)	–	(65,736)
Exchange realignment	–	43	43
Depreciation charge	(15,752)	(13,564)	(29,316)
As at 31 December 2024 and 1 January 2025	526,717	16,723	543,440
Additions	–	847	847
Exchange realignment	–	(164)	(164)
Depreciation charge	(13,564)	(8,693)	(22,257)
As at 31 December 2025	513,153	8,713	521,866

Notes to Financial Statements

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15. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	19,577	66,715
New leases	847	9,810
Accretion of interest recognised during the year	541	2,168
Early termination	–	(39,673)
Exchange realignment	(63)	(126)
Payments	(10,633)	(19,317)
Carrying amount at 31 December	10,269	19,577
Analysed into:		
Current portion	7,029	9,911
Non-current portion	3,240	9,666

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

(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 (note 7)	541	2,168
Depreciation charge of right-of-use assets	–	15,710
Expense relating to short-term leases (included in cost of sales, administrative expenses and selling expenses) (note 6)	312,153	43,355
Total amount recognised in profit or loss	334,951	61,233

* For the year ended 31 December 2025, included in the expense relating to short-term leases were short-term leases to related parties of RMB116,916,000.

(d) The total cash outflow for leases is disclosed in note 33(b) to the financial statements.

As at 31 December 2025, certain pieces of the Group's leasehold land with a net carrying amount of approximately RMB492,384,000 (2024: RMB380,816,000) were pledged to secure bank loans (note 26).

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15. LEASES (CONTINUED)

The Group as a lessor

The Group subleases certain of its right-of-use assets (note 15(a)) to an associate and the holding company, which are office premises in Chinese mainland under financial lease arrangements in 2024 and 2025, which is considered as a finance lease. Finance income recognised by the Group during the year was RMB248,000 (2024: RMB789,000).

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable financial lease arrangements with its tenants and the reconciliation of the unearned finance income relating to the lease payments receivable are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	2,805	2,805
After one year but within two years	2,115	2,805
After two years but within three years	525	2,430
After three years but within four years	-	210
Unearned finance income	(207)	(455)
Total	5,238	7,795
Analysed into:		
Current portion (note 21)	2,653	2,557
Non-current portion (note 21)	2,585	5,238

At 31 December 2025, lease payments receivable due from the Group's related parties included in the Group's prepayments, other receivables and other assets were RMB1,712,000 (2024: RMB7,795,000).

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16. INTANGIBLE ASSETS

	Customer relationship* RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
At 1 January 2025:			
Cost	596,637	36,109	632,746
Accumulated amortisation	(232,105)	(17,449)	(249,554)
Accumulated impairment	(142,256)	–	(142,256)
Net carrying amount	222,276	18,660	240,936
Cost at 1 January 2025, net of accumulated amortisation	222,276	18,660	240,936
Additions	–	3,304	3,304
Amortisation provided during the year (note 6)	(49,953)	(4,858)	(54,811)
Disposal during the year	–	(9,609)	(9,609)
Exchange realignment	(4,192)	1	(4,191)
At 31 December 2025, net of accumulated amortisation	168,131	7,498	175,629
At 31 December 2025:			
Cost	583,390	18,989	602,379
Accumulated amortisation	(274,760)	(11,491)	(286,251)
Accumulated impairment	(140,499)	–	(140,499)
Net carrying amount	168,131	7,498	175,629
31 December 2024			
At 1 January 2024:			
Cost	587,864	31,714	619,578
Accumulated amortisation	(163,295)	(9,204)	(172,499)
Net carrying amount	424,569	22,510	447,079
Cost at 1 January 2024, net of accumulated amortisation	424,569	22,510	447,079
Additions	–	4,395	4,395
Amortisation provided during the year (note 6)	(64,291)	(8,245)	(72,536)
Impairment during the year	(142,256)	–	(142,256)
Exchange realignment	4,254	–	4,254
At 31 December 2024, net of accumulated amortisation	222,276	18,660	240,936
At 31 December 2024:			
Cost	596,637	36,109	632,746
Accumulated amortisation	(232,105)	(17,449)	(249,554)
Accumulated impairment	(142,256)	–	(142,256)
Net carrying amount	222,276	18,660	240,936

* Customer relationship represents long-term offtake agreements with customers upon nickel-cobalt compounds. In 2024, one of the agreements ceased to be performed and the intangible assets based on such agreement with carrying amount RMB142,256,000 was fully impaired.

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17. GOODWILL

	2025 RMB'000	2024 RMB'000
Cost and net carrying amount at beginning and end of year	218,037	218,037

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the HPL cash-generating unit mainly engaged in smelting and production for impairment testing.

The recoverable amount of the HPL cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The budgeted gross margin applied to the cash flow projections, the terminal growth rate and pre-tax discount rate used to extrapolate the cash flows of the HPL cash-generating unit beyond the five-year period are as follows:

	As at 31 December 2025 %	As at 31 December 2024 %
Budgeted gross margin	32-33	34-35
Terminal growth rate	-	-
Pre-tax discount rate	17.28	16.10

The calculation of value in use is based on the following assumptions:

Budgeted gross margin – The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, changed for expected market development.

Pre-tax discount rate – the rate reflects management's estimate of the risks specific to the unit.

Terminal growth rate – the rate is based on the historical data in the same industry and management's expectation of the future market.

The values assigned to the key assumptions on budgeted gross margin, pre-tax discount rate and terminal growth rate are consistent with management's past experience and external information sources.

Notes to Financial Statements

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18. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	2,349,902	1,964,511

The Group's trade receivables from associates and amounts due to associates are disclosed in note 35 to the financial statements.

Particulars of the Group's material associate are as follows:

Company	Place of incorporation/ registration and business	Nominal value of issued/registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
PT Halmahera Jaya Feronickel ("HJF")	Indonesia	IDR 4,000,000,000,000	36.9%	Smelting and processing sales of ferronickel

The Group's shareholdings in associates comprise equity shares held by the Company, except for those of Contemporary Brunp Lygend Co., Ltd ("CBL") and PT Makmur Jaya Maritimindo ("MJM"), which are immaterial associates of the Group, the shareholdings in which are held through a wholly-owned subsidiary of the Company.

The Company is indirectly interested in 49% of the shares of MJM through Hong Kong Bwhale. The power of attorney entered into between Hong Kong Bwhale and PT Teratai Kemakmuran Jayaray ("TKJ") on 15 December 2023, whereby TKJ granted Hong Kong Bwhale the power to act as its attorney 10% the shares in MJM to exercise its powers at general meetings. The power of attorney ceased to be effective after TKJ ceased to be a shareholder of MJM on 30 May 2024 when Hong Kong Bwhale entered into the new shareholders' agreement with PT Lima Srikandi Jaya ("LSJ") under which Hong Kong Bwhale and LSJ hold respectively 49% and 51% of the shares in MJM thereafter. Therefore, the MJM became an associate of Hong Kong Bwhale from 30 May 2024.

