The following is the text of a report received from the Company's reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[Letterhead of GTHK]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU TINCI MATERIALS TECHNOLOGY CO., LTD., J.P. MORGAN SECURITIES (FAR EAST) LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangzhou Tinci Materials Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Reporting accountants' responsibility (Continued)

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's consolidated financial position as at 31 December 2023, 2024 and 2025 and the Company's financial position as at 31 December 2023, 2024 and 2025, and of the Group's consolidated financial performance and consolidated cash flows for the Relevant Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about dividends paid by the Company in respect of the Relevant Period.

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[●]
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I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Period, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with International Standards on Auditing issued by the IAASB (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	15,404,640	12,518,297	16,649,893
Cost of sales		(11,411,599)	(10,154,136)	(12,946,736)
Gross profit		**3,993,041**	**2,364,161**	**3,703,157**
Other income, net	*7(a)*	255,636	229,659	240,781
Other gains and losses, net	*7(b)*	(13,154)	62,077	(74,665)
Selling and distribution expenses		(100,941)	(75,134)	(71,840)
General and administrative expenses		(743,259)	(716,839)	(952,336)
Research and development expenses	*8*	(645,542)	(668,213)	(846,948)
Finance costs	*9*	(219,837)	(228,158)	(202,484)
Impairment losses	*10*	(207,151)	(307,350)	(234,112)
Share of results of associates and joint ventures, net	*20*	5,544	(10,295)	(22,980)
Profit before income tax		**2,324,337**	**649,908**	**1,538,573**
Income tax expense	*12*	(482,115)	(171,475)	(194,394)
Profit for the year		**1,842,222**	**478,433**	**1,344,179**
Attributable to:				
– Equity holders of the Company		1,890,622	483,930	1,361,918
– Non-controlling interests		(48,400)	(5,497)	(17,739)
		1,842,222	**478,433**	**1,344,179**
Other comprehensive income/(loss), net of tax				
Items that will not be reclassified subsequently to profit or loss:				
– Fair value changes on equity investments at fair value through other comprehensive income ("FVTOCI"), net of tax		(2,552)	(30,513)	197,604
Items that will be reclassified subsequently to profit or loss:				
– Cash flow hedges, net of tax		328	(328)	(920)
– Exchange differences on translation of financial statements of foreign operations, net of tax		4,495	4,486	(7,812)
Other comprehensive income/(loss) for the year, net of tax		2,271	(26,355)	188,872
Total comprehensive income for the year		**1,844,493**	**452,078**	**1,533,051**
Attributable to:				
– Equity holders of the Company		1,892,893	457,575	1,550,790
– Non-controlling interests		(48,400)	(5,497)	(17,739)
		1,844,493	**452,078**	**1,533,051**
Earnings per share for profit attributable to the equity holders of the Company	*14*			
Basic (in RMB)		0.99	0.25	0.71
Diluted (in RMB)		0.98	0.25	0.71

(B) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*16*	9,655,581	9,929,251	10,124,966
Right-of-use assets	*17*	910,453	972,363	957,863
Goodwill	*18*	214,720	200,402	200,402
Intangible assets	*19*	128,056	106,675	90,388
Interests in associates and joint ventures	*20*	401,336	386,194	374,280
Deposits, prepayments and other receivables	*26*	579,485	149,250	209,793
Deferred tax assets	*35*	93,161	126,443	212,739
Financial assets at FVTOCI	*25*	458,638	424,535	709,324
Time deposits	*28*	1,599,232	856,880	989,945
		14,040,662	**13,151,993**	**13,869,700**
Current assets				
Inventories	*22*	1,171,852	1,363,690	1,619,110
Trade and bills receivables	*23*	5,402,610	5,525,067	7,829,696
Deposits, prepayments and other receivables	*26*	973,381	944,638	830,520
Tax recoverable		23,261	8,248	3,556
Derivative financial instruments	*24*	1,518	907	302
Financial assets at fair value through profit or loss ("FVTPL")	*25*	–	–	488,246
Pledged deposits	*27*	34,096	18,385	25,722
Bank balances, deposits and cash				
– Time deposits with original maturity over three months and due within one year	*28*	73,390	1,338,618	370,890
– Cash and cash equivalents	*28*	2,256,101	1,601,844	1,888,992
		9,936,209	**10,801,397**	**13,057,034**
Current liabilities				
Trade and bills payables	*29*	3,420,954	3,362,809	4,553,793
Other payables and accruals	*30*	546,279	453,103	777,012
Contract liabilities	*31*	54,439	32,491	77,085
Borrowings	*32*	1,677,632	1,940,534	1,896,649
Lease liabilities	*34*	3,679	3,981	6,488
Derivative financial instruments	*24*	–	1,367	1,957
Income tax payable		241,323	81,576	180,321
		5,944,306	**5,875,861**	**7,493,305**
Net current assets		**3,991,903**	**4,925,536**	**5,563,729**
Total assets less current liabilities		**18,032,565**	**18,077,529**	**19,433,429**
Non-current liabilities				
Lease liabilities	*34*	31,254	27,417	29,942
Borrowings	*32*	4,196,179	4,454,188	987,489
Deferred income	*33*	141,236	210,208	280,521
Deferred tax liabilities	*35*	84,241	61,145	99,301
		4,452,910	**4,752,958**	**1,397,253**
Net assets		**13,579,655**	**13,324,571**	**18,036,176**
EQUITY				
Share capital	*36*	1,924,157	1,918,825	2,033,892
Less: treasury shares	*36*	(366,751)	(351,856)	(229,966)
Reserves	*37*	11,797,138	11,536,624	16,047,725
Equity attributable to equity holders of the Company		13,354,544	13,103,593	17,851,651
Non-controlling interests		225,111	220,978	184,525
Total equity		**13,579,655**	**13,324,571**	**18,036,176**

(C) STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		49,850	41,121	44,342
Right-of-use assets		7,434	7,081	6,847
Intangible assets		18,500	14,755	13,891
Interests in associates and joint ventures	*20*	205,241	192,078	209,606
Investments in subsidiaries	*21*	8,346,564	8,802,915	9,475,473
Deposits, prepayments and other receivables	*26*	1,831	1,228	1,600
Deferred tax assets	*35*	8,628	7,472	27,197
Financial assets at FVTOCI	*25*	255,950	241,460	301,460
Time deposits	*28*	828,580	248,422	104,057
		9,722,578	**9,556,532**	**10,184,473**
Current assets				
Inventories	*22*	77,880	120,550	175,070
Trade and bills receivables	*23*	951,813	1,052,005	2,127,302
Deposits, prepayments and other receivables	*26*	2,197,246	2,307,083	1,968,448
Tax recoverable		1,608	470	7
Financial assets at FVTPL	*25*	–	–	50,000
Bank balances, deposits and cash				
– Time deposits with original maturity over three months and due within one year	*28*	–	759,209	151,764
– Cash and cash equivalents	*28*	1,080,549	331,871	354,652
		4,309,096	**4,571,188**	**4,827,243**
Current liabilities				
Trade and bills payables	*29*	470,312	814,740	1,328,714
Other payables and accruals	*30*	1,115,832	441,995	395,695
Contract liabilities	*31*	172,510	12,680	30,789
Borrowings	*32*	744,730	759,272	714,009
Derivative financial instruments		–	–	1,957
Income tax payable		45,709	28,281	40,100
		2,549,093	**2,056,968**	**2,511,264**
Net current assets		**1,760,003**	**2,514,220**	**2,315,979**
Total assets less current liabilities		**11,482,581**	**12,070,752**	**12,500,452**
Non-current liabilities				
Borrowings	*32*	3,624,456	3,959,446	608,935
Deferred income	*33*	7,543	3,631	1,499
Deferred tax liabilities	*35*	40,611	24,563	34,039
		3,672,610	**3,987,640**	**644,473**
Net assets		**7,809,971**	**8,083,112**	**11,855,979**
EQUITY				
Share capital	*36*	1,924,157	1,918,825	2,033,892
Less: treasury shares	*36*	(366,751)	(351,856)	(229,966)
Reserves	*37*	6,252,565	6,516,143	10,052,053
Total equity		**7,809,971**	**8,083,112**	**11,855,979**

(D) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital	Less: treasury shares	Capital reserve	Other comprehensive income reserve	Equity component of convertible bonds	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 36)	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000*	*RMB'000 (Note 32(f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	**1,926,656**	**(546,324)**	**1,944,232**	**208,192**	**202,141**	**56,000**	**569,954**	**8,185,118**	**12,545,969**	**291,748**	**12,837,717**
Profit/(Loss) for the year	–	–	–	–	–	–	–	1,890,622	1,890,622	(48,400)	1,842,222
Other comprehensive income for the year	–	–	–	2,271	–	–	–	–	2,271	–	2,271
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**2,271**	**–**	**–**	**–**	**1,890,622**	**1,892,893**	**(48,400)**	**1,844,493**
Transactions with owners											
Dividends declared *(Note 13)*	–	–	–	–	–	–	–	(1,152,625)	(1,152,625)	–	(1,152,625)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	7	–	321	–	(19)	–	–	–	309	–	309
Redemption of convertible bonds *(Note 32(f))*	–	–	–	–	(1)	–	–	–	(1)	–	(1)
Repurchase and cancellation of restricted shares *(Note 36(a))*	(2,506)	66,847	(64,341)	–	–	–	–	–	–	–	–
Unlocking of restricted shares *(Note 36(b))*	–	107,874	–	–	–	–	–	–	107,874	–	107,874
Dividends declared for restricted shares, net *(Note 36(a), (b), (c))*	–	4,852	–	–	–	–	–	–	4,852	–	4,852
Share-based payments *(Note 11)*	–	–	9,776	–	–	–	–	–	9,776	236	10,012
Appropriation to statutory reserve	–	–	–	–	–	–	63,235	(63,235)	–	–	–
Provision of special reserve	–	–	–	–	–	17,937	–	–	17,937	–	17,937
Utilisation of special reserve	–	–	–	–	–	(904)	–	–	(904)	–	(904)
Acquisitions of additional interests in subsidiaries *(Note 21)*	–	–	(71,536)	–	–	–	–	–	(71,536)	(56,464)	(128,000)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	2,288	2,288
Transfer of other reserves upon disposal of equity investment at FVTOCI	–	–	–	(8,139)	–	–	–	8,139	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	35,703	35,703
Total transactions with owners	**(2,499)**	**179,573**	**(125,780)**	**(8,139)**	**(20)**	**17,033**	**63,235**	**(1,207,721)**	**(1,084,318)**	**(18,237)**	**(1,102,555)**
Balance at 31 December 2023	**1,924,157**	**(366,751)**	**1,818,452**	**202,324**	**202,121**	**73,033**	**633,189**	**8,868,019**	**13,354,544**	**225,111**	**13,579,655**

	Attributable to equity holders of the Company										
	Share capital	**Less: treasury shares**	**Capital reserve**	**Other comprehensive income reserve**	**Equity component of convertible bonds**	**Special reserve**	**Statutory reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000 (Note 36)	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000*	*RMB'000 (Note 32(f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	**1,924,157**	**(366,751)**	**1,818,452**	**202,324**	**202,121**	**73,033**	**633,189**	**8,868,019**	**13,354,544**	**225,111**	**13,579,655**
Profit/(Loss) for the year	–	–	–	–	–	–	–	483,930	483,930	(5,497)	478,433
Other comprehensive loss for the year	–	–	–	(26,355)	–	–	–	–	(26,355)	–	(26,355)
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(26,355)**	**–**	**–**	**–**	**483,930**	**457,575**	**(5,497)**	**452,078**
Transactions with owners											
Dividends declared *(Note 13)*	–	–	–	–	–	–	–	(571,072)	(571,072)	–	(571,072)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	2	–	49	–	(3)	–	–	–	48	–	48
Repurchase and cancellation of restricted shares *(Note 36(a))*	(5,334)	137,356	(132,022)	–	–	–	–	–	–	–	–
Repurchase of ordinary shares *(Note 36(d))*	–	(120,018)	–	–	–	–	–	–	(120,018)	–	(120,018)
Reversal of dividends declared for restricted shares, net *(Note 36(a))*	–	(2,443)	–	–	–	–	–	–	(2,443)	–	(2,443)
Share-based payments *(Note 11)*	–	–	(82,911)	–	–	–	–	–	(82,911)	(548)	(83,459)
Appropriation to statutory reserve	–	–	–	–	–	–	101,293	(101,293)	–	–	–
Provision of special reserve	–	–	–	–	–	16,547	–	–	16,547	–	16,547
Acquisitions of additional interests in a subsidiary *(Note 21)*	–	–	1,436	–	–	–	–	–	1,436	(1,724)	(288)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	4,500	4,500
Deemed disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(864)	(864)
Others *(Note)*	–	–	49,887	–	–	–	–	–	49,887	–	49,887
Total transactions with owners	**(5,332)**	**14,895**	**(163,561)**	**–**	**(3)**	**16,547**	**101,293**	**(672,365)**	**(708,526)**	**1,364**	**(707,162)**
Balance at 31 December 2024	**1,918,825**	**(351,856)**	**1,654,891**	**175,969**	**202,118**	**89,580**	**734,482**	**8,679,584**	**13,103,593**	**220,978**	**13,324,571**

Note: others represent profit compensation derived from the acquisition of non-controlling interests from a related party under common control.