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18. INTERESTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information in respect of HJF adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

(a) HJF

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current assets	2,467,181	2,498,329
Non-current assets	7,466,918	7,987,793
Current liabilities	2,445,792	3,119,549
Non-current liabilities	3,167,674	4,079,305
Net assets	4,320,633	3,287,268
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	36.90%	36.90%
Group's share of net assets of the associate	1,594,313	1,213,002
Accumulated unrealised gain	(75,414)	(73,609)
Carrying amount of the investment	1,518,899	1,139,393
Revenue	7,468,537	8,275,352
Profit for the year	1,134,218	946,942
Other comprehensive income	(100,853)	45,115
Total comprehensive income for the year	1,033,365	992,057

The following table illustrates the financial information of the Group's associate that is not individually material:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Share of the associates' income/(loss) for the year	26,645	1,826
Share of the associates' other comprehensive (loss)/income	(20,760)	1,936
Total comprehensive income for the year	5,885	3,762
Aggregate carrying amount of the Group's investment in the associates	831,003	825,118

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19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	3,229,515	1,756,405
Work in progress	309,179	569,698
Finished goods	1,772,327	1,042,373
	5,311,021	3,368,476
Impairment	-	(117)
Total	5,311,021	3,368,359

At 31 December 2025, certain of the Group's inventories with a net carrying amount of approximately RMB1,232,409,000 (2024: nil) as at 31 December 2025 were pledged to secure bank loans (note 26).

The movements in provision for impairment of inventories are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	(117)	(32,499)
Impairment losses recognised	-	(117)
Write-down	117	32,499
At end of year	-	(117)

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20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost:		
Trade receivables	1,823,123	1,400,704
Bills receivable	123,188	30,000
	1,946,311	1,430,704
Impairment	(7,262)	(20,012)
	1,939,049	1,410,692
Financial assets at fair value through profit or loss:		
Trade receivables containing provisional pricing features	123,375	432,963
Financial assets at fair value through other comprehensive income:		
Bills receivable	321,643	43,299
Net carrying amount	2,384,067	1,886,954

Trade receivables containing provisional pricing features are exposed to future movements in market prices, which have contractual cash flow characteristics that are not solely payments of principal and interest and are therefore measured at fair value through profit or loss. This requires an assessment of the exposure of the underlying trade receivable to future movements in market prices at the date of initial recognition of such receivable. For those receivables that are not exposed to future movements in market prices, a further assessment of the business model for managing the receivables is required to determine the appropriate classification and measurement. The business model pertaining to those receivables that do not contain provisional pricing features is to hold the assets to collect the contractual cash flows and as such, these financial assets are classified as at "amortised cost".

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20. TRADE AND BILLS RECEIVABLES (CONTINUED)

The Group usually considers upfront payments or use of letters of credit. The final payment is usually paid within one month to three months and sometimes extended to one year, when the final commercial invoices are issued. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	1,593,458	1,370,100
3 to 6 months	175,985	1,250
6 to 12 months	36,699	9,342
Over 1 year	9,719	–
Total	1,815,861	1,380,692

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

	2025 RMB'000	2024 RMB'000
At beginning of year	20,012	18,514
Impairment losses, net (note 6)	2,098	1,488
Amount written off as uncollectible	(3,019)	–
Amount written off as transferred to long-term receivables	(11,856)	–
Exchange realignment	27	10
At end of year	7,262	20,012

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20. TRADE AND BILLS RECEIVABLES (CONTINUED)

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group raised a special allowance for bad debt of RMB16,223,000 for a customer in the previous year. During the year, the customer underwent a restructuring plan together with its related parties and transferred all its debts to a new entity. In October 2025, the Group agreed to waive RMB3,367,000 (including VAT tax of RMB386,000 which was deductible) of the debt and transferred the remaining RMB12,856,000 to the new entity, which will be paid in 12 annual installments with interest accrued annually at interest rate of 0.2%. The new entity repaid the principal amount of RMB1,000,000 and interest of RMB24,000 in the year 2025, which reversed the impairment losses. As at 31 December 2025, the Group transferred the remaining undiscounted balance of RMB11,856,000 to long-term receivables and raised full allowance for bad debt for the remaining balance in long-term receivables due to the uncertainty for collection. Impairment written off as uncollectible includes the above tax-exclusive amount of RMB2,981,000 waived under the restructuring plan less the interest of RMB24,000 received.

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20. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Current:	1,762,811	0.29%	5,041
Past due:			
Less than 3 months	57,346	1.39%	795
3 to 6 months	1,590	3.14%	50
6 to 12 months	—	—	—
Over 1 year	714	100.00%	714
	1,822,461		6,600
Individually identified as high expected credit loss rate	662	100.00%	662
	1,823,123	0.40%	7,262

As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Current:	1,314,406	0.15%	1,954
Past due:			
Less than 3 months	68,572	0.48%	332
3 to 6 months	—	—	—
6 to 12 months	—	—	—
Over 1 year	1,503	100.00%	1,503
	1,384,481		3,789
Individually identified as high expected credit loss rate	16,223	100.00%	16,223
	1,400,704	1.43%	20,012

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31 December 2025

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

At 31 December 2025, bills receivable of RMB321,643,000 (2024: RMB43,299,000), 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 of RMB123,188,000 (2024: RMB30,000,000) were measured at amortised cost.

As at 31 December 2025, the Group endorsed certain bills receivable accepted by certain banks in the PRC (the “Endorsed Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB92,443,000 (2024: RMB46,196,000) (the “Endorsement”). In addition, the Group discounted certain bills receivable accepted by certain banks in the PRC (the “Discounted Bills”) with a carrying amount in aggregate of RMB2,147,381,000 (2024: RMB2,693,693,000) (the “Discount”). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills and the Discounted Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”).

In the opinion of the directors, as at 31 December 2025, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Bills with amounts of RMB87,786,000 (2024: RMB46,196,000) and Discounted Bills with amounts of RMB2,030,850,000 (2024: RMB2,663,693,000) accepted by large and reputable banks (the “Derecognised Bills”). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Bills and the associated trade payables settled by the Endorsed Bills.

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.

The Group continued to recognise the full carrying amounts of the remaining Endorsed Bills and the associated trade payables settled with amounts of RMB4,657,000 as at 31 December 2025 (2024: nil). The Group recognised the proceeds received from the discount of the remaining Discounted Bills with an amount of RMB116,531,000 as short-term loans as at 31 December 2025 (2024: RMB30,000,000) because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Bills and Discounted Bills.

The Group’s bills receivable were all aged within six months and were neither past due nor impaired.

Notes to Financial Statements

31 December 2025

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Current		
Prepayments	332,805	445,994
Other receivables	145,456	171,881
Lease payments receivable (note 15)	2,653	2,557
Other current assets	605,726	552,615
	1,086,640	1,173,047
Impairment allowance	(12,019)	(9,807)
Total – current	1,074,621	1,163,240
Non-current		
Lease payments receivable (note 15)	2,585	5,238
Prepayments for property, plant and equipment	162,380	298,524
Total – non-current	164,965	303,762
Total	1,239,586	1,467,002

An impairment analysis is performed at the end of each reporting period. The Group has applied the general approach to providing for expected credit losses for other receivables and lease payments receivable under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

Notes to Financial Statements

31 December 2025

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

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

	Expected credit losses			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
At 1 January 2024	1,420	–	4,046	5,466
Impairment losses, net (note 6)	(839)	–	5,694	4,855
Amount written off as uncollectible	–	–	(622)	(622)
Exchange realignment	–	–	108	108
At 31 December 2024 and 1 January 2025	581	–	9,226	9,807
Impairment losses, net (note 6)	2,774	–	(357)	2,417
Exchange realignment	(5)	–	(200)	(205)
At 31 December 2025	3,350	–	8,669	12,019

At 31 December 2025, included in the Group's prepayments, other receivables and other assets were amounts due from the Group's related parties' advance purchase payments of RMB6,069,000 (2024: RMB552,000).

At 31 December 2025, included in the Group's Lease payments receivable is amount due from the Group's related parties of RMB1,712,000 (2024: RMB7,795,000).

Notes to Financial Statements

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 RMB'000	2024 RMB'000
Current assets		
Derivative financial instruments		
– interest rate swaps, at fair value	454	–
Non-current assets		
Derivative financial instruments		
– interest rate swaps, at fair value	–	6,344
Current liabilities		
Derivative financial instruments		
– interest rate swaps, at fair value	10,082	–

The non-current derivative financial instruments were interest rate swap agreements with ending dates varying from January 2026 until March 2026.

The interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rate swaps with losses amounting to RMB16,071,000 (2024: RMB45,566,000) were recognised in profit or loss during the year. For information about the methods and assumptions used in determining the fair value, please refer to note 38 to the financial statements.

Notes to Financial Statements

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23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	9,838,687	5,882,686
Less:		
Pledged for bank loans	(1,736,772)	–
Pledged deposits for bills payable	(3,251)	(14,496)
Pledged deposits for letters of credit and letters of guarantee	(726,574)	(834,062)
Others	(187)	(1,777)
Cash and cash equivalents	7,371,903	5,032,351
Denominated in:		
RMB	2,224,542	1,559,177
United States dollar (“USD”)	4,434,453	3,054,603
Hong Kong dollar (“HKD”)	275	293
Indonesian rupiah (“IDR”)	711,101	416,482
Singapore dollar (“SGD”)	1,532	1,796
Total cash and cash equivalents	7,371,903	5,032,351

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. The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to Financial Statements

31 December 2025

24. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	2,343,826	1,495,321
Bills payable	10,026	26,862
Total	2,353,852	1,522,183

The trade payables are non-interest-bearing and are normally settled within 90 days.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	1,270,381	840,356
3 to 6 months	303,968	84,713
6 to 12 months	437,658	246,384
1 to 2 years	154,350	156,386
Over 2 years	177,469	167,482
Total	2,343,826	1,495,321

Notes to Financial Statements

31 December 2025

25. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Current		
Taxes payable other than corporate income tax	76,674	188,495
Accrued payroll	441,331	297,976
Contract liabilities	11,677	12,012
Other accruals	55,048	26,446
Other payables	2,855,453	2,249,094
Deferred revenue	-	5,465
Total -current	3,440,183	2,779,488
Non-current		
Other Payables	700	-
Deferred revenue	8,343	3,444
Total – Non-current	9,043	3,444
Total	3,449,226	2,782,932

Other payables are non-interest-bearing and repayable on demand.

Notes to Financial Statements

31 December 2025

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – secured	3.80 – 3.96 & SOFR+2.7	2026	663,943
Bank borrowings – unsecured	0.78 – 4.60 & SOFR+1	2026	5,984,804
Current portion of long term bank borrowings – secured	LPR & 3.4 & 3.3 & LPR + 0.05	2026	909,932
Current portion of long term bank borrowings – unsecured	2.7 & 3.5 & SOFR+1.25	2026	1,073,844
Total – current			<u>8,632,523</u>
Non-current			
Bank borrowings – secured	LPR & LPR + 0.05 & LPR + 0.75 & SOFR+2.7	2027 – 2038	<u>9,972,200</u>
Total			<u>18,604,723</u>
As at 31 December 2024			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – secured	1.09-5.81	2025	803,077
Bank borrowings – unsecured	1.7-4.3	2025	5,705,470
Current portion of long term bank borrowings – secured	SOFR + 1.15 & 1.25 & LPR & LPR+ 0.05	2025	<u>1,373,721</u>
Total – current			<u>7,882,268</u>
Non-current			
Bank borrowings – secured	SOFR + 1.15 & 1.25 & LPR & LPR+ 0.05	2026-2034	<u>5,950,472</u>
Total			<u>13,832,740</u>

Notes to Financial Statements

31 December 2025

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	8,632,523	7,882,268
In the second year	1,121,452	1,846,255
In the third year	1,165,654	900,726
In the fourth year	1,189,456	911,789
In the fifth year	1,185,304	922,718
Beyond five years	5,310,334	1,368,984
Total	18,604,723	13,832,740

Notes:

- (a) Certain of the Group's bank loans are secured by:
- (i) mortgages over the Group's buildings situated in Chinese mainland and Indonesia, which had an aggregate net carrying value of RMB6,339,140,000 (2024: RMB23,183,000) (note 13);
 - (ii) mortgages over the Group's plant and machinery, electronic and office equipment, motor vehicles and construction in progress with an aggregate net carrying value of approximately RMB10,278,827,000 (2024: RMB2,698,208,000) (note 13);
 - (iii) mortgages over the Group's investment properties situated in Chinese mainland, which had an aggregate net carrying value of RMB188,876,000 (2024: RMB65,736,000) (note 14);
 - (iv) mortgages over the Group's leasehold lands situated in Chinese mainland, which had an aggregate net carrying value of RMB492,384,000 (2024: RMB380,816,000) (note 15).
 - (v) mortgages over the Group's inventories situated in Indonesia, which had an aggregate net carrying value of RMB1,232,409,000 (2024: nil) (note 19).
 - (vi) mortgages over the Group's accounts receivable, which had an aggregate net carrying value of RMB183,982,000 (2024: nil) (note 20).
- (b) The Group's pledged time deposits, which had an aggregate net carrying value of approximately RMB1,736,722,000 (2024: nil) were pledged to secure the Group's bank loans (note 23).
- (c) PT. Harita Jayaraya ("HJR"), a related party of the Group, has guaranteed the Group's the long-term bank borrowings of up to RMB10,608,629,000 as at 31 December 2025 (2024: RMB5,281,377,000).
- (d) TBP, a related party of the Group, pledged its holding shares of subsidiaries of the Group to secure the Group's long-term bank borrowings of up to RMB10,608,629,000 as at 31 December 2025 (2024: RMB5,281,377,000).

Notes to Financial Statements

31 December 2025

27. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2025 RMB'000	2024 RMB'000
Sale of nickel products	87,521	89,337
Others	48,756	49,792
Total	136,277	139,129

Contract liabilities include short-term advances received to deliver nickel products, equipment and others, and to provide shipping services. The decrease in contract liabilities in 2025 was mainly due to the fluctuation in advances received from customers in relation to the provision of nickel products during the year.