	Attributable to equity holders of the Company										
	Share capital	**Less: treasury shares**	**Capital reserve**	**Other comprehensive income reserve**	**Equity component of convertible bonds**	**Special reserve**	**Statutory reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000 (Note 36)	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000*	*RMB'000 (Note 32(f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025	**1,918,825**	**(351,856)**	**1,654,891**	**175,969**	**202,118**	**89,580**	**734,482**	**8,679,584**	**13,103,593**	**220,978**	**13,324,571**
Profit/(Loss) for the year	–	–	–	–	–	–	–	1,361,918	1,361,918	(17,739)	1,344,179
Other comprehensive income for the year	–	–	–	188,872	–	–	–	–	188,872	–	188,872
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**188,872**	**–**	**–**	**–**	**1,361,918**	**1,550,790**	**(17,739)**	**1,533,051**
Transactions with owners											
Dividends declared *(Note 13)*	–	–	–	–	–	–	–	(287,235)	(287,235)	–	(287,235)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	119,548	–	3,572,317	–	(201,946)	–	–	–	3,489,919	–	3,489,919
Redemption of convertible bonds *(Note 32(f))*	–	–	–	–	(172)	–	–	–	(172)	–	(172)
Treasury shares for employee share ownership scheme transferred *(Note 36(e))*	–	133,209	(133,209)	–	–	–	–	–	–	–	–
Repurchase and cancellation of restricted shares *(Note 36(a))*	(4,481)	115,279	(110,798)	–	–	–	–	–	–	–	–
Repurchase of ordinary shares *(Note 36(d))*	–	(121,988)	–	–	–	–	–	–	(121,988)	–	(121,988)
Reversal of dividends declared for restricted shares, net *(Note 36(a))*	–	(4,610)	–	–	–	–	–	–	(4,610)	–	(4,610)
Share-based payments *(Note 11 and 35)*	–	–	107,845	–	–	–	–	–	107,845	989	108,834
Appropriation to statutory reserves	–	–	–	–	–	–	55,906	(55,906)	–	–	–
Provision of special reserve	–	–	–	–	–	47,933	–	–	47,933	–	47,933
Utilisation of special reserve	–	–	–	–	–	(42,251)	–	–	(42,251)	–	(42,251)
Capital contributions from shareholders of an associate *(Note 20(a))*	–	–	4,565	–	–	–	–	–	4,565	–	4,565
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(69,366)	(69,366)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	5,694	5,694
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	39,469	39,469
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	4,500	4,500
Others	–	–	–	1,420	–	–	–	1,842	3,262	–	3,262
Total transactions with owners	**115,067**	**121,890**	**3,440,720**	**1,420**	**(202,118)**	**5,682**	**55,906**	**(341,299)**	**3,197,268**	**(18,714)**	**3,178,554**
Balance at 31 December 2025	**2,033,892**	**(229,966)**	**5,095,611**	**366,261**	**–**	**95,262**	**790,388**	**9,700,203**	**17,851,651**	**184,525**	**18,036,176**

(E) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Proceeds from sales of goods	7,812,168	4,951,521	5,804,853
Proceeds from refund of other tax and surcharges	256,422	83,325	54,591
Cash received related to other operating activities	179,983	170,216	185,016
Interest income	46,061	25,956	22,461
Cash paid for material and services	(2,963,110)	(2,500,543)	(3,052,044)
Cash paid for salaries	(862,406)	(923,128)	(985,919)
Income tax and other taxes paid	(1,466,889)	(534,838)	(348,145)
Cash paid related to other operating activities	(728,013)	(390,973)	(498,570)
Net cash generated from operating activities	**2,274,216**	**881,536**	**1,182,243**
Cash flows from investing activities			
Proceeds from disposal of financial assets at FVTOCI	17,454	–	2,508
Proceeds from disposal of property, plant and equipment and intangible assets	2,095	2,137	13
Proceeds from investment income	19,146	229,336	145,072
(Placement of)/decrease in time deposits, net	(402,652)	(470,000)	768,540
Purchase of property, plant and equipment, intangible assets and prepaid lease payments	(3,102,492)	(771,505)	(659,139)
Investments in associates and joint ventures and financial assets at fair value	(211,277)	–	(572,203)
Cash outflows from acquisition of subsidiaries	(214,793)	–	(15,836)
Payments for other investing activities	–	(720)	(493)
Net cash used in investing activities	**(3,892,519)**	**(1,010,752)**	**(331,538)**
Cash flows from financing activities			
Capital contributions from non-controlling interests	2,288	4,500	4,500
Proceeds from employee share ownership scheme	–	–	61,122
Proceeds from borrowings	1,905,235	2,487,933	2,139,470
Repayment of borrowings	(1,205,428)	(2,087,838)	(2,221,966)
Interest paid	(75,157)	(100,244)	(100,243)
Dividend paid to equity holders of the Company	(1,147,772)	(573,560)	(190,572)
Dividend paid to non-controlling interests	(30,000)	–	(3,740)
Acquisitions of additional interests in subsidiaries	(165,314)	–	–
Repurchase of ordinary shares	–	(120,018)	(121,988)
Repurchase of awarded shares under restricted share incentive scheme	(66,847)	(137,356)	(115,279)
Redemption of convertible bonds	–	–	(2,902)
Payments for other financing activities	(4,069)	(3,691)	(5,057)
Net cash used in financing activities	**(787,064)**	**(530,274)**	**(556,655)**
Net (decrease)/increase in cash and cash equivalents	**(2,405,367)**	**(659,490)**	**294,050**
Cash and cash equivalents at the beginning of the year	4,657,619	2,256,101	1,601,844
Effect of foreign exchange rate changes	3,849	5,233	(6,902)
Cash and cash equivalents at the end of the year	**2,256,101**	**1,601,844**	**1,888,992**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou Tinci Materials Technology Co., Ltd. (the "Company") is a limited liability company incorporated in the People's Republic of China (the "PRC") on 23 November 2007. The Company's A shares were listed on Shenzhen Stock Exchange on 23 January 2014. The addresses of the registered office and the principal place of business of the Company is No. 8, Kangda Road, Dongcheng Section, Yunpu Industrial Zone, Huangpu District, Guangzhou, Guangdong Province, the PRC.

During the years ended 31 December 2023, 2024 and 2025 (the "Relevant Period"), the Company and its subsidiaries (collectively, the "Group") are principally engaged in research and development, production and sales of lithium-ion battery materials, daily chemical materials and specialty chemicals in the PRC.

In the opinion of the directors of the Company, the ultimate control of the Company is held by Mr. Xu Jinfu.

As at the date of this Historical Financial Information, the Company's principal subsidiaries are as follows:

Name of company	Place of establishment/ incorporation and operation	Issued and paid-up capital/ registered capital	Principal activities	Attributable equity interest held As at 31 December 2023	2024	2025	Notes
Directly held by the Company							
Jiujiang Tinci High-Tech Materials Co., Ltd. 九江天賜高新材料有限公司	The PRC	RMB455,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Ningde Kaixin Battery Materials Co., Ltd. 寧德市凱欣電池材料有限公司	The PRC	RMB32,500,000	Sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Jiangsu Tinci High-Tech Materials Co., Ltd. 江蘇天賜高新材料有限公司	The PRC	RMB150,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Zhejiang Tianshuo Fluorosilicon New Material Technology Co., Ltd. 浙江天碩氟硅新材料科技有限公司 ("Zhejiang Tianshuo")	The PRC	RMB202,500,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Sichuan Tinci High-Tech Materials Co., Ltd. 四川天賜高新材料有限公司	The PRC	RMB200,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Yichang Tinci High-Tech Materials Co., Ltd. 宜昌天賜高新材料有限公司	The PRC	RMB600,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Bondway (Dongguan) Electronic Materials Technology Co., Ltd. 東莞市騰威電子材料技術有限公司 ("Bondway Dongguan")	The PRC	RMB20,000,000	Research and development and sales of electronics materials	85%	85%	85%	*(b), (c)*
Indirectly held by the Company							
Chizhou Tinci High-Tech Materials Co., Ltd. 池州天賜高新材料有限公司	The PRC	RMB277,600,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Fuding Kaixin Battery Materials Co., Ltd. 福鼎市凱欣電池材料有限公司	The PRC	RMB32,500,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Jiujiang Tinci New Power Materials Technology Co., Ltd. 九江天賜新動力材料科技有限公司	The PRC	RMB263,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Jiujiang Tinci Resource Recycling Technology Co., Ltd. 九江天賜資源循環科技有限公司	The PRC	RMB268,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*

Notes:

(a) The consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles for Business Enterprises ("PRC GAAP") were audited by Grant Thornton Zhitong Certified Public Accountants LLP, 致同會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(b) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared under PRC GAAP were audited by Grant Thornton Zhitong Certified Public Accountants LLP, 致同會計師事務所(特殊普通合夥).

(c) The non-controlling interest of this non-wholly owned subsidiary is considered to be insignificant to the Group. Accordingly, no summarised financial information of this non-wholly owned subsidiary is presented in the Historical Financial Information.

The English names of certain companies referred herein represent management's best effort at translating the Chinese names of these companies as no English name has been registered.

All subsidiaries of the Group have adopted 31 December as their financial year end date.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board ("IASB").

All IFRS Accounting Standards, amendments, interpretations and annual improvements which are effective for the accounting period beginning from 1 January 2025 are consistently adopted by the Group in the preparation of the Historical Financial Information.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised in note 3. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are stated at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on the management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Basis of consolidation

The Historical Financial Information incorporates the financial information of the Company and its subsidiaries for the Relevant Period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of subsidiaries in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statements of financial position, subsidiaries are carried at cost less any impairment loss. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at each reporting date. All dividends whether received out of the investee's pre- or post-acquisition profits are recognised in the Company's profit or loss.

3.2 Acquisition of subsidiaries

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree. If the initial accounting for a business combination is incomplete by each reporting date in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.3 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In the Historical Financial Information, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in an associate or a joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or joint venture's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the Relevant Period includes the Group's share of the post-acquisition, post-tax results of the associate or joint venture for the Relevant Period, including any impairment loss on the investment in associate or joint venture recognised for the Relevant Period.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associate or joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture.

In the Company's statements of financial position, interests in associates and joint ventures are accounted for using the equity method.

3.4 Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in RMB, which is the same as the Company's functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at each reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

3.5 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially stated at acquisition cost or manufacturing costs (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management). They are subsequently stated at costs less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line basis over their estimated useful lives as follow:

Freehold land is not depreciated.

Buildings	15-30 years
Machinery	3-10 years
Transportation facilities	3-10 years
Electronic and other equipment	3-10 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each of the Relevant Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

3.6 Prepaid lease payments

"Prepaid lease payments" (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

3.7 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested at least annually for impairment (see note 3.23).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.8 Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Patent rights	5-10 years
Non-patented technologies	5-10 years

Software and others	2-10 years
Customer relationship	5 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets are tested for impairment as described below in note 3.23.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

3.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets are classified into the following categories:

– amortised cost;

– FVTPL; or

– FVTOCI.

The classification is determined by both:

– the entity's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within "Finance costs", except for ECL of financial assets which is presented as a separate item in the consolidated statements of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Finance costs" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade receivables, other receivables, time deposits and bank balances, deposits and cash fall into this category of financial assets.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "Other comprehensive income reserve" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in "Other comprehensive income reserve" will not be reclassified to profit or loss upon disposal of the equity investments, and will continue to be held in the "Other comprehensive income reserve".

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Dividends are included in the "Other gains and losses, net" in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and bills payables, other payables and accruals, borrowings, liability component of convertible bonds, lease liabilities and derivative financial instruments.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in "Finance costs".

Accounting policies of lease liabilities are set out in note 3.17.

Trade and bills payables, other payables and accruals

Trade and bills payables, other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless as at the end of each of the Relevant Period, the Group has a right to defer settlement of the liability for at least twelve months after each reporting date.

Covenants that the Group is required to comply with, on or before the end of each of the Relevant Period, are considered in classifying loan arrangement with covenants as current or non-current. Covenants that the Group is required to comply with after each of the Relevant Period do not affect the classification.

Derivative financial instruments

Details of accounting policy of derivative financial instruments are set out in note 3.10.

Convertible bonds

Details of accounting policy of convertible bonds are set out in note 3.13.

3.10 Derivative financial instruments and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risks and commodity price risks, including forward currency contracts and commodity future contracts. Further details of derivative financial instruments are set out in note 24.

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. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined) on an ongoing basis. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

– There is "an economic relationship" between the hedged item and the hedging instrument.

– The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

– The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchanges rates and commodity price.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time are amortised to profit or loss over the remaining life of the hedged item. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in other comprehensive income reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other gains and losses line item. Amounts previously recognised in other comprehensive income and accumulated in other comprehensive income reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statements of profit or loss as the recognised hedged item.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

3.11 Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, and trade and bills receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

– financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at each reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. For trade receivables from related parties, the Group also performs the ECL assessment on individual basis.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables have been grouped based on shared credit risk characteristics and the days past due, and adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets measured at amortised cost and bills receivable measured at FVTOCI

The Group measures the loss allowance for other receivables and bills receivable at FVTOCI equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at each reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Detailed analysis of the ECL assessment of trade and bills receivable and other financial assets measured at amortised cost are set out in note 44.2.

Financial guarantee contracts

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward-looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an assets that was previously written off are recognised in profit or loss of the period in which the reversal occurs.

3.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis.

3.13 Convertible bonds

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

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

3.16 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "other payables and accruals". The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 as set out in note 3.11 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

3.17 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

– the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

– the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

– the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The Group remeasures lease liabilities whenever:

– there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

– the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve month or less.

On the consolidated statements of financial position, prepaid lease payments and leased properties and equipment have been included in "right-of-use assets" under non-current assets.

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group as a lessor

As a lessor, the Group classifies its leases as operating leases. Rental income is recognised on a straight-line basis over the term of the lease.

3.18 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.19 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.20 Revenue recognition

Revenue arises mainly from the sales of lithium-ion battery materials, daily chemical materials and specialty chemicals.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue recognition policies are as follows:

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for sale of goods in Mainland China is recognised when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.

Revenue for export sale of goods is recognised when the Group has declared the goods for customs clearance in accordance with the contract terms, and has obtained a customs declaration or received acceptance and other proof of receipt from the customers.

Rental income

Accounting policies for rental income are set out in note 3.17.

3.21 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

3.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as "Deferred income" in the consolidated statements of financial position and are recognised in profit or loss on a straight line basis over the expected lives of the related assets/deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Government grants relating to income is presented in gross under "Other income, net" in the consolidated statements of profit or loss and other comprehensive income.

3.23 Impairment of non-financial assets

Goodwill, property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property, plant and equipment, interests in associates and joint ventures and the Company's investments in subsidiaries are subject to impairment testing. Goodwill and other assets that have an indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

3.24 Employee benefits

Retirement benefits

The Group contributes to defined contribution retirement plans which are available to eligible employees. Contributions to the plans by the Group are calculated as a percentage of employees' basic salaries. The retirement benefit plan cost charged to profit or loss represents contributions payable by the Group to the funds. The Group's contributions to the defined contribution retirement plans are expensed as incurred.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable at each reporting date.

Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for any related restructuring.

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in capital reserve. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently reviewed, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a review is recognised in the current period.

If the equity instruments granted are cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the cancellation or settlement is accounted for as an acceleration of vesting, and the amount that otherwise would have been recognised for services receive over the remainder of the vesting period is recognised immediately in profit or loss.

3.25 Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

3.26 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at each reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at each reporting date between the carrying amounts of assets and liabilities in Historical Financial Information and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at each reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) 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.

3.27 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the "CODM") for their decisions about resources allocation to the Group's business components for their review of the performance of those components.

3.28 Related parties

For the purpose of the Historical Financial Information, a party in considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if 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.

(b) the party is an entity and if 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 an associate or joint venture of a member of a group of which the other entity is a member).

(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).

(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.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

All new and amended IFRS Accounting Standards, which are mandatory for the financial year beginning on 1 January 2025 are consistently applied to the Group throughout the Relevant Period.

A number of new and amended IFRS Accounting Standards have been issued but not yet effective for annual periods beginning after 1 January 2025, and have not been applied in these financial statements:

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

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

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

3 Effective date not yet determined

The directors of the Company anticipate that all of the new and amended IFRS Accounting Standards will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of these new and amended IFRS Accounting Standards. These new and amended IFRS Accounting Standards are not expected to have a material impact on the Group's results of operations and financial position.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets (other than goodwill)

Assets that have an indefinite useful life are tested annually for impairment in accordance with the accounting policy stated in note 3.23. Other assets including property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property, plant and equipment, interests in associates and joint ventures and the Company's investments in subsidiaries are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. This process requires management's estimate of future cash flows generated by each CGU. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statements of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

As at 31 December 2023, 2024 and 2025, the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property, plant and equipment, interests in associates and joint ventures and the Company's investments in subsidiaries are disclosed in note 16, note 17, note 19, note 26, note 20 and note 21, respectively.

Estimation of impairment of trade and bills receivables, and other receivables

The Group makes allowances on items subjects to ECL (including trade and bills receivables, and other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 3.11.

As at 31 December 2023, 2024 and 2025, the aggregate carrying amounts of trade and bills receivables, and other receivables amounted to RMB5,423,975,000, RMB5,679,545,000 and RMB7,900,808,000, net of loss allowance of RMB185,240,000, RMB307,408,000 and RMB357,062,000 respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables, and other receivables and related credit losses in the periods in which such estimate has been changed.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price less any estimated costs to be incurred to completion and disposal with reference to prevailing market information. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at each reporting date. During the years ended 31 December 2023, 2024 and 2025, the provision for inventories, amounting to RMB171,014,000, RMB108,480,000 and RMB172,363,000 have been made respectively.

Estimation of fair value of financial instruments not traded in an active market

As at 31 December 2023, 2024 and 2025, financial assets at FVTOCI that are not traded in an active market including unlisted equity investments were carried at fair value of RMB436,863,000, RMB412,931,000 and RMB569,460,000 respectively. The fair values are determined by using valuation techniques, details of which are set out in note 44.7. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case the Group uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at each reporting date.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.23. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenue and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. In addition, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the trends in inflation and market interest rates may progress or evolve. Details of the estimates of the recoverable amounts of CGUs containing goodwill are disclosed in note 18.

Useful lives of property, plant and equipment (other than freehold land) and intangible assets

The Group depreciates the property, plant and equipment (other than freehold land) and intangible assets over the estimated useful lives, using the straight-line method, commencing from the date the property, plant and equipment and intangible assets are available for use. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment (other than freehold land) and intangible assets. The Group assesses annually the useful lives of property, plant and equipment (other than freehold land) and intangible assets, and if the expectation differs from the original estimate, such a difference may impact the depreciation for the Relevant Period and the future period.

Estimation of fair value of share option at the date of grant

The Group used the Black-Scholes Option Pricing Model to determine the fair value of the share options as at the grant date, which is to be recorded in profit or loss over the vesting period. The model inputs are set out in note 38(b). During the years ended 31 December 2023, 2024 and 2025, RMB(876,000), RMB(424,000) and RMB37,105,000 of share option related employee compensation expenses have been (reversed)/recognised in profit or loss respectively.

Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are disclosed in note 1 to the Historical Financial Information. This operating segment has been identified on the basis of internal management reports reviewed by the CODM, being the executive directors of the Company. The CODM reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regard that there is only one segment which is used to make strategic decisions.

An analysis of the Group's revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lithium-ion battery materials	14,104,353	10,974,225	15,050,539
Daily chemicals and specialty chemicals	1,016,795	1,160,567	1,284,577
Others	283,492	383,505	314,777
	15,404,640	**12,518,297**	**16,649,893**

Timing of revenue recognition

The Group derives revenue from the transfer of goods and services at a point in time or services over time are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At a point in time	15,401,977	12,516,138	16,649,298
Over time	2,663	2,159	595
	15,404,640	**12,518,297**	**16,649,893**

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

Segment assets and segment liabilities

No information on segment assets and segment liabilities were presented as substantially all of the Group's assets (except for interests in associates and joint ventures) and liabilities were attributable to the Group's single operating segment. The CODM does not regard the Group's interests in associates and joint ventures to be directly attributable to the Group's operating segment.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the products were sold.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	14,943,319	11,969,614	16,016,376
Other countries/regions	461,321	548,683	633,517
	15,404,640	**12,518,297**	**16,649,893**

As at 31 December 2023, 2024 and 2025, substantially all of the non-current assets (other than financial assets at FVTOCI) of the Group were located in the PRC.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	8,118,317	5,002,041	6,010,611

Note:

The revenue contributed from the above customer is derived from sales of lithium-ion battery materials.

7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income, net

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest income	101,086	91,461	82,085
Government grants *(note)*	145,247	128,334	148,527
Others	9,303	9,864	10,169
	255,636	**229,659**	**240,781**

Note:

Government grants were mainly related to cash subsidies in respect of operating and development activities from government and additional deduction of input value-added tax for advanced manufacturing entities, which are either unconditional grants or grants with conditions having been satisfied.

(b) Other gains and losses, net

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Realised gains from hedge derivatives	1,072	69,635	12,642
Gains/(Losses) on disposal/deemed disposal of interest in an associate and investments in subsidiaries, net	–	1,617	(1,306)
Losses on disposal/written-off of property, plant and equipment and intangible assets	(10,047)	(1,015)	(52,112)
Net foreign exchange gains/(losses)	956	8,682	(18,314)
Others	(5,135)	(16,842)	(15,575)
	(13,154)	**62,077**	**(74,665)**

8. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses	147,766	177,262	274,573
Material cost	400,663	341,857	332,221
Depreciation and amortisation	48,191	73,904	106,739
Others	48,922	75,190	133,415
	645,542	**668,213**	**846,948**

9. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interests on borrowings	193,540	215,563	182,201
Interests expenses on lease liabilities	896	1,190	1,297
Interests on discounted bills receivable	25,401	11,405	18,986
	219,837	**228,158**	**202,484**

10. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses, research and development expenses, and impairment losses are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation			
– Property, plant and equipment *(Note 16)*	686,411	916,380	1,007,971
– Right-of-use assets *(Note 17)*	21,641	25,728	28,561
	708,052	**942,108**	**1,036,532**
Provision for impairment losses on assets, net			
– Goodwill *(Note 18)*	–	14,318	–
– Inventories *(Note 22)*	171,014	108,480	172,363
– Property, plant and equipment *(Note 16)*	10,897	61,314	–
– Trade and bills receivables and other receivables *(Note 23, 26)*	25,240	123,238	61,749
	207,151	**307,350**	**234,112**
Amortisation of intangible assets *(Note 19)*	18,614	26,760	20,749
Auditor's remuneration	1,800	1,800	1,400
Direct cost of inventories recognised as an expense	8,830,431	7,258,176	10,091,583
Short-term lease charges	10,649	21,170	18,145

11. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	743,196	880,054	1,057,078
Contributions to defined contribution retirement plans	49,011	51,512	57,411
Share-based payments	10,012	(83,459)	69,053
	802,219	**848,107**	**1,183,542**

12. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax			
– Current year	466,164	181,163	214,761
– (Over)/under provision in respect of prior years	(9,530)	43,101	39,023
	456,634	224,264	253,784
Deferred income tax *(Note 35)*	25,481	(52,789)	(59,390)
Income tax expense	**482,115**	**171,475**	**194,394**

The difference between the actual income tax expense in the consolidated statements of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	**2,324,337**	**649,908**	**1,538,573**
Tax at the PRC enterprise income tax rate of 25%	581,084	162,477	384,643
Tax effect of			
– impact of different tax rates applied	(184,989)	(99,864)	(108,769)
– share of results of associates and joint ventures, net	(1,057)	1,812	4,677
– non-deductible expenses	5,156	5,352	1,668
– tax losses and deductible temporary differences not recognised	217,711	251,613	97,820
– utilisation of tax losses previously not recognised	(41,476)	(75,040)	(133,239)
– change in tax rate on the opening deferred tax balance	361	–	(6)
– (over)/under provision in respect of prior years	(9,530)	43,101	39,023
– additional deduction on research and development expenses	(91,479)	(96,415)	(91,211)
– others	6,334	(21,561)	(212)
Income tax expense	**482,115**	**171,475**	**194,394**

PRC enterprise income tax

The income tax provision of certain PRC entities of the Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Relevant Period, based on the existing legislation, interpretations and practices in respect thereof.

Certain subsidiaries of the Group are accredited as "High and New Technology Enterprise" under the Administrative Measures for Recognition of High and New-Technology Enterprises (高新技術企業認定管理辦法) promulgated by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) were entitled to a reduced preferential tax rate of 15% during the Relevant Period.

Certain subsidiaries of the Group are taxed at a preferential rate of 15% during the Relevant Period primarily due to their status as entities engaging in development projects supported by the government in the western region of the PRC.

Certain subsidiaries of the Group which are small and micro-sized enterprises, the following tax policy applies during the Relevant Period: for annual income amount of RMB1 million or below, the taxable income amount shall be computed at 25% of the annual income and subject to a tax rate of 20%. The preferential period is from 1 January 2023 to 31 December 2024. For annual income amount of over RMB1 million but less than RMB3 million, the taxable income amount shall be computed at 25% of the annual income and subject to a tax rate of 20%. The preferential period is from 1 January 2022 to 31 December 2024. The preferential period of the aforementioned tax policy has been extended to 31 December 2027 according to the relevant updated tax regulation.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim additional 100% of the qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits during the Relevant Period.

Hong Kong profits tax

Hong Kong profits tax is 16.5% during the Relevant Period.

Corporate income tax in other jurisdictions

Certain subsidiaries of the Group in overseas countries are subject to corporate income tax at a rate ranging from 10% to 30% during the Relevant Period.

Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

13. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the following year (tax inclusive)	1,152,625	571,072	185,965
Interim dividends	–	–	101,270
	1,152,625	**571,072**	**287,235**

The final dividends of RMB6.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2022 were approved in 2022 Annual General Meeting of the Company. The final dividends have not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2022. The final dividends were paid on 16 May 2023.

The final dividends of RMB3.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Company. The final dividends have not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2023. The final dividends were paid on 29 April 2024.

The final dividends of RMB1.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 were approved in 2024 Annual General Meeting of the Company. The final dividends have not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2024. The final dividends were paid on 22 May 2025.

The interim dividends of RMB0.50 per 10 shares (tax inclusive) in respect of the nine months ended 30 September 2025 were approved in the 2025 Fourth Extraordinary General Meeting of the Company on 9 December 2025. The interim dividends were paid on 12 January 2026.

14. EARNINGS PER SHARE

Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares of the Company in issue during the Relevant Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

	Year ended 31 December		
	2023	2024	2025
Profit attributable to equity holders of the Company (RMB'000)	1,890,622	483,930	1,361,918
Less: effect from recoverable cash dividends declared to restricted shares expected to be unlocked in the future (RMB'000)	(9,092)	–	–
Adjusted profit attributable to equity holders of the Company (RMB'000)	1,881,530	483,930	1,361,918
Weighted average number of ordinary shares in issue (thousands shares)	1,909,964	1,911,458	1,910,892
Basic EPS (RMB per share)	0.99	0.25	0.71

Diluted

The restricted share incentive schemes, share option incentive schemes, and employee share ownership scheme (see note 38) and convertible bonds (see note 32) granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes and convertible bonds (collectively forming the denominator for computing the diluted EPS).

Profit attributable to equity holders of the Company for the purpose of calculating diluted EPS is calculated as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit attributable to equity holders of the Company (basic EPS)	1,881,530	483,930	1,361,918
Diluted adjustments:			
Effect from recoverable cash dividends declared to restricted shares expected to be unlocked in the future	9,092	–	–
Effect from dilutive potential ordinary shares arising from convertible bond	107,131	–	–
	116,223	–	–
Profit attributable to equity holders of the Company for the purpose of calculating diluted EPS	1,997,753	483,930	1,361,918

When calculating diluted EPS during the lock-up period of restricted shares, profit attributable to equity holders of the Company shall add the cash dividends (with dilution) distributed to restricted shares expected to be unlocked in the future that have been deducted when calculating the adjusted profit attributable to equity holders of the Company for basic EPS calculation purposes.

Weighted average number of ordinary shares used in calculating diluted EPS is calculated as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
Weighted average number of ordinary shares in issue	1,909,964	1,911,458	1,910,892
Diluted adjustments:			
Effect from share options granted	–	–	3,716
Effect from restricted shares in restricted share incentive scheme and employee share ownership scheme	13,252	6,259	4,472
Effect from potential ordinary shares arising from convertible bond	118,080	–	–
	131,332	6,259	8,188
Weighted average number of ordinary shares used in calculating diluted EPS	2,041,296	1,917,717	1,919,080

Diluted EPS is calculated as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
Profit attributable to equity holders of the Company for the purpose of calculating diluted EPS (RMB'000)	1,997,753	483,930	1,361,918
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	2,041,296	1,917,717	1,919,080
Diluted EPS (RMB per share)	0.98	0.25	0.71

The diluted profit per share for the years ended 31 December 2024 and 2025 did not assume the conversion of the convertible bonds (see note 32) as their inclusion would be anti-dilutive.

15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

The emoluments of the individual directors of the Company during the Relevant Period which were included in the employee benefit expenses are set out below:

	Notes	Fees	Salaries, bonus and allowances	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Executive directors:						
Mr. Xu Jinfu		–	3,233	33	–	3,266
Mr. Xu Sanshan		–	2,496	43	1,122	3,661
Mr. Gu Bin		–	2,122	43	1,122	3,287
Mr. Han Heng		–	2,165	43	1,122	3,330
Dr. Zhao Jingwei		–	1,950	7	1,122	3,079
Independent non-executive directors:						
Ms. Chen Limei		120	–	–	–	120
Dr. Nan Junmin		120	–	–	–	120
Ms. Li Zhijuan		120	–	–	–	120
Dr. Zhang Mingqiu	*(iii)*	120	–	–	–	120
Supervisors:						
Mr. Guo Shoubin	*(v)*	–	758	21	–	779
Ms. He Guilan	*(v)*	–	96	–	–	96
Dr. Yao Yuze	*(i)*	–	267	9	–	276
		480	**13,087**	**199**	**4,488**	**18,254**
Year ended 31 December 2024						
Executive directors:						
Mr. Xu Jinfu		–	3,228	39	–	3,267
Mr. Xu Sanshan		–	2,492	47	(1,341)	1,198
Mr. Gu Bin		–	2,118	47	(1,341)	824
Mr. Han Heng		–	2,162	47	(1,341)	868
Dr. Zhao Jingwei		–	1,950	7	(1,341)	616
Independent non-executive directors:						
Ms. Chen Limei		120	–	–	–	120
Dr. Nan Junmin		120	–	–	–	120
Ms. Li Zhijuan		120	–	–	–	120
Dr. Zhang Mingqiu	*(iii)*	120	–	–	–	120
Supervisors:						
Mr. Guo Shoubin	*(v)*	–	577	–	–	577
Ms. He Guilan	*(v)*	–	96	–	–	96
Dr. Yao Yuze	*(i)*	–	56	2	–	58
Mr. Luo Wen	*(ii)*	–	861	9	–	870
		480	**13,540**	**198**	**(5,364)**	**8,854**
Year ended 31 December 2025						
Executive directors:						
Mr. Xu Jinfu		–	5,922	–	–	5,922
Mr. Xu Sanshan		–	3,355	54	1,377	4,786
Mr. Gu Bin		–	2,977	54	1,377	4,408
Mr. Han Heng		–	2,763	54	1,377	4,194
Dr. Zhao Jingwei		–	2,304	40	1,377	3,721
Independent non-executive directors:						
Ms. Chen Limei		120	–	–	–	120
Dr. Nan Junmin		120	–	–	–	120
Ms. Li Zhijuan		120	–	–	–	120
Dr. Zhao Jianqing	*(iv)*	113	–	–	–	113
Supervisors:						
Mr. Guo Shoubin	*(v)*	–	403	–	–	403
Ms. He Guilan	*(v)*	–	59	–	–	59
Mr. Luo Wen	*(ii)*	–	912	11	–	923
		473	**18,695**	**213**	**5,508**	**24,889**

Notes:

(i) Dr. Yao Yuze was resigned on 16 April 2024;

(ii) Mr. Luo Wen was appointed as a supervisor of the Company on 16 April 2024 and resigned on 10 September 2025;

(iii) Dr. Zhang Mingqiu resigned as an independent non-executive director of the Company on 20 December 2024;

(iv) Dr. Zhao Jianqing was appointed as an independent non-executive director of the Company on 23 January 2025.

(v) Mr. Guo Shoubin and Ms. He Guilan resigned as supervisors of the Company on 10 September 2025.

The emoluments shown above represent emoluments received by the directors in the capacity as directors/employees of the companies comprising the Group during the Relevant Period.

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the Relevant Period.

(b) Five highest paid individuals

During the years ended 31 December 2023, 2024 and 2025, the five individuals whose emoluments were the highest in the Group include 4, 4 and 4 directors, respectively, whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 1, 1 and 1 individuals are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonus and allowances	2,174	2,171	2,294
Retirement benefit scheme contributions	43	47	54
Share-based payments	1,052	(1,257)	1,377
	3,269	**961**	**3,725**

The aggregate of the emoluments in respect of the remaining 1, 1 and 1 individuals during the years ended 31 December 2023, 2024 and 2025 fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
		Number of individuals	
Emolument bands			
HK$1,000,001 to HK$2,000,000	–	1	–
HK$3,000,001 to HK$4,000,000	1	–	–
HK$4,000,001 to HK$5,000,000	–	–	1

During the Relevant Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Machinery	Transportation facilities	Electronic and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023						
Cost	1,395,225	3,770,557	41,537	901,345	2,588,498	8,697,162
Accumulated depreciation	(249,768)	(1,059,558)	(13,436)	(243,874)	–	(1,566,636)
Accumulated impairment	(23,221)	(80,749)	(176)	(8,452)	–	(112,598)
Net carrying amount	**1,122,236**	**2,630,250**	**27,925**	**649,019**	**2,588,498**	**7,017,928**
Year ended 31 December 2023						
Opening net carrying amount	1,122,236	2,630,250	27,925	649,019	2,588,498	7,017,928
Additions	211,644	4,932	3,206	4,754	3,137,121	3,361,657
Disposals	(12,299)	(18,808)	(611)	(100)	–	(31,818)
Depreciation	(88,212)	(413,172)	(3,736)	(181,291)	–	(686,411)
Impairment *(note (a))*	(3,006)	(3,439)	–	(10)	(4,442)	(10,897)
Transfer from construction in progress	1,092,787	2,258,806	12,518	344,659	(3,708,770)	–
Acquisition through business combination	510	2,775	366	771	700	5,122
Closing net carrying amount	**2,323,660**	**4,461,344**	**39,668**	**817,802**	**2,013,107**	**9,655,581**
As at 31 December 2023 and 1 January 2024						
Cost	2,686,035	5,987,845	55,117	1,246,357	2,017,549	11,992,903
Accumulated depreciation	(336,263)	(1,450,226)	(15,273)	(420,093)	–	(2,221,855)
Accumulated impairment	(26,112)	(76,275)	(176)	(8,462)	(4,442)	(115,467)
Net carrying amount	**2,323,660**	**4,461,344**	**39,668**	**817,802**	**2,013,107**	**9,655,581**
Year ended 31 December 2024						
Opening net carrying amount	2,323,660	4,461,344	39,668	817,802	2,013,107	9,655,581
Additions	369	13,327	161	3,186	1,257,654	1,274,697
Disposals	(684)	(5,422)	(131)	(6,179)	–	(12,416)
Depreciation	(121,394)	(564,337)	(4,763)	(225,886)	–	(916,380)
Impairment *(note (a))*	–	(59,584)	(176)	(1,554)	–	(61,314)
Transfer from construction in progress	282,110	865,710	5,785	170,840	(1,324,445)	–
Deemed disposal of subsidiaries	(4,162)	(3,596)	(238)	(248)	(2,673)	(10,917)
Closing net carrying amount	**2,479,899**	**4,707,442**	**40,306**	**757,961**	**1,943,643**	**9,929,251**
As at 31 December 2024 and 1 January 2025						
Cost	2,963,143	6,856,436	60,099	1,399,870	1,943,643	13,223,191
Accumulated depreciation	(457,132)	(2,010,980)	(19,442)	(632,380)	–	(3,119,934)
Accumulated impairment	(26,112)	(138,014)	(351)	(9,529)	–	(174,006)
Net carrying amount	**2,479,899**	**4,707,442**	**40,306**	**757,961**	**1,943,643**	**9,929,251**
Year ended 31 December 2025						
Opening net carrying amount	2,479,899	4,707,442	40,306	757,961	1,943,643	9,929,251
Additions	–	1,337	56	8,404	1,046,979	1,056,776
Disposals/written-off	(12,269)	(41,069)	(206)	(18,665)	–	(72,209)
Depreciation	(150,945)	(602,685)	(5,225)	(249,116)	–	(1,007,971)
Transfer from construction in progress	264,953	198,850	2,658	132,121	(598,582)	–
Acquisition through business combination	101,698	104,181	1,207	4,414	8,282	219,782
Disposal of a subsidiary	–	(59)	(94)	(510)	–	(663)
Closing net carrying amount	**2,683,336**	**4,367,997**	**38,702**	**634,609**	**2,400,322**	**10,124,966**
As at 31 December 2025						
Cost	3,309,927	7,090,750	62,394	1,498,928	2,400,322	14,362,321
Accumulated depreciation	(601,660)	(2,585,243)	(23,341)	(858,518)	–	(4,068,762)
Accumulated impairment	(24,931)	(137,510)	(351)	(5,801)	–	(168,593)
Net carrying amount	**2,683,336**	**4,367,997**	**38,702**	**634,609**	**2,400,322**	**10,124,966**

Notes:

(a) Due to certain asset groups being idle or unused, management of the Group considered that there were indicators of impairment for these asset groups and conducted impairment tests. As a result, impairment of RMB10,897,000 and RMB61,314,000 were recognised for property, plant and equipment during the years ended 31 December 2023 and 2024 respectively.

Management performed impairment assessment by determining the recoverable amount of the relevant asset groups based on the fair value less cost of disposal according to appraisal report. The fair value and disposal costs were valued by management under market method, with reference to similar property, plant and equipment transaction prices and other factors, such as assets features and transaction method.

(b) The property ownership certificates of the buildings with carrying amounts of RMB1,059,832,000, RMB990,429,000 and RMB855,225,000 as at 31 December 2023, 2024 and 2025 respectively, are yet to be obtained. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025.

(c) Certain property, plant and equipment with a net carrying amount of approximately RMB821,493,000, RMB370,768,000 and RMB333,607,000 as at 31 December 2023, 2024 and 2025 respectively, were pledged as securities for borrowings granted to the Group, details are disclosed in note 39 to the Historical Financial Information.