At 31 December 2025, included in the Group's contract liabilities were amounts due to the Group's related parties of RMB7,836,000 (31 December 2024: RMB13,296,000), which are trade in nature.

Notes to Financial Statements

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28. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

Deferred tax assets

	Accrued expenses	Impairment of financial assets	Unrealised profit attributable to the intra-group transactions	Depreciation in excess of related depreciation	Lease liabilities	Changes in fair value of financial liabilities at fair value through profit or loss	Estimated employees' benefits	liabilities for tax loss	Deferred revenue	Impairment of inventories	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	-	3,958	29,513	-	36,747	191	7,697	45,068	2,113	8,125	133,412
Deferred tax credited/(charged) to profit or loss during the year (note 10)	-	1,706	59,210	24	(24,920)	(47)	2,793	(45,068)	114	(8,096)	(14,284)
Exchange realignment	-	(695)	-	-	-	-	(234)	-	-	-	(929)
At 31 December 2024 and 1 January 2025	-	4,969	88,723	24	11,827	144	10,256	-	2,227	29	118,199
Deferred tax credited/(charged) to profit or loss during the year (note 10)	15,279	(1,196)	100,567	584	(9,267)	293	3,428	-	(141)	(29)	109,518
Exchange realignment	(618)	-	-	-	-	-	(582)	-	-	-	(1,200)
Gross deferred tax assets at 31 December 2025	14,661	3,773	189,290	608	2,560	437	13,102	-	2,086	-	226,517

Notes to Financial Statements

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28. DEFERRED TAX (CONTINUED)

The movements in deferred tax liabilities during the year are as follows:

Deferred tax liabilities

	Share of an associate <i>RMB'000</i>	Finance lease receivables <i>RMB'000</i>	Right-of- use assets <i>RMB'000</i>	Withholding tax <i>RMB'000</i>	Revaluation of property, plant and equipment <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	–	27,629	10,217	2,560	369	40,775
Deferred tax charged/(credited) to profit or loss during the year (note 10)	87,355	(17,528)	(7,233)	317,537	(102)	380,029
At 31 December 2024 and 1 January 2025	87,355	10,101	2,984	320,097	267	420,804
Deferred tax charged/(credited) to profit or loss during the year (note 10)	104,632	(8,792)	(836)	177,094	(7)	272,091
Gross deferred tax liabilities at 31 December 2025	191,987	1,309	2,148	497,191	260	692,895

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	204,111	106,372
Net deferred tax liabilities recognised in the consolidated statement of financial position	670,489	408,977

Notes to Financial Statements

31 December 2025

28. DEFERRED TAX (CONTINUED)

Deferred tax liabilities (Continued)

At 31 December 2025, the Group has tax losses arising in Chinese mainland of RMB86,702,000 (2024: RMB50,392,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised except the Company.

In the opinion of the directors, it is not probable that these companies will distribute such earnings generated before the end of year 2023 in the foreseeable future. As at 31 December 2025, the aggregate amount of temporary differences associated with investments in subsidiaries in Indonesia for which deferred tax liabilities have not been recognised totalled approximately RMB2,791,112,000 (2024: RMB2,791,112,000).

29. EMPLOYEE BENEFITS LIABILITY

HPL, ONC, KPS, DCM, BMS and CKM, subsidiaries of the Group, provide post-employment benefits to their employees in conformity with the requirements of Indonesia's Labor Law No. 13/2003 dated 25 March 2003. HPL, ONC, KPS, DCM, BMS and CKM recorded the estimated liabilities for employees' benefits as at 31 December 2025 based on the actuarial calculation prepared by Kantor Konsultan Aktuaria Tubagus Syafrial & Amran Nangasan, an independent actuary, which applied the "Projected Unit Credit" method.

Key assumptions used for actuarial calculation are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Discount rate	4.80%-7.20%	6.96%-7.14%
Mortality table	TMI-IV 2019	TMI-IV 2019
Retirement age	55.6 years	55.6 years
Annual salary increase rate	5-10%	10.00%

Notes to Financial Statements

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29. EMPLOYEE BENEFITS LIABILITY (CONTINUED)

Analysis of estimated liabilities for employees' benefits and the total expenses recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the post-employment benefits to the employees is as follows:

a. Estimated liabilities for employees' benefits

	2025 RMB'000	2024 RMB'000
Present value of employees' benefit obligation	59,556	46,461
Net liabilities recognised in the statement of financial position	59,556	46,461

b. Employee benefit expense

	2025 RMB'000	2024 RMB'000
Current service cost	20,392	18,577
Interest costs	2,741	1,963
Curtailment effect	(6,836)	(5,180)
Past service cost	5,037	23
Actuarial gains on obligations	(509)	(121)
Employee benefit expense for the year	20,825	15,262

Notes to Financial Statements

31 December 2025

29. EMPLOYEE BENEFITS LIABILITY (CONTINUED)

Analysis of estimated liabilities for employees' benefits and the total expenses recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the post-employment benefits to the employees is as follows: (continued)

c. Change in liabilities of employees' benefits

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Beginning balance	46,461	34,868
Employee benefit expense for the year	20,825	15,262
Benefits paid	(2,816)	(664)
Foreign exchange difference and others	(4,914)	(3,005)
Ending balance	59,556	46,461

Sensitivity analysis to the key assumptions used in determining employee benefit obligations is as follows:

	Discount rate			
	1% increase 2024 <i>RMB'000</i>	1% decrease 2024 <i>RMB'000</i>	1% increase 2025 <i>RMB'000</i>	1% decrease 2025 <i>RMB'000</i>
Impact on the defined benefit obligations	(6,955)	6,282	(4,832)	2,782

	Salary Increase Rate			
	1% increase 2024 <i>RMB'000</i>	1% decrease 2024 <i>RMB'000</i>	1% increase 2025 <i>RMB'000</i>	1% decrease 2025 <i>RMB'000</i>
Impact on the defined benefit obligations	6,326	(7,052)	2,862	(7,972)

The sensitivity analysis above has been determined based on a deterministic method to value the impact on the benefit obligations as a result of reasonable changes in key assumptions occurring at 31 December 2024 and 2025.

Notes to Financial Statements

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29. EMPLOYEE BENEFITS LIABILITY (CONTINUED)

c. Change in liabilities of employees' benefits (Continued)

The following payments are expected contributions to the benefit obligations in future years:

	2025 RMB'000	2024 RMB'000
Within the next 12 months	5,216	272
Between 1 and 2 years	4,934	1,346
Between 3 and 5 years	19,869	10,315
Between 6 and 10 years	436,234	39,211
Beyond 10 years	4,006,734	3,388,338
Total	4,472,987	3,439,482

At 31 December 2025, the average duration of the benefit obligations of HPL was 21.40 years (2024: 21.71 years); the average duration of the benefit obligations of ONC was 23.80 years (2024: 24.50 years); the average duration of the benefit obligations of KPS was 22.77 years (2024: 25.51 years); the average duration of the benefit obligations of DCM was 23.12 years (2024: 16.10 years); the average duration of the benefit obligations of BMS was 19.87 years (2024: 25.51 years); and the average duration of the benefit obligations of CKM was 24.65 years (2024: N/A)

30. SHARE CAPITAL

Share capital

	Number of ordinary shares	Total RMB'000
Issued and fully paid as at 31 December 2024, 1 January 2025 and 31 December 2025	1,555,931	1,555,931

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31 December 2025

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Share premium

The share premium of the Group represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company in September 2021 and the share premium raised from the Company's initial public offering and over-allotment option in December 2022 and equity-settled share award arrangements recognised in 2024.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

Statutory surplus reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Safety production reserve

The Group has appropriated a certain amount of profit to the safety production reserve fund for the purposes of safety production expense purposes as required by directives issued by the relevant PRC government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of special reserve fund was utilised and transferred back to accumulated losses.