(d) As at 31 December 2023, 2024 and 2025, a freehold land with carrying amount of RMB211,644,000 is situated outside Mainland China and Hong Kong.

17. RIGHT-OF-USE ASSETS

	Prepaid lease payments	Leased properties and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	**798,613**	**–**	**798,613**
Additions	93,681	25,949	119,630
Depreciation	(18,882)	(2,759)	(21,641)
Acquisition through business combination	1,722	12,129	13,851
As at 31 December 2023 and 1 January 2024	**875,134**	**35,319**	**910,453**
Additions	87,638	–	87,638
Depreciation	(21,253)	(4,475)	(25,728)
As at 31 December 2024 and 1 January 2025	**941,519**	**30,844**	**972,363**
Additions	1,031	8,549	9,580
Depreciation	(22,126)	(6,435)	(28,561)
Acquisition through business combination	4,481	–	4,481
As at 31 December 2025	**924,905**	**32,958**	**957,863**

Certain prepaid lease payments are pledged for the Group's borrowings, details are disclosed in note 39 to the Historical Financial Information.

18. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year			
Gross carrying amount	175,826	376,228	372,198
Accumulated impairment	(161,508)	(161,508)	(171,796)
	14,318	**214,720**	**200,402**
Net carrying amount at the beginning of the year	14,318	214,720	200,402
Acquisition of subsidiaries	200,402	–	–
Impairment	–	(14,318)	–
Net carrying amount at the end of the year	**214,720**	**200,402**	**200,402**
At the end of the year			
Gross carrying amount	376,228	372,198	372,198
Accumulated impairment	(161,508)	(171,796)	(171,796)
	214,720	**200,402**	**200,402**

Goodwill is allocated to the Group's CGUs and groups of CGUs that are expected to benefit from the synergies of the relevant business combination. A summary of goodwill allocation is presented below:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chenzhou Zhonggui Technology Co., Ltd.* (郴州市中貴科技有限公司) ("Chenzhou Zhonggui")	14,318	–	–
Bondway Dongguan	200,402	200,402	200,402
	214,720	**200,402**	**200,402**

* *For Identification only.*

As at 31 December 2024, management reassessed the key assumptions for impairment testing of goodwill of Chenzhou Zhonggui. According to management's estimation of the recoverable amount of Chenzhou Zhonggui, an impairment loss of RMB14,318,000 was recognised.

The recoverable amount of Bondway Dongguan is determined based on value in use calculations based on five-year financial budgets. Management did not assume any growth to the cash flows subsequent to the five-year period. The following table sets forth each key assumptions of Bondway Dongguan on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2023	2024	2025
Revenue growth rate during the forecast period	0%	2.82% to 34.40%	5.74% to 26.00%
Pre-tax discount rate	12.31%	12.26%	12.48%
Terminal growth rate	0%	0%	0%

The recoverable amounts for Bondway Dongguan were assessed to exceed its carrying amounts as at 31 December 2023, 2024 and 2025. Accordingly, no impairment loss has been recognised.

Key assumptions for value in use calculations

Assumptions were used in the value in use calculations of the CGUs for the Relevant Period. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting revenue annual growth rates and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue annual growth rates – The basis used to determine revenue annual growth rates is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected product and market development.

Pre-tax discount rate – The cash flow projections are discounted using pre-tax discount rate of 12.31%, 12.26% and 12.48% as at 31 December 2023, 2024 and 2025, respectively. The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.

Sensitivity analysis

Management of the Company has performed sensitivity analysis by decreasing 1% of revenue annual growth rates or increasing 0.5% of discount rate, with all other key assumptions held constant. The impacts on the amount by which CGU's recoverable amount exceed its carrying amount ("headroom") are as below:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue annual growth rates decreased by 1%	(2,627)	(14,947)	(29,236)
Pre-tax discount rate increased by 0.5%	(22,297)	(26,680)	(25,598)

The headroom corresponding to the impact of the above key assumptions are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Headroom – decreasing revenue annual growth rates by 1%	55,098	26,469	17,331
Headroom – increasing pre-tax discount rate by 0.5%	35,427	14,736	20,969

Based on the headroom of the impairment assessment for the Relevant Period, management of the Company believes that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

These sensitivity analyses are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Considering there was still sufficient headroom based on the assessment, management believes there was no impairment for the goodwill as at 31 December 2023, 2024 and 2025.

Based on the results of the abovementioned assessments as conducted by management, the directors of the Company conclude that no impairment loss on the aforementioned goodwill of Bondway Dongguan is required to be recognised as at 31 December 2023, 2024 and 2025.

19. INTANGIBLE ASSETS

	Patent rights	Non-patented technologies	Software and others	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023					
Cost	49,281	12,162	15,082	–	76,525
Accumulated amortisation	(37,933)	(7,026)	(6,396)	–	(51,355)
Net carrying amount	**11,348**	**5,136**	**8,686**	**–**	**25,170**
Year ended 31 December 2023					
Opening net carrying amount	11,348	5,136	8,686	–	25,170
Additions	4,678	–	5,522	–	10,200
Acquisition through business combination	82,413	–	135	28,752	111,300
Amortisation	(11,046)	(489)	(2,287)	(4,792)	(18,614)
Closing net carrying amount	**87,393**	**4,647**	**12,056**	**23,960**	**128,056**
As at 31 December 2023 and 1 January 2024					
Cost	136,372	12,162	20,739	28,752	198,025
Accumulated amortisation	(48,979)	(7,515)	(8,683)	(4,792)	(69,969)
Net carrying amount	**87,393**	**4,647**	**12,056**	**23,960**	**128,056**
Year ended 31 December 2024					
Opening net carrying amount	87,393	4,647	12,056	23,960	128,056
Additions	1,227	–	4,580	–	5,807
Disposals	–	–	(428)	–	(428)
Amortisation	(13,095)	(839)	(7,076)	(5,750)	(26,760)
Closing net carrying amount	**75,525**	**3,808**	**9,132**	**18,210**	**106,675**
As at 31 December 2024 and 1 January 2025					
Cost	137,599	12,162	24,891	28,752	203,404
Accumulated amortisation	(62,074)	(8,354)	(15,759)	(10,542)	(96,729)
Net carrying amount	**75,525**	**3,808**	**9,132**	**18,210**	**106,675**
Year ended 31 December 2025					
Opening net carrying amount	75,525	3,808	9,132	18,210	106,675
Additions	1,399	2,942	3,143	–	7,484
Amortisation	(10,379)	(735)	(3,884)	(5,751)	(20,749)
Disposal of a subsidiary	(3,022)	–	–	–	(3,022)
Closing net carrying amount	**63,523**	**6,015**	**8,391**	**12,459**	**90,388**
As at 31 December 2025					
Cost	128,559	15,104	27,904	28,752	200,319
Accumulated amortisation	(65,036)	(9,089)	(19,513)	(16,293)	(109,931)
Net carrying amount	**63,523**	**6,015**	**8,391**	**12,459**	**90,388**

20. INTERESTS IN ASSOCIATES AND JOINT VENTURES

(a) Interests in associates

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	189,515	291,463	275,570
Addition	96,277	881	37,957
Disposal	–	–	(29,801)
Share of results, net	5,671	(9,805)	(22,465)
Dividends declared	–	(6,969)	–
Capital contributions from shareholders of an associate	–	–	4,565
At the end of the year	**291,463**	**275,570**	**265,826**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	189,515	205,241	191,148
Addition	12,078	(458)	29,702
Share of results, net	3,648	(6,666)	(12,399)
Dividends declared	–	(6,969)	–
At the end of the year	**205,241**	**191,148**	**208,451**

Details of the Group's interests in associates, which are unlisted corporate entities whose quoted market price is not available and accounted for using the equity method as at 31 December 2023, 2024 and 2025, are as follows:

				Percentage of ownership interest attributable to the Group					
				As at 31 December					
				2023		2024		2025	
Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Principal activities	Direct	Indirect	Direct	Indirect	Direct	Indirect
				%	%	%	%	%	%
Shandong Huafu Chemical Co., Ltd. ("Shandong Huafu")* (山東華氟化工有限責任公司)	Registered capital of RMB1 each	The PRC	Production and sales of chemical products	34.83	–	34.83	–	43.29	–
Hunan Yaoning Tinci Mining Co., Ltd. ("Hunan Yaoning")* (湖南耀寧天賜礦業有限公司) (formerly named as Yueyang Yaoning Tinci Mining Co., Ltd. 岳陽耀寧天賜礦業有限公司)	Registered capital of RMB1 each	The PRC	Production and sale of metal, chemical, and mineral products	30.00	–	30.00	–	30.00	–
Dangyang Deyi Chemical Co., Ltd. ("Dangyang Deyi")* (當陽德毅化工有限公司)	Registered capital of RMB1 each	The PRC	Production and sales of chemical products	20.00	–	20.00	–	20.00	–
Fujian Zhongzhou New Materials Technology Co., Ltd. ("Fujian Zhongzhou")* (福建中州新材料科技有限公司) *(note (i))*	Registered capital of RMB1 each	The PRC	Research and development of engineering technologies	–	35.00	–	35.00	–	12.16
Qinghai Tinci Hongzheng Environmental Protection Technology Co., Ltd. ("Qinghai Hongzheng")* (青海天賜宏正環保科技有限公司) (formerly named as Qinghai Hongzheng Environmental Protection Technology Co., Ltd. 青海宏正環保科技有限公司) *(note (ii))*	Registered capital of RMB1 each	The PRC	Environmental protection technology services	–	35.00	–	35.00	–	54.90
Jiujiang Hangyang Tinci Gas Co., Ltd. ("Hangyang Tinci")* (九江杭氧天賜氣體有限公司)	Registered capital of RMB1 each	The PRC	Production and sales of chemical products	–	35.00	–	35.00	–	35.00
Yizhang Zhonggui Lianhua Resource Utilization Co., Ltd. ("Yizhang Zhonggui")* (宜章中貴聯華資源利用有限公司)	Registered capital of RMB1 each	The PRC	Technology services	–	28.93	–	27.55	–	27.55

* *For Identification only.*

Notes:

(i) During the year ended 31 December 2025, the equity interests in Fujian Zhongzhou held by the Group were diluted from 35% to 12.16% due to capital contributions from shareholders of Fujian Zhongzhou. Pursuant to the articles of association of Fujian Zhongzhou, the board of directors of Fujian Zhongzhou consists of five directors, including one appointed by the Group. Therefore, the Group considers that the it has significant influence over the operating and financial activities of Fujian Zhongzhou, and continues to account for it as an associate.

(ii) During the year ended 31 December 2025, the Group acquired additional 16% equity interests in Qinghai Hongzheng from the other independent shareholder of Qinghai Hongzheng at a cash consideration of RMB17,160,000 (the "Acquisition"). Pursuant to the revised articles of association of Qinghai Hongzheng upon the completion of the Acquisition, the board of directors of Qinghai Hongzheng still consists of three directors, of whom two are appointed by the Group. Certain key corporate matters of Qinghai Hongzheng require a majority vote of directors. As a result of the Acquisition, the Group considered it has control over Qinghai Hongzheng as it has sufficient dominant voting interests to direct the operating and financial activities of Qinghai Hongzheng. Accordingly, Qinghai Hongzheng is classified as a subsidiary of the Company.

In the opinion of the directors of the Company, there is no associate that is individually significant to the Group.

(b) Interests in joint ventures

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	109,873	110,624
Addition	110,000	1,241	–
Share of results, net	(127)	(490)	(515)
Dividends declared	–	–	(1,655)
At the end of the year	**109,873**	**110,624**	**108,454**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	930
Addition	–	1,241	–
Share of results, net	–	(311)	225
At the end of the year	**–**	**930**	**1,155**

Details of the Group's joint ventures which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method as at 31 December 2023, 2024 and 2025, are as follows:

Name of joint venture	Particulars of share capital held	Place of incorporation/ establishment and operations	Principal activities	Percentage of ownership interest attributable to the Group As at 31 December 2023 Direct	2023 Indirect	2024 Direct	2024 Indirect	2025 Direct	2025 Indirect
				%	%	%	%	%	%
Ningbo Jinye Sicheng Enterprise Management Partnership (Limited Partnership) ("Ningbo Jinye")* (寧波錦鄴泗成企業管理合夥企業(有限合夥)) *(note (i))*	Registered capital of RMB1 each	The PRC	Investment	–	34.29	–	34.29	–	34.29
Guangzhou Guangkai Linghui Industrial Investment Fund Partnership (Limited Partnership) ("Guangkai Linghui")* (廣州廣開瓴匯產業投資基金合夥企業(有限合夥)) *(note (ii))*	Registered capital of RMB1 each	The PRC	Investment	–	40.00	–	40.00	–	40.00
Hangzhou Jinxingzhi Venture Capital Partnership (Limited Partnership) ("Hangzhou Jinxingzhi")* (杭州錦杏智創業投資合夥企業(有限合夥)) *(note (iii))*	Registered capital of RMB1 each	The PRC	Investment	–	57.14	–	57.14	–	57.14
Hubei Tianyi Phosphorus and Fluorine Technology Research Co., Ltd. ("Hubei Tianyi")* (湖北天宜磷氟科技研究有限公司) *(note (iv))*	Registered capital of RMB1 each	The PRC	Technology services	50.00	–	30.00	–	30.00	–

* *For Identification only.*

Notes:

(i) During the year ended 31 December 2023, the Group entered into a joint venture agreement with certain independent third parties, pursuant to which the parties agreed to establish a joint venture company, Ningbo Jinye. Pursuant to the joint venture agreement, the investment decision committee, which is the final decision-making body of Ningbo Jinye, consists of two members, of whom one is nominated by the Group and one is nominated by another partner. Pursuant to the joint venture agreement, decision-making matters of Ningbo Jinye shall be approved by both members of the investment decision committee. Therefore, Ningbo Jinye is under the joint control of the Group and the other partner. Both of the Group and the other partner have the rights to the net assets of Ningbo Jinye. Accordingly, the investment in Ningbo Jinye was recognised as a joint venture of the Group and accounted for using the equity method.

(ii) During the year ended 31 December 2023, the Group entered into a joint venture agreement with certain independent third parties, pursuant to which the parties agreed to establish a joint venture company, Guangkai Linghui. Pursuant to the joint venture agreement, the investment decision committee, which is the final decision-making body of Guangkai Linghui, consists of two members, of whom one is nominated by the Group and one is nominated by another partner. Pursuant to the joint venture agreement, decision-making matters of Guangkai Linghui shall be approved by both members of the investment decision committee. Therefore, Guangkai Linghui is under the joint control of the Group and the other partner. Both of the Group and the other partner have the rights to the net assets of Guangkai Linghui. Accordingly, the investment in Guangkai Linghui was recognised as a joint venture of the Group and accounted for using the equity method.

(iii) During the year ended 31 December 2023, the Group entered into a joint venture agreement with certain independent third parties, pursuant to which the parties agreed to establish a joint venture company, Hangzhou Jinxingzhi, which was held as to 57.14% by the Group and as to 42.86% by other partners. Pursuant to the joint venture agreement, the investment decision committee, which is the final decision-making body of Hangzhou Jinxingzhi, consists of three members, of whom one is nominated by the Group and two are nominated by another partner. Pursuant to the joint venture agreement, decision-making matters of Hangzhou Jinxingzhi shall be approved by all members of the investment decision committee. Therefore, Hangzhou Jinxingzhi is under the joint control of the Group and the other partner. Both of the Group and other partner have the rights to the net assets of Hangzhou Jinxingzhi. Accordingly, the investment in Hangzhou Jinxingzhi was recognised as a joint venture of the Group and accounted for using the equity method.

(iv) Hubei Tianyi used to be a subsidiary in which the Company directly held 50% equity interests. In May 2024, the equity interests in Hubei Tianyi held by the Company was diluted to 30% due to the Company's capital reduction and another shareholder's capital contribution. Since then, Hubei Tianyi was no longer in the scope of consolidation of the Group. Pursuant to the articles of association of Hubei Tianyi, shareholders of the company shall exercise voting rights at the shareholders' meeting in accordance with the proportion of capital contribution of shareholders, and the resolutions of its shareholders' meeting must be passed by 100% of the voting rights. Therefore, Hubei Tianyi is under the joint control of the Group and the other two shareholders. All of the Group and the other two shareholders have the rights to the net assets of Hubei Tianyi. Accordingly, the investment in Hubei Tianyi was recognised as a joint venture of the Group and accounted for using the equity method.

In the opinion of the directors of the Company, there is no joint venture that is individually significant to the Group.

21. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted shares, at cost	8,470,715	8,937,353	9,529,911
Less: accumulated impairment	(124,151)	(134,438)	(54,438)
	8,346,564	**8,802,915**	**9,475,473**

Details of the Company's principal subsidiaries are stated in note 1.

Details of acquisitions of additional interests in subsidiaries during the Relevant Period are as follows:

During the year ended 31 December 2023, the Group has acquired 100% equity interests in Tinci Materials (Taizhou) Co., Ltd.* (天賜材料(台州)有限公司) which is wholly owned by Yichun Tinci, resulting in an increase in non-controlling interests of RMB961,000 and a decrease in capital reserve of RMB961,000.

During the year ended 31 December 2023, the Group has acquired an additional 17.04% equity interests in Zhejiang Tianshuo from an independent third party at a cash consideration of RMB128,000,000, resulting in a decrease in non-controlling interests of RMB57,425,000 and a decrease in capital reserve of RMB70,575,000. After the acquisition, Zhejiang Tianshuo was wholly owned by the Group.

During the year ended 31 December 2024, the Group has acquired an additional 49% equity interests in Jiangxi Tianyi Engineering Technology Co., Ltd.* (江西天億工程技術有限公司) ("Jiangxi Tianyi") from an independent third party at a cash consideration of RMB288,000, resulting in a decrease in non-controlling interests of RMB1,724,000 and an increase in capital reserve of RMB1,436,000. After the acquisition, Jiangxi Tianyi was wholly owned by the Group.

* *For Identification only.*

22. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	525,339	600,334	646,367
Work in progress	418,603	342,546	419,067
Finished goods	287,121	501,247	634,371
Goods in transit	111,803	73,752	76,617
	1,342,866	1,517,879	1,776,422
Less: provision for inventories	(171,014)	(154,189)	(157,312)
	1,171,852	**1,363,690**	**1,619,110**

Movements in the provision for inventories of the Group are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	23,711	171,014	154,189
Provision for impairment	171,014	108,480	172,363
Written back upon sales of inventories	(23,711)	(125,305)	(169,240)
At the end of the year	**171,014**	**154,189**	**157,312**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	13,284	48,769	49,114
Work in progress	15,301	11,483	21,678
Finished goods	46,578	40,805	91,612
Goods in transit	13,167	20,315	14,764
	88,330	121,372	177,168
Less: provision for inventories	(10,450)	(822)	(2,098)
	77,880	**120,550**	**175,070**

Movements in the provision for inventories of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	10,450	822
Provision for impairment	10,450	1,426	1,792
Written back upon sales of inventories	–	(11,054)	(516)
At the end of the year	**10,450**	**822**	**2,098**

23. TRADE AND BILLS RECEIVABLES

The Group

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade receivables	*(a)*			
– Third parties		4,450,336	5,116,820	7,175,853
– Related parties	*41(c)*	–	3,502	1,479
		4,450,336	5,120,322	7,177,332
Less: ECL allowance of trade receivables		(155,709)	(250,466)	(297,112)
		4,294,627	**4,869,856**	**6,880,220**
Bills receivable				
– Measured at FVTOCI	*(b)*	1,107,983	655,211	947,532
– Measured at amortised cost		–	–	2,000
		1,107,983	655,211	949,532
Less: ECL allowance of bills receivable		–	–	(56)
		1,107,983	**655,211**	**949,476**
		5,402,610	**5,525,067**	**7,829,696**

The Company

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade receivables	*(a)*			
– Third parties		565,537	606,782	828,690
– Subsidiaries		194,987	353,656	1,279,149
		760,524	960,438	2,107,839
Less: ECL allowance of trade receivables		(24,808)	(28,113)	(36,037)
		735,716	**932,325**	**2,071,802**
Bills receivable				
– Measured at FVTOCI	*(b)*	216,097	119,680	55,500
		951,813	**1,052,005**	**2,127,302**

The Group usually provides customer with a credit term ranged from 30 to 120 days. All bills receivable held by the Group and Company are with a maturity period of less than one year. The directors of the Company consider that the fair values of trade and bills receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

(a) Trade receivables

The ageing analysis of trade receivables based on the revenue recognition date at each reporting date, net of ECL allowance, are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,290,468	4,864,542	6,870,707
Between 1 year and 2 years	4,159	5,314	9,513
	4,294,627	**4,869,856**	**6,880,220**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	735,307	928,548	2,054,784
Between 1 year and 2 years	409	3,777	15,868
Over 2 years	–	–	1,150
	735,716	**932,325**	**2,071,802**

The Group has applied the simplified approach to measure the provision for ECL prescribed by IFRS 9, which permits the use of lifetime ECL provision for all trade receivables.

The Group performs ECL assessments collectively and individually. To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

Then impairment analysis for the ECL of trade receivables is performed by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In addition, credit-impaired trade receivables are assessed for ECL individually.

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

The Group

	As at 31 December 2023		
	Gross carrying Amount	**ECL**	**ECL rate**
	RMB'000	*RMB'000*	*%*
Individually impaired	6,768	6,768	100.00
Collectively impaired			
Within 1 year	4,406,356	115,888	2.63
Between 1 year and 2 years	13,863	9,704	70.00
Over 2 years	23,349	23,349	100.00
	4,443,568	148,941	3.35
	4,450,336	**155,709**	**3.50**

	As at 31 December 2024		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	79,629	70,002	87.91
Collectively impaired			
Within 1 year	4,994,769	139,854	2.80
Between 1 year and 2 years	17,714	12,400	70.00
Over 2 years	28,210	28,210	100.00
	5,040,693	180,464	3.58
	5,120,322	**250,466**	**4.89**

	As at 31 December 2025		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	82,070	74,573	90.87
Collectively impaired			
Within 1 year	7,068,628	197,921	2.80
Between 1 year and 2 years	6,722	4,706	70.01
Over 2 years	19,912	19,912	100.00
	7,095,262	222,539	3.14
	7,177,332	**297,112**	**4.14**

Set out below is the information about the credit risk exposure on the Company's trade receivables:

The Company

	As at 31 December 2023		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	6,108	6,108	100.00
Collectively impaired			
Within 1 year	750,903	15,596	2.08
Between 1 year and 2 years	1,362	953	69.97
Over 2 years	2,151	2,151	100.00
	754,416	18,700	2.48
	760,524	**24,808**	**3.26**

	As at 31 December 2024		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	6,821	6,821	100.00
Collectively impaired			
Within 1 year	947,003	18,455	1.95
Between 1 year and 2 years	5,171	1,394	26.96
Over 2 years	1,443	1,443	100.00
	953,617	21,292	2.23
	960,438	**28,113**	**2.93**

	As at 31 December 2025		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	RMB'000	%
Individually impaired	5,931	5,931	100.00
Collectively impaired			
Within 1 year	2,084,109	29,326	1.41
Between 1 year and 2 years	16,145	276	1.71
Over 2 years	1,654	504	30.47
	2,101,908	30,106	1.43
	2,107,839	**36,037**	**1.71**

The movement in the ECL allowance of trade receivables is as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	194,441	155,709	250,466
ECL allowance recognised	4,831	95,174	55,541
ECL allowance reversed	(43,563)	(465)	(1,096)
Disposal of a subsidiary	–	–	(7,799)
Exchange differences	–	48	–
Balance at the end of the year	**155,709**	**250,466**	**297,112**

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	22,650	24,808	28,113
ECL allowance recognised	6,127	3,305	9,388
ECL allowance reversed	(3,969)	–	(1,464)
Balance at the end of the year	**24,808**	**28,113**	**36,037**

(b) Bills receivable

The Group manages its bills receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, bills receivable are classified as financial assets at FVTOCI and are stated at fair value. The fair value is within Level 2 of the fair value hierarchy.

The Group endorsed certain bills receivable accepted by banks in the PRC to certain suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB4,411,506,000, RMB3,661,227,000 and RMB4,479,277,000 as at 31 December 2023, 2024 and 2025 respectively (the "Derecognised Bills"). In the opinion of the directors of the Company, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables.

During the Relevant Period, all the Group's and the Company's bills receivable are neither past due nor impaired. The Group and the Company expect that there is no significant credit risk associated with bills receivable since they are held with reputable banks in the PRC. The directors of the Company do not expect that there will be any significant credit losses from non-performance by these counterparties. Accordingly, no provision for loss allowance was made during the Relevant Period.

Certain bills receivable of the Group are pledged as security for the Group's bills payables (see note 39).

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses commodity future contracts that meet the definition of a derivatives as defined by IFRS 9, to mitigate commodity price risk exposure arising from price fluctuation in raw materials related to production of products on the Group's business. The hedge relationships relate to the commodity price risk arising from the highly probable purchase transactions, unrecognised firm commitment and held inventories. In addition, the Group has entered into forward currency contracts to manage its exposures in exchange rates.

The aforementioned commodity future contracts and forward currency contracts were designated for hedge purposes and classified as cash flow hedges and fair value hedges. The hedging ineffectiveness for such contracts were insignificant during the Relevant Period.