Other reserves

Other reserves of the Group mainly arose from capital injection of other shareholders to associates, which represented the excess of the Group's share of net assets of the associates after the capital injection.

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32. SHARE-BASED PAYMENT

On 20 October 2021, the board of directors of the Company passed a resolution in relation to a pre-IPO share incentive scheme, to issue 25,915,000 domestic shares (“Restricted Domestic Shares”) to the eligible employees (including directors and supervisors) in order to provide incentives and rewards to participants for the business development of the Group. The Restricted Domestic Shares were subscribed to participants at the price of RMB3.02 per share through four employee incentive platforms.

There are service periods requirements, but no performance target requirements for the shares granted. If the eligible participant resigns during the period of service periods, the management committee of the employee incentive platforms shall have the right (but not the obligation) to purchase his/her share at cost plus market interest. These Restricted Domestic Shares granted will be unlocked over a four-year period, with up to 25%, 25%, 25% and 25% of the awards unlocking on the first, second, third and fourth anniversary dates of 12 months immediately following the date of the Company’s listing of H shares from 20 December 2022.

Due to the resignation of some incentive recipients, the employee incentive platform repurchased shares from resigned employees (“resignation shares”). In 2024 and 2025, the management committee of the employee incentive platform granted 1,200,000 shares and 630,000 shares of the company to the company’s directors, with grant price ranges of RMB3.59-3.65 per share and RMB3.02-3.81 per share, respectively. The shares granted are not subject to any vesting period or performance conditions and can be exercised immediately. The above prices are all lower than the Company’s stock closing price on the Stock Exchange on the grant date, and therefore are regarded as share-based payments. The fair value of the share granted ranges of RMB9.19 per share in the year 2025 (2024: RMB4.69-6.8 per share).

During the year, share award expense of RMB3,576,000 (2024: RMB2,344,000) was charged to profit or loss.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB847,000 (2024: RMB9,810,000) and RMB847,000 (2024: RMB9,810,000), respectively, in respect of lease arrangements for office premises.

During the year, HPL, ONC and KPS had non-cash additions of construction in progress from capitalisation of depreciation of fixed assets of RMB9,806,000 (2024: RMB38,356,000).

During the year, the Group netted off the discounted Bills with an amount of RMB30,000,000 with short-term loans.

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33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

2025

	Due to a related party and other payables <i>RMB'000</i>	Interest- bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payable <i>RMB'000</i>
At 1 January 2025	367,523	13,832,740	19,577	-
Changes from financing cash flows	(366,446)	3,939,723	(10,633)	(1,400,776)
New leases	-	-	847	-
Dividend paid	-	-	-	-
Interest accrued	1,608	798,137	541	-
Dividend accrued	-	-	-	1,400,776
Early termination	-	-	-	-
Non-cash settlement	-	(30,000)	-	-
Exchange realignment	(2,685)	64,123	(63)	-
At 31 December 2025	-	18,604,723	10,269	-

2024

	Due to a related party and other payables <i>RMB'000</i>	Interest- bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payable <i>RMB'000</i>
At 1 January 2024	-	11,465,565	66,715	-
Changes from financing cash flows	359,420	1,532,189	(19,317)	-
New leases	-	-	9,810	-
Dividend paid	-	-	-	(953,112)
Interest accrued	8,103	747,348	2,168	-
Dividend accrued	-	-	-	953,112
Early termination	-	-	(39,673)	-
Exchange realignment	-	87,638	(126)	-
At 31 December 2024	367,523	13,832,740	19,577	-

Notes to Financial Statements

31 December 2025

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	312,153	43,355
Within financing activities	10,633	19,317
Total	322,786	62,672

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	4,242,296	6,498,669

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS

Name	Relationship
HJF	An associate
HJF International Trading (Ningbo) Co., Ltd. ("HJF NB")	An associate
MJM*	An associate
Lygend Investment	The holding company
TBP	Shareholder of HPL, which has significant influence
PT. Megah Surya Pertiwi ("MSP")	Entity under common control of TBP
HJR	Parent entity of TBP, Entity under common control of HJR
PT. Gane Permai Sentosa ("GPS")	Entity under common control of HJR
PT. Antar Sarana Rekas ("ASR")	Entity under common control of HJR's ultimate beneficial owner
PT Gema Selaras Perkasa ("GSP")	Entity under common control of HJR's ultimate beneficial owner
LSJ	Entity under common control of HJR
PT. Pesona Khatulistiwa Nusantara ("PKN")	Entity under common control of HJR
PT. Mitra Kemakmuran Line ("MKL")	Entity under common control of HJR
Zhejiang Yongcheng Construction Co., Ltd. ("Yongcheng")	Subsidiary of the holding company
Ningbo Lihua Port Machinery Heavy Industry Co., Ltd. ("Lihua")	Subsidiary of the holding company
PT. Hasta Panca Mandiri Utama ("HPMU")	Entity under common control of HJR
PT. Bangunan Teknik Group ("BTG")	Subsidiary of the holding company
PT. Marina Bara Lestari ("MBL")	Entity under common control of HJR
PT. Mitra Sinar Maritim ("MSM")	Entity under common control of HJR
PT. Obi Sinar Timur ("OST")	Entity under common control of HJR
PT. Kalimantan Aluminium Industry ("KAI")	Associates of the holding company
PT. Cipta Kemakmuran Mitra ("CKM")	A subsidiary
Lim Liana Sarwono	A close family member of the ultimate controlling party of HJR
PT. Gane Tambang Sentosa ("GTS")	Entity under common control of HJR
PT. Budhi Jaya Mineral ("BJM")	Entity under common control of HJR
PT. Jikodolong Megah Pertiwi ("JMP")	Entity under common control of HJR
PT. Obi Anugerah Mineral ("OAM")	Entity under common control of HJR

* MJM became an associate on 30 May 2024.

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in the financial statements as stated in notes 11, 15, 21, 26 and 27, the Group had the following transactions with related parties during the year:

	Note	2025 RMB'000	2024 RMB'000
Sale of goods and services to:			
HJF NB	(i)	271	504
Lygend Investment	(i)	197	200
BTG	(i)	178	–
HJF	(i)	1,922,375	1,234,561
HPMU	(i)	127	–
OST	(i)	56,110	73,812
KAI	(i)	24,099	1,276
TBP	(i)	1,038	–
GPS	(i)	80	–
MSP	(i)	49,444	36,317
Total		2,053,919	1,346,670
Rental income recognised relating to operating lease:			
HJF NB	(i)	6	–
Rental income recognised relating to finance lease:			
HJF NB	(i)	1,240	3,714
Lygend Investment	(i)	840	1,423
Total		2,080	5,137
Finance income recognised relating to finance lease:			
HJF NB	(i)	101	397
Lygend Investment	(i)	78	159
Total		179	556

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in the financial statements as stated in notes 11, 15, 21, 26 and 27, the Group had the following transactions with related parties during the year:
 (Continued)

	Note	2025 RMB'000	2024 RMB'000
Purchase of goods and services from:			
TBP	(i)	1,897,644	1,060,962
LSJ	(i)	52	134
MSP	(i)	210,523	786,116
ASR	(i)	306	12,887
MKL	(i)	2,701	11,191
GPS	(i)	914,661	691,785
GSP	(i)	12,076	6,842
Yongcheng	(i)	6,551	41,898
BTG	(i)	269,098	430,664
OST	(i)	1,928,962	222,109
MSM	(i)	5,240	11,662
MJM	(i)	31,100	19,654
HPMU	(i)	174	15
HJF	(i)	6,429,967	8,259,481
MBL	(i)	59,639	160,441
PKN	(i)	369,509	–
GTS	(i)	35,413	–
Lihua	(i)	–	48,102
Total		12,173,616	11,763,943
Payment on behalf of by:			
GPS	(ii)	2,982	–
HJF	(ii)	294	–
HJR	(ii)	1	–
MSP	(ii)	88	81
OST	(ii)	4,243	–
TBP	(ii)	38,565	–
MBL	(ii)	43	–
MSM	(ii)	–	–
GTS	(ii)	2	–
Total		46,218	81

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in the financial statements as stated in notes 11, 15, 21, 26 and 27, the Group had the following transactions with related parties during the year:
(Continued)

	Note	2025 RMB'000	2024 RMB'000
Payment on behalf of:			
GPS	(ii)	15	–
HJF	(ii)	3,296	–
MSP	(ii)	455	–
OST	(ii)	864	–
TBP	(ii)	751	–
MBL	(ii)	–	–
MKL	(ii)	43	–
GTS	(ii)	13	–
JMP	(ii)	2	–
OAM	(ii)	2	–
Total		5,441	–
Loans to:			
HJF NB	(iii)	–	3,495
Loans from:			
HJR	(iv)	–	359,420

Notes:

- (i) The purchases from and sales to the related parties were made according to the published prices and conditions between the Group and its major customers and suppliers.
- (ii) The payment on behalf of and on behalf of by the related parties were reimbursements for miscellaneous site expenses.
- (iii) The loans to HJF NB bear interest at the rate of 3.35%-3.45% per annum. As at 31 December 2024, all the loans have been collected.
- (iv) The loans from HJR bear interest at the rate of 5% per annum. The balance was unsecured and repayable on demand. As at 31 December 2025, all the loans has been collected.

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties:

As at 31 December 2025, the Company has guaranteed certain of the bank borrowings made to its associate, HJF, CBL and MJM, amounting to nil, RMB216,000,000 and nil (2024: nil, RMB216,000,000 and RMB5,306,000). The above bank borrowings were also jointly guaranteed by the other shareholders of the associates, respectively. The Company's shareholdings in HJF, CBL and MJM have also been pledged to secure the above bank borrowings, respectively.

In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Company are insignificant at initial recognition as at 31 December 2025 and 2024, accordingly, no value has been recognised at the inception of the guarantee contracts and on the consolidated statement of financial position as at 31 December 2025 and 2024. The directors of the Company consider that the loss rate of these guarantees is low.

HPL entered into agreements which are effective from 12 April 2021 to 31 December 2030 with GPS and TBP to purchase nickel ore for HPL's production. While as at 31 December 2025, the purchase quantity agreed upon with GPS and TBP in the agreement has been completed ahead of schedule.

HPL entered into an agreement with TBP for the payment of levy related to the use of certain land located on the Obi Island, Indonesia, which includes the license (IPPKH – Izin Pinjam Pakai Kawasan Hutan) obtained by TBP from the government to permit TBP to operate in OBI Island. The payment is calculated with reference to the area of land used by HPL and the rate of fees charged by the relevant local government authority in Indonesia.

On 26 August 2024, Lygend Headquarter and Lygend Investment have entered into the transfer agreement, pursuant to which Lygend Headquarter agreed to transfer the land use right of the target land and the construction works thereon that are in progress in Ningbo, Zhejiang, China, to Lygend Investment at a consideration of RMB57,163,000.

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties:

	Notes	2025 RMB'000	2024 RMB'000
Due from the holding company:			
Lygend Investment	(i)	-	6
Due from associates:			
HJF	(i)	338,540	290,985
HJF NB	(i)	-	304
Impairment		(931)	-
Net carrying amount		337,609	291,289

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties: (Continued)

	Note	2025 RMB'000	2024 RMB'000
Due from related parties:			
TBP	(ii)	522	534
TBP	(i)	274	–
MSP	(i)	965	2,054
OST	(i)	5,508	4,189
HPMU	(i)	11	–
BTG	(i)	18	–
GPS	(i)	21	–
KAI	(i)	4,629	–
Lim Liana Sarwono	(i)	11	–
		11,959	6,777
Impairment		(82)	–
Net carrying amount		11,877	6,777
Due to associates:			
HJF	(i)	68,165	471,015
MJM	(i)	2,055	3,149
Total		70,220	474,164
Due to related parties:			
TBP	(i)	232,684	203,667
TBP	(iii)	–	57,056
GSP	(i)	2,033	2,195
ASR	(i)	1,479	1,343
GPS	(i)	88,950	23,293
MKL	(i)	2,299	2,651
Yongcheng	(i)	22,133	26,808
BTG	(i)	278,780	130,319
MBL	(i)	14,902	11,543
HJR	(iv)	–	360,056
MSM	(i)	2,944	2,916
Lihua	(i)	9,502	29,152
OST	(i)	577,093	97,214
GTS	(i)	13,680	–
PKN	(i)	31,462	–
Lim Liana Sarwono		166	–
Total		1,278,107	948,213

Notes to Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties: (Continued)

Notes:

- (i) The balances with related parties are trade in nature.
- (ii) The balance represents a capital contribution receivable for 25% of the authorised capital of subsidiaries of the Group under the laws of Indonesia, which is non-trade in nature.
- (iii) The balance represents an advanced capital injection from an non-controlling shareholder.
- (iv) The balance represents the loans from HJR including interest at the rate of 5% per annum.

Other outstanding balances with related parties were non-trade in nature.

(d) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	37,508	29,549
Performance related bonuses	93,841	79,237
Equity-settled share award expense	3,576	2,344
Pension scheme contributions	374	311
Total compensation paid to key management personnel	135,299	111,441

Further details of directors' emoluments are included in note 8 to the financial statements.