25. FINANCIAL ASSETS AT FVTOCI AND FVTPL

(a) Financial assets at FVTOCI

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Listed equity investment at fair value	21,775	11,604	139,864
Unlisted equity investment at fair value	436,863	412,931	569,460
	458,638	**424,535**	**709,324**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investment at fair value	255,950	241,460	301,460

(b) Financial assets at FVTPL

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	–	–	180,000
Wealth management products	–	–	308,246
	–	**–**	**488,246**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	–	–	50,000

26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Deposits paid for acquisition of property, plant and equipment	504,125	116,424	177,310
Deductible value-added tax	–	32,826	32,483
Deposits for land acquisitions *(note (a))*	75,360	–	–
	579,485	149,250	209,793
Current			
Other receivables			
– Security and margin deposits	22,505	20,168	25,341
– Dividends receivable	–	6,969	–
– Others	28,391	184,283	105,665
	50,896	211,420	131,006
Less: ECL allowance of other receivables	(29,531)	(56,942)	(59,894)
	21,365	154,478	71,112
Prepayments to suppliers	344,485	282,141	436,704
Deductible value-added tax	607,531	508,019	311,072
Deferred listing expenses	–	–	10,617
Others	–	–	1,015
	973,381	944,638	830,520
	1,552,866	**1,093,888**	**1,040,313**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Deposits paid for acquisition of property, plant and equipment	1,831	1,228	1,600
Current			
Other receivables			
– Security and margin deposits	4,758	1,189	4,853
– Dividends receivable	–	606,969	60,000
– Amounts due from subsidiaries *(note (b))*	1,874,679	1,468,386	1,653,427
– Others	3,394	76,319	27,162
	1,882,831	2,152,863	1,745,442
Less: ECL allowance of other receivables	(14,721)	(14,486)	(19,558)
	1,868,110	2,138,377	1,725,884
Prepayments to suppliers	293,835	134,943	217,837
Deductible value-added tax	35,301	33,763	14,110
Deferred listing expenses	–	–	10,617
	2,197,246	2,307,083	1,968,448
	2,199,077	**2,308,311**	**1,970,048**

Notes:

(a) Deposits for land acquisitions arise from the acquisitions of lands in the PRC. These deposits would be converted into right-of-use assets when the rights to use have been obtained. The carrying amounts of the Group's deposits for land acquisitions are denominated in RMB.

(b) Amounts due from subsidiaries were unsecured, repayable on demand and interest-bearing ranged from 2.15% to 5.37% per annum.

The directors of the Company considered that the fair values of other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

For the dividends receivable with a specific due date or settlement schedule, the directors of the Company considered the probability of default as nil. For the remaining items of other receivables, impairment is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

The movement in the ECL allowance of other receivables is as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	8,474	29,531	56,942
ECL allowance recognised	20,409	28,064	6,152
Disposal of a subsidiary	–	–	(2,871)
Others	648	(653)	(329)
Balance at the end of the year	**29,531**	**56,942**	**59,894**

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	5,350	14,721	14,486
ECL allowance recognised	9,371	1,126	5,072
ECL allowance reversed	–	(1,361)	–
Balance at the end of the year	**14,721**	**14,486**	**19,558**

27. PLEDGED DEPOSITS

Pledged deposits mainly represented deposits placed at banks as guarantee for litigations and bills payables.

28. BANK BALANCES, DEPOSITS AND CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Time deposits	1,599,232	856,880	989,945
Current			
Cash in hand	48	88	9
Cash at banks	2,256,053	1,601,756	1,888,983
Time deposits with original maturity over three months and due within one year	73,390	1,338,618	370,890
	2,329,491	2,940,462	2,259,882
	3,928,723	**3,797,342**	**3,249,827**
Representing:			
Cash and cash equivalents	2,256,101	1,601,844	1,888,992

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Time deposits	828,580	248,422	104,057
Current			
Cash in hand	48	49	9
Cash at banks	1,080,501	331,822	354,643
Time deposits with original maturities over three months and due within one year	–	759,209	151,764
	1,080,549	1,091,080	506,416
	1,909,129	**1,339,502**	**610,473**
Representing:			
Cash and cash equivalents	1,080,549	331,871	354,652

29. TRADE AND BILLS PAYABLES

The Group

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade payables				
– Third parties		3,257,105	3,122,583	4,323,270
– Related parties	*41(c)*	3,974	21,782	12,312
		3,261,079	3,144,365	4,335,582
Bills payable		159,875	218,444	218,211
		3,420,954	**3,362,809**	**4,553,793**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	60,179	54,361	71,842
– Subsidiaries	410,133	216,624	907,964
	470,312	270,985	979,806
Bills payable	–	543,755	348,908
	470,312	**814,740**	**1,328,714**

All amounts are short term and hence the carrying amounts of the Group's trade and bills payables are considered to be a reasonable approximation of fair value.

The Group was granted certain credit terms by major suppliers, which is normally 90 days. Based on the time of purchasing materials, goods or receiving services, the ageing analysis of trade and bills payables is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,975,719	2,821,239	3,895,874
Between 1 year and 2 years	375,706	413,505	465,086
Between 2 years and 3 years	43,669	77,900	128,160
Over 3 years	25,860	50,165	64,673
	3,420,954	**3,362,809**	**4,553,793**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	464,720	807,882	1,320,087
Between 1 year and 2 years	3,499	2,667	4,057
Between 2 years and 3 years	296	2,548	724
Over 3 years	1,797	1,643	3,846
	470,312	**814,740**	**1,328,714**

As at 31 December 2023, 2024 and 2025, no matured bills payable were unpaid.

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payables in relation to restricted share incentive scheme and employee share ownership scheme	245,583	110,671	61,122
Employee benefits payables	138,996	147,434	254,603
Value-added tax payables	8,171	33,286	111,915
Accrued expenses	107,983	118,785	117,482
Other taxes payables	13,824	17,842	33,668
Deposits received	19,991	18,410	31,326
Dividends payable	8,022	4,607	166,896
Others	3,709	2,068	–
	546,279	**453,103**	**777,012**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payables in relation to restricted share incentive scheme and employee share ownership scheme	245,583	110,671	61,122
Amounts due to subsidiaries *(note (b))*	766,247	238,686	55,483
Employee benefits payables	37,336	43,823	130,227
Value-added tax payables	22,426	1,648	4,003
Accrued expenses	34,677	41,318	39,934
Other taxes payables	893	1,014	2,517
Deposits received	648	228	1,139
Dividends payable	8,022	4,607	101,270
	1,115,832	**441,995**	**395,695**

Notes:

(a) All amounts are short term and hence the carrying amounts of the Group's other payables and accruals are considered to be a reasonable approximation of fair value.

(b) As at 31 December 2023, 2024 and 2025, the interest-bearing loans from a subsidiary amounted to RMB700,000,000, RMB200,000,000, and RMBNil were unsecured, repayable within one year and carried interest rate of 2.3% per annum.

31. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Receipts in advance from customers for sales of goods	54,439	32,491	77,085

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Receipts in advance from customers for sales of goods	172,510	12,680	30,789

The Group receives payments from customers based on billing schedule as established in contracts.

The decrease in contract liabilities as at 31 December 2024 and the increase in contract liabilities as at 31 December 2025 were mainly due to decrease/increase in billings in advance of sales of lithium-ion battery materials.

All contract liabilities included in the carrying amount as at 31 December 2023 and 2024 were transferred to operating revenue in following year.

All contract liabilities included in the carrying amount as at 31 December 2025 are expected to be transferred to operating revenue in following year.

32. BORROWINGS

The Group

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current				
Pledged borrowings	*(c)*	202,225	160,650	87,915
Mortgaged and guaranteed borrowings	*(d), (e)*	571,723	494,742	378,554
Credit borrowings		120,000	385,940	521,020
Convertible bonds	*(f)*	3,302,231	3,412,856	–
		4,196,179	4,454,188	987,489
Current				
Pledged borrowings	*(c)*	39,143	41,726	72,849
Guaranteed borrowings	*(d)*	767,841	541,437	680,085
Mortgaged and guaranteed borrowings	*(d), (e)*	135,023	204,787	238,556
Credit borrowings		730,954	1,145,108	855,159
Pledged and guaranteed borrowings	*(d)*	–	–	50,000
Convertible bonds	*(f)*	4,671	7,476	–
		1,677,632	1,940,534	1,896,649
		5,873,811	**6,394,722**	**2,884,138**

Notes:

(a) As at 31 December 2023, 2024 and 2025, the borrowings of the Group bear effective interest rates from 2.03% to 4.25%, 0.55% to 3.00% and 0.932% to 2.42% per annum, respectively.

(b) Bank's credit facilities amounted to RMB1,592,740,000, RMB1,991,840,000 and RMB3,354,210,000 had not been utilised as at 31 December 2023, 2024 and 2025 respectively.

(c) Certain of the Group's borrowings were secured by:

(i) the pledge of 59.26% equity interests in Zhejiang Tianshuo and 85% equity interests in Bondway Dongguan, securing borrowings with outstanding principal amounts of RMB23,150,000 and RMB218,025,000, respectively, as at 31 December 2023;

(ii) the pledge of 59.26% equity interests in Zhejiang Tianshuo and 85% equity interests in Bondway Dongguan, securing borrowings with outstanding principal amounts of RMB7,150,000 and RMB195,075,000, respectively, as at 31 December 2024; and

(iii) the pledge of 85% of the equity interests in Bondway Dongguan, securing a borrowing with outstanding principal amounts of RMB160,650,000 as at 31 December 2025.

(d) The amounts were guaranteed by the Company.

(e) Mortgaged borrowings were secured by property, plant and equipment, and prepaid lease payments. Details of the Group's assets mortgaged for the Group's borrowings are disclosed in note 39.

(f) On 23 September 2022 ("date of issuance"), the Company issued five-year convertible bonds in an aggregate principal amount of RMB3,410,500,000, which were listed in the Shenzhen Stock Exchange (the "RMB3,410,500,000 convertible bonds").

The interest rates of the RMB3,410,500,000 convertible bonds were 0.5%, 0.8% and 1.5% for the years ended 31 December 2023, 2024 and 2025 respectively.

The conversion period is on or after 29 March 2023 up to 22 September 2027 (the "Maturity date") and the price of ordinary shares of the Company to be issued in exercise of the right of conversion is initially RMB48.82 per share (subject to anti-dilutive adjustments).

Within five business days after the close of business on the Maturity date, the Company would redeem all unconverted bonds from bondholders at the price of 109% of their principal amount, together with accrued and unpaid interest thereon.

The RMB3,410,500,000 convertible bonds comprise two components, the liability and equity components. The initial fair value of the two components was determined based on proceeds at issuance. The initial fair value of the liability component was estimated to be RMB3,171,606,000 as at the date of issuance using residual method, taking into account the terms and conditions of the RMB3,410,500,000 convertible bonds determined using a prevailing market rate for an equivalent non-convertible bond. The liability component is subsequently measured at amortised cost using effective interest rate method. The effective interest rate of the liability component of the RMB3,410,500,000 convertible bonds is 3.85% per annum. The residual amount representing the value of the equity component of RMB238,894,000, after deducting deferred tax liabilities of RMB35,672,000 recognised as set out in note 35 and issuance cost of RMB1,081,000, was presented in the consolidated statements of changes in equity under the heading "equity component of convertible bonds".

The total transaction costs that are related to the issue of the RMB3,410,500,000 convertible bonds were allocated to the liability component and equity component in proportion to their respective fair values. Transaction costs relating to the liability component were included in the carrying amount of the liability portion and amortised over the period using the effective interest method.

Pursuant to the Company's announcement dated 12 November 2025 published on the website of the Shenzhen Stock Exchange, all the convertible bonds outstanding after the close of business on 2 December 2025 have been early redeemed by the Company at RMB2,902,000 on 3 December 2025 (the "Early Redemption").

Upon completion of the Early Redemption, the RMB3,410,500,000 convertible bonds were delisted from the Shenzhen Stock Exchange on 11 December 2025.

	Liability component	Equity component	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	**3,191,454**	**202,141**	**3,393,595**
Interest recognised in profit or loss	126,037	–	126,037
Redeemed	(23)	(1)	(24)
Conversion	(334)	(19)	(353)
Payment of interest	(10,232)	–	(10,232)
As at 31 December 2023 and 1 January 2024	**3,306,902**	**202,121**	**3,509,023**
Interest recognised in profit or loss	130,529	–	130,529
Conversion	(49)	(3)	(52)
Payment of interest	(17,050)	–	(17,050)
As at 31 December 2024 and 1 January 2025	**3,420,332**	**202,118**	**3,622,450**
Interest recognised in profit or loss	112,359	–	112,359
Redeemed	(2,902)	(172)	(3,074)
Conversion	(3,502,509)	(201,946)	(3,704,455)
Payment of interest	(27,280)	–	(27,280)
As at 31 December 2025	**–**	**–**	**–**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Pledged borrowings	202,225	160,650	87,915
Credit borrowings	120,000	385,940	521,020
Convertible bonds	3,302,231	3,412,856	–
	3,624,456	3,959,446	608,935
Current			
Pledged borrowings	39,143	41,726	72,849
Credit borrowings	700,916	710,070	641,160
Convertible bonds	4,671	7,476	–
	744,730	759,272	714,009
	4,369,186	**4,718,718**	**1,322,944**

Certain Group's banking facilities are subject to the fulfilment of certain financial and non-financial covenants relating to certain of the Group's subsidiaries, as are commonly found in lending arrangements with financial institutions. If the Group or the Company was to breach the covenants, the drawn down facilities would become payable on demand.