Notes to Financial Statements

31 December 2025

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Percentage of equity interest held by non-controlling interests:		
HPL	45.1%	45.1%
ONC	40.0%	40.0%
Accumulated balances of non-controlling interests:		
HPL	5,094,628	4,087,191
ONC	1,832,021	1,868,192
Profit for the year allocated to non-controlling interests:		
HPL	963,431	801,887
ONC	861,248	706,723

Notes to Financial Statements

31 December 2025

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2025

	HPL <i>RMB'000</i>	ONC <i>RMB'000</i>
Current assets	4,652,897	3,054,843
Non-current assets	8,846,180	7,950,203
Current liabilities	1,953,625	2,369,173
Non-current liabilities	40,168	4,055,821
	HPL <i>RMB'000</i>	ONC <i>RMB'000</i>
Revenue	7,699,703	7,355,560
Other income	12	-
Total expenses	(5,563,505)	(5,202,440)
Profit for the year	2,136,210	2,153,120
Other comprehensive income/(loss) for the year	(241,641)	(103,047)
Dividends	-	(2,140,500)
Net cash flows from operating activities	3,039,979	4,262,970
Net cash flows used in investing activities	(820,663)	(288,935)
Net cash flows used in financing activities	(582,609)	(2,899,083)
Net increase in cash and cash equivalents	1,580,917	1,050,153

Notes to Financial Statements

31 December 2025

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (Continued)

2024

	HPL <i>RMB'000</i>	ONC <i>RMB'000</i>
Current assets	2,994,697	2,892,447
Non-current assets	8,932,106	8,315,381
Current liabilities	1,970,963	1,671,607
Non-current liabilities	893,331	4,865,743
	HPL <i>RMB'000</i>	ONC <i>RMB'000</i>
Revenue	7,106,273	3,704,554
Other income	68,197	123,620
Total expenses	(5,396,450)	(2,061,368)
Profit for the year	1,778,020	1,766,806
Other comprehensive income for the year	133,672	45,037
Dividends	(641,926)	–
Net cash flows from operating activities	2,408,270	25,019
Net cash flows used in investing activities	(361,652)	(2,330,328)
Net cash flows (used in)/from financing activities	(3,661,625)	2,516,629
Net (decrease)/increase in cash and cash equivalents	(1,249,494)	210,404

Notes to Financial Statements

31 December 2025

37. 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:

Financial assets

2025

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such upon initial recognition <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Debt investments <i>RMB'000</i>	Total <i>RMB'000</i>
Trade receivables	123,375	1,815,861	-	1,939,236
Bills receivable	-	123,188	321,643	444,831
Financial assets included in prepayments, other receivables and other assets	-	138,675	-	138,675
Due from related parties	-	349,486	-	349,486
Derivative financial instruments	454	-	-	454
Pledged deposits	-	2,466,784	-	2,466,784
Cash and cash equivalents	-	7,371,903	-	7,371,903
Total	123,829	12,265,897	321,643	12,711,369

Notes to Financial Statements

31 December 2025

37. 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)

Financial assets (Continued)

2024

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value other comprehensive income	Total
	Mandatorily designated as such <i>RMB'000</i>		Debt investments <i>RMB'000</i>	
Trade receivables	432,963	1,380,692	–	1,813,655
Bills receivable	–	30,000	43,299	73,299
Financial assets included in prepayments, other receivables and other assets	–	169,869	–	169,869
Due from related parties	–	298,072	–	298,072
Derivative financial instruments	6,344	–	–	6,344
Pledged deposits	–	850,335	–	850,335
Cash and cash equivalents	–	5,032,351	–	5,032,351
Total	439,307	7,761,319	43,299	8,243,925

Notes to Financial Statements

31 December 2025

37. 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)

Financial liabilities

2025

	Financial liabilities at fair value through profit or loss		
	Mandatorily designated as such	Financial liabilities at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills payables	-	2,353,852	2,353,852
Financial liabilities included in other payables and accruals	-	2,855,453	2,855,453
Derivative financial instruments	10,082	-	10,082
Interest-bearing bank and other borrowings	-	18,604,723	18,604,723
Due to related parties	-	1,348,327	1,348,327
Total	10,082	25,162,355	25,172,437

2024

	Financial liabilities at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills payables	1,522,183	1,522,183
Financial liabilities included in other payables and accruals	2,249,094	2,249,094
Interest-bearing bank and other borrowings	13,832,740	13,832,740
Due to related parties	1,365,321	1,365,321
Total	18,969,338	18,969,338

Notes to Financial Statements

31 December 2025

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, trade receivables, pledged deposits, trade and bills payables, the current portion of interest-bearing bank and other borrowings, financial liabilities included in other payables and accruals, and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company periodically for 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 following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings 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 borrowings as at 31 December 2025 were assessed to be insignificant. All the carrying amounts of the Group's non-current portion of interest-bearing bank borrowings approximate to their fair values.

Notes to Financial Statements

31 December 2025

38. 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

	Financial assets at fair value through other comprehensive income			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Trade receivables containing provisional pricing features	-	123,375	-	123,375
Bills receivable measure at fair value	-	321,643	-	321,643
Derivative financial instruments	-	454	-	454
Total	-	445,472	-	445,472

Notes to Financial Statements

31 December 2025

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:
(Continued)

Assets measured at fair value: (Continued)

As at 31 December 2024

	Financial assets at fair value through other comprehensive income			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Trade receivables containing provisional pricing features	–	432,963	–	432,963
Bills receivable measure at fair value	–	43,299	–	43,299
Derivative financial instruments	–	6,344	–	6,344
Total	–	482,606	–	482,606

Liabilities measured at fair value:

As at 31 December 2025, there is no financial liabilities measured at fair value. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: nil).

Notes to Financial Statements

31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are Interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage the mix in a cost-effective manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2025, after taking into account the effect of the interest rate swaps, approximately 33% (2024: 44%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in RMB interest rate, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's equity.

Notes to Financial Statements

31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit after tax <i>RMB'000</i>	(Decrease)/ increase in equity <i>RMB'000</i>
31 December 2025			
RMB	5	(2,606)	(2,606)
RMB	(5)	2,606	2,606
USD	5	(403)	(403)
USD	(5)	403	403
	Increase/ (decrease) in basis points	(Decrease)/ increase in profit after tax <i>RMB'000</i>	(Decrease)/ increase in equity <i>RMB'000</i>
31 December 2024			
RMB	5	(2,745)	(2,745)
RMB	(5)	2,745	2,745
USD	5	(63)	(63)
USD	(5)	63	63

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 62.14% (2024: 41.5%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 74.63% (2024: 83.35%) of costs were denominated other than the units' functional currencies.

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

Notes to Financial Statements

31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity as at the end of reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit after tax and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2025			
If the RMB weakens against the USD	5	353,616	353,616
If the RMB strengthens against the USD	(5)	(353,616)	(353,616)
If the RMB weakens against the HKD	5	2	2
If the RMB strengthens against the HKD	(5)	(2)	(2)
If the RMB weakens against the IDR	5	3,192	3,192
If the RMB strengthens against the IDR	(5)	(3,192)	(3,192)
31 December 2024			
If the RMB weakens against the USD	5	431,586	431,586
If the RMB strengthens against the USD	(5)	(431,586)	(431,586)
If the RMB weakens against the HKD	5	3	3
If the RMB strengthens against the HKD	(5)	(3)	(3)
If the RMB weakens against the IDR	5	(1,920)	(1,920)
If the RMB strengthens against the IDR	(5)	1,920	1,920

Notes to Financial Statements

31 December 2025

39. 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 ageing 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.

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*	-	-	-	1,946,498	1,946,498
Bills receivable**	123,188	-	-	-	123,188
Financial assets included in prepayments, other receivables and other assets					
– Normal**	150,694	-	-	-	150,694
Due from related parties					
– Normal**	532	-	-	348,954	349,486
Pledged deposits					
– Normal**	2,466,784	-	-	-	2,466,784
Cash and cash equivalents					
– Not yet past due	7,371,903	-	-	-	7,371,903
Total	10,113,101	-	-	2,295,452	12,408,553

Notes to Financial Statements

31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total <i>RMB'000</i>
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Simplified approach <i>RMB'000</i>	
Trade receivables*	–	–	–	1,833,667	1,833,667
Bills receivable**	30,000	–	–	–	30,000
Financial assets included in prepayments, other receivables and other assets					
– Normal**	179,676	–	–	–	179,676
Due from related parties					
– Normal**	535	–	–	297,537	298,072
Pledged deposits					
– Normal**	850,335	–	–	–	850,335
Cash and cash equivalents					
– Not yet past due	5,032,351	–	–	–	5,032,351
Total	6,092,897	–	–	2,131,204	8,224,101

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the bills receivable, financial assets included in prepayments, other receivables and other assets, pledged deposits and amounts due from related parties are 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 20 to the financial statements.

Notes to Financial Statements

31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing loans.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2025				
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	More than 1 years RMB'000	Total RMB'000
Trade and bills payables	2,012,007	341,845	-	-	2,353,852
Financial liabilities included in other payables and accruals	2,855,453	-	-	-	2,855,453
Lease liabilities	-	1,189,189	6,104,601	3,302,199	10,595,989
Due to related parties	1,348,327	-	-	-	1,348,327
Financial guarantee contracts	-	-	193,917	22,083	216,000
Interest-bearing bank and other borrowings	-	971,709	7,663,972	10,157,513	18,793,194
Total	6,215,787	2,502,743	13,962,490	13,481,795	36,162,815

Notes to Financial Statements

31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	As at 31 December 2024				Total <i>RMB'000</i>
	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	More than 1 years <i>RMB'000</i>	
Trade and bills payables	1,171,452	350,731	–	–	1,522,183
Financial liabilities included in other payables and accruals	2,249,094	–	–	–	2,249,094
Lease liabilities	–	1,619	8,804	9,975	20,398
Due to related parties	1,365,321	–	–	–	1,365,321
Financial guarantee contracts	–	541	87,428	133,337	221,306
Interest-bearing bank and other borrowings	–	5,485,974	2,553,200	6,094,380	14,133,554
Total	4,785,867	5,838,865	2,649,432	6,237,692	19,511,856

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

Notes to Financial Statements

31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (Continued)

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest-bearing bank and other borrowings	18,604,723	13,832,740
Trade and bills payables	2,353,852	1,522,183
Lease liabilities	10,269	19,577
Other payables and accruals	3,440,183	2,779,488
Due to related parties	1,348,327	1,422,377
Less: Cash and cash equivalents	7,371,903	5,032,351
Pledged deposits	2,466,784	850,335
Net debt	15,918,667	13,693,679
Equity attributable to owners of the parent	12,728,985	10,758,904
Capital and net debt	28,647,652	24,452,583
Gearing ratio	56%	56%

40. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in notes 13, 14, 15, 23 and 26, respectively, to the financial statements.

Notes to Financial Statements

31 December 2025

41. 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
NON-CURRENT ASSETS		
Property, plant and equipment	19,650	18,502
Intangible assets	6,149	17,692
Right-of-use assets	1,959	2,439
Deferred tax assets	–	16,137
Interests in associates	1,526,139	1,155,443
Prepayments, other receivables and other assets	3,928	8,951
Investments in subsidiaries	7,734,019	6,862,757
Total non-current assets	9,291,844	8,081,921
CURRENT ASSETS		
Inventories	717,980	439,898
Trade and bills receivables	395,474	1,070,703
Prepayments, other receivables and other assets	68,896	181,959
Due from subsidiaries	1,321,832	1,603,091
Due from related parties	–	277
Pledged deposits	249,791	481,079
Cash and cash equivalents	1,048,772	1,842,208
Total current assets	3,802,745	5,619,215
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	3,328,722	3,553,333
Trade and bills payables	707,368	551,787
Lease liabilities	4,313	4,040
Other payables and accruals	70,096	80,807
Contract liabilities	60,398	54,250
Income tax payable	164,951	80,081
Due to related parties	68,165	385,300
Due to subsidiaries	966,936	2,161,055
Total current liabilities	5,370,949	6,870,653
NET CURRENT LIABILITIES	(1,568,204)	(1,251,438)

Notes to Financial Statements

31 December 2025

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2025 RMB'000	2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	7,723,640	6,830,483
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	–	99,990
Lease liabilities	307	4,017
Other payables and accruals	4,899	–
Deferred tax liabilities	173,258	88,254
Total non-current liabilities	178,464	192,261
Net assets	7,545,176	6,638,222
EQUITY		
Share capital	1,555,931	1,555,931
Reserves (note)	5,989,245	5,082,291
Total equity	7,545,176	6,638,222

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Exchange fluctuation reserves RMB'000	Statutory surplus reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000
At 2023 and 1 January 2024	3,806,997	55,356	179,173	–	586,526	4,628,052
Profit for the year	–	–	–	–	746,433	746,433
Share of other comprehensive income of associates	–	16,648	–	–	–	16,648
Total comprehensive income for the year	–	16,648	–	–	746,433	763,081
Equity-settled share award arrangements	–	–	–	2,344	–	2,344
Dividends declared	–	–	–	–	(311,186)	(311,186)
Transfer to statutory reserve	–	–	74,643	–	(74,643)	–
At 31 December	3,806,997	72,004	253,816	2,344	947,130	5,082,291

Notes to Financial Statements

31 December 2025

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: (Continued)

A summary of the Company's reserves is as follows: (Continued)

	Share premium account <i>RMB'000</i>	Exchange fluctuation reserves <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2024 and 1 January 2025	3,809,341	72,004	253,816	-	947,130	5,082,291
Profit for the year	-	-	-	-	1,485,169	1,485,169
Share of other comprehensive loss of associates	-	(37,214)	-	-	-	(37,214)
Total comprehensive income for the year	-	(37,214)	-	-	1,485,169	1,447,955
Equity-settled share award arrangements	-	-	-	3,576	-	3,576
Dividends declared	-	-	-	-	(544,577)	(544,577)
Transfer to statutory reserve	-	-	148,517	-	(148,517)	-
At 31 December 2025	3,809,341	34,790	402,333	3,576	1,739,205	5,989,245

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.