During the Relevant Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group's and the Company's borrowings were repayable as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed as:			
Bank borrowings			
– Within 1 year	1,672,961	1,933,058	1,896,649
– Over 1 year but within 2 years	371,318	608,252	422,734
– Over 2 years but within 5 years	522,630	433,080	564,755
	2,566,909	2,974,390	2,884,138
Convertible bonds:			
– Within 1 year	4,671	7,476	–
– Over 2 years but within 5 years	3,302,231	3,412,856	–
	5,873,811	**6,394,722**	**2,884,138**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed as:			
Bank borrowings			
– Within 1 year	740,059	751,796	714,009
– Over 1 year but within 2 years	161,575	397,235	192,090
– Over 2 years but within 5 years	160,650	149,355	416,845
	1,062,284	1,298,386	1,322,944
Convertible bonds			
– Within 1 year	4,671	7,476	–
– Over 2 years but within 5 years	3,302,231	3,412,856	–
	4,369,186	**4,718,718**	**1,322,944**

33. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	115,502	141,236	210,208
Additions	27,950	92,458	93,798
Credited to profit or loss	(2,216)	(23,486)	(23,485)
At the end of the year	**141,236**	**210,208**	**280,521**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	5,365	7,543	3,631
Additions	3,719	1,471	28
Credited to profit or loss	(1,541)	(5,383)	(2,160)
At the end of the year	**7,543**	**3,631**	**1,499**

Note:

The deferred income represented government grants received and are credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

34. LEASE LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total minimum lease payments:			
– Within 1 year	4,869	5,031	7,565
– Over 1 year but within 5 years	20,798	24,864	28,606
– Over 5 years	14,318	5,365	3,412
	39,985	**35,260**	**39,583**
Less: future finance charges on lease liabilities	(5,052)	(3,862)	(3,153)
Present value of lease liabilities	**34,933**	**31,398**	**36,430**
Present value of minimum lease payments:			
– Within 1 year	3,679	3,981	6,488
– Over 1 year but within 5 years	17,536	22,276	26,572
– Over 5 years	13,718	5,141	3,370
	34,933	**31,398**	**36,430**
Less: portion due within 1 year included under current liabilities	(3,679)	(3,981)	(6,488)
Portion due after 1 year included under non-current liabilities	**31,254**	**27,417**	**29,942**

During the years ended 31 December 2023, 2024 and 2025, the total cash outflows for the leases (including short-term leases) were amounted to RMB15,591,000, RMB25,895,000 and RMB24,355,000, respectively.

35. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	93,161	126,443	212,739
Deferred tax liabilities	(84,241)	(61,145)	(99,301)
	8,920	**65,298**	**113,438**
At the beginning of the year	53,224	8,920	65,298
(Reversed)/Recognised in profit or loss *(Note 12)*	(25,481)	52,789	59,390
(Reversed)/Recognised in other comprehensive income	(3,028)	3,589	(40,197)
Recognised in capital reserve	–	–	27,375
Acquisition of a subsidiary	(15,795)	–	817
Disposal of a subsidiary	–	–	755
At the end of the year	**8,920**	**65,298**	**113,438**

The movements in the deferred tax assets during the Relevant Period and its components as at 31 December 2023, 2024 and 2025 were as follows:

The Group

	Impairment provision	ECL allowance	Unrealised profit on intra-group transactions	Share-based payments	Deferred income	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**6,823**	**30,290**	**66,697**	**15,702**	**12,759**	**–**	**–**	**132,271**
Recognised/(Reversed) in profit or loss	2,663	2,733	(34,660)	(15,702)	171	5,685	–	(39,110)
As at 31 December 2023 and 1 January 2024	**9,486**	**33,023**	**32,037**	**–**	**12,930**	**5,685**	**–**	**93,161**
Recognised/(Reversed) in profit or loss	4,694	10,602	(17,549)	–	31,681	(769)	4,623	33,282
As at 31 December 2024 and 1 January 2025	**14,180**	**43,625**	**14,488**	**–**	**44,611**	**4,916**	**4,623**	**126,443**
(Reversed)/Recognised in profit or loss	(2,515)	13,126	14,645	11,963	10,797	1,469	8,619	58,104
Recognised/(Reversed) in capital reserve	–	–	–	39,781	–	–	(12,406)	27,375
Acquisition of a subsidiary	–	817	–	–	–	–	–	817
As at 31 December 2025	**11,665**	**57,568**	**29,133**	**51,744**	**55,408**	**6,385**	**836**	**212,739**

The Company

	Impairment provision	ECL allowance	Share-based payments	Deferred income	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**–**	**4,200**	**6,442**	**805**	**–**	**11,447**
Recognised/(Reversed) in profit or loss	1,568	1,729	(6,442)	326	–	(2,819)
As at 31 December 2023 and 1 January 2024	**1,568**	**5,929**	**–**	**1,131**	**–**	**8,628**
(Reversed)/Recognised in profit or loss	(1,445)	461	–	(586)	414	(1,156)
As at 31 December 2024 and 1 January 2025	**123**	**6,390**	**–**	**545**	**414**	**7,472**
Recognised/(Reversed) in profit or loss	8,531	(6,390)	4,786	(320)	12,222	18,829
Recognised/(Reversed) in capital reserve	–	–	13,302	–	(12,406)	896
As at 31 December 2025	**8,654**	**–**	**18,088**	**225**	**230**	**27,197**

The movements in the deferred tax liabilities during the Relevant Period and its components as at 31 December 2023, 2024 and 2025 were as follows:

The Group

	Convertible bonds	Fair value adjustments related to business combinations	Fair value change of financial assets at FVTOCI	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**30,964**	**10,388**	**37,695**	**–**	**–**	**79,047**
(Reversed)/Recognised in profit or loss	(17,090)	(2,245)	–	5,706	–	(13,629)
Recognised in other comprehensive income	–	–	3,028	–	–	3,028
Acquisition of a subsidiary	–	15,795	–	–	–	15,795
As at 31 December 2023 and 1 January 2024	**13,874**	**23,938**	**40,723**	**5,706**	**–**	**84,241**
(Reversed)/Recognised in profit or loss	(13,874)	(4,955)	–	(905)	227	(19,507)
Reversed in other comprehensive income	–	–	(3,589)	–	–	(3,589)
As at 31 December 2024 and 1 January 2025	**–**	**18,983**	**37,134**	**4,801**	**227**	**61,145**
(Reversed)/Recognised in profit or loss	–	(2,777)	–	947	544	(1,286)
Recognised/(Reversed) in other comprehensive income	–	–	40,359	–	(162)	40,197
Disposal of a subsidiary	–	(755)	–	–	–	(755)
As at 31 December 2025	**–**	**15,451**	**77,493**	**5,748**	**609**	**99,301**

The Company

	Convertible bonds	Fair value change of financial assets at FVTOCI	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	**30,964**	**24,630**	**55,594**
Reversed in profit or loss	(17,090)	–	(17,090)
Recognised in other comprehensive income	–	2,107	2,107
As at 31 December 2023 and 1 January 2024	**13,874**	**26,737**	**40,611**
Reversed in profit or loss	(13,874)	–	(13,874)
Reversed in other comprehensive income	–	(2,174)	(2,174)
As at 31 December 2024 and 1 January 2025	**–**	**24,563**	**24,563**
Recognised in other comprehensive income	–	9,476	9,476
As at 31 December 2025	**–**	**34,039**	**34,039**

As at each reporting date, the Group had deductible temporary differences of RMB336,504,000, RMB376,935,000 and RMB378,564,000 respectively, and estimated unrecognised tax losses of RMB1,057,744,000, RMB1,577,606,000, and RMB1,118,237,000 respectively, to carry forward against future taxable income. Pursuant to the relevant laws and regulations in the PRC, the estimated unrecognised tax losses at the end of the Relevant Period will expire in the following years:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expiry year:			
2024	5,945	–	–
2025	72,694	70,242	–
2026	56,952	32,818	7,332
2027	189,532	42,016	29,274
2028	732,621	455,439	297,835
2029	–	832,231	462,063
2030 and beyond	–	144,860	321,733
	1,057,744	**1,577,606**	**1,118,237**

36. SHARE CAPITAL AND TREASURY SHARES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share capital	1,924,157	1,918,825	2,033,892
Treasury shares	(366,751)	(351,856)	(229,966)

The changes in share capital are as follows:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:				
At the beginning of the year		1,926,656	1,924,157	1,918,825
Shares issued upon the conversion of convertible bonds		7	2	119,548
Repurchase and cancellation of restricted shares	*(a)*	(2,506)	(5,334)	(4,481)
At the end of the year		**1,924,157**	**1,918,825**	**2,033,892**
Number of ordinary shares (in thousands)		1,924,157	1,918,825	2,033,892

The changes in treasury shares are as follows:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year		546,324	366,751	351,856
Repurchase and cancellation of restricted shares	*(a)*	(66,847)	(137,356)	(115,279)
Unlocking of restricted shares	*(b)*	(107,874)	–	–
(Dividends declared)/reversal of dividends declared for restricted shares, net	*(a), (b), (c)*	(4,852)	2,443	4,610
Repurchase of ordinary shares	*(d)*	–	120,018	121,988
Treasury shares for employee share ownership scheme transferred	*(e)*	–	–	(133,209)
At the end of the year		**366,751**	**351,856**	**229,966**
Number of shares (in thousands)		2,476	7,401	8,496

Notes:

(a) On 13 December 2021, pursuant to the proposals approved at the 2021 Fourth Extraordinary General Meeting of the Company such as "Proposal on the 2021 Share Option and Restricted Share Incentive Scheme (Draft Revision) and its Summary of the Company", the Company's implementation of both the 2021 share option incentive scheme ("2021 Share Option Incentive Scheme") and the 2021 restricted share incentive scheme ("2021 Restricted Share Incentive Scheme") have been approved.

On 29 August 2022, pursuant to the proposals approved at the 2022 Fourth Extraordinary General Meeting of the Company such as "Proposal on the 2022 Restricted Share Incentive Scheme (Draft) and its Summary of the Company", the Company's implementation of the 2022 restricted share incentive scheme ("2022 Restricted Share Incentive Scheme") has been approved.

During the year ended 31 December 2023, 1,328,406 restricted shares granted in the 2021 Restricted Share Incentive Scheme were cancelled, as 245 participants have not met the requirements for relieving the sales restriction. In addition, a total of 1,177,798 restricted shares granted in 2021 Restricted Share Incentive Scheme and 2022 Restricted Share Incentive Scheme were cancelled, as 272 participants have not met the requirements for relieving the sales restriction. Accordingly, share capital of approximately RMB2,506,000, treasury shares of approximately RMB66,847,000 and capital reserve of approximately RMB64,341,000 were derecognised. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB1,088,000 which were previously recognised as a reduction of treasury shares were reversed.

During the year ended 31 December 2024, 5,333,377 restricted shares granted in the 2021 Restricted Share Incentive Scheme and 2022 Restricted Share Incentive Scheme were cancelled, as 776 participants have not met the requirements for relieving the sales restriction. Accordingly, share capital of approximately RMB5,334,000, treasury shares of approximately RMB137,356,000 and capital reserve of approximately RMB132,022,000 were derecognised. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB2,443,000 which were previously recognised as a reduction of treasury shares were reversed.

During the year ended 31 December 2025, a total of 4,481,289 restricted shares granted in the 2021 Restricted Share Incentive Scheme and 2022 Restricted Share Incentive Scheme were cancelled, as 701 participants have not met the requirements for relieving the sales restriction. Accordingly, share capital of approximately RMB4,481,000, treasury shares of approximately RMB115,279,000 and capital reserve of approximately RMB110,798,000 were derecognised. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB4,610,000 which were previously recognised as a reduction of treasury shares were reversed.

(b) During the year ended 31 December 2023, 2,616,234 restricted shares granted in 2021 Restricted Share Incentive Scheme were released and listed for circulation, as 387 participants have met the requirements for relieving the sales restriction. In addition, 1,544,746 restricted shares granted in 2022 Restricted Share Incentive Scheme were released and listed for circulation, as 401 participants have met the requirements for relieving the sales restriction. Accordingly, treasury shares of approximately RMB107,874,000 were reduced as a result of the release of the aforementioned 4,160,980 restricted shares. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB3,152,000 which were previously recognised as a reduction of treasury shares were derecognised.

(c) During the year ended 31 December 2023, the 2022 Annual General Meeting of the Company approved the "Proposal on the 2022 Profit Distribution Plan" ("2022 Profit Distribution Plan"), pursuant to which cash dividends of RMB6.00 (tax inclusive) per 10 shares held were distributed to all shareholders. The cash dividends were revocable. Accordingly, cash dividends of approximately RMB9,092,000 were allocated to 15,153,444 restricted shares expected to be released in the future, and the treasury shares were reduced by approximately RMB9,092,000.

(d) During the year ended 31 December 2024, a total of 4,924,900 A shares has been repurchased and treasury shares of approximately RMB120,018,000 were recognised. The shares were repurchased with an average price of RMB24.37 per share.

During the year ended 31 December 2025, a total of 6,573,060 A shares has been repurchased and treasury shares of approximately RMB121,988,000 were recognised. The shares were repurchased with an average price of RMB18.56 per share.

(e) Pursuant to the authorization by the General Meeting granted to the Board of Directors of the Company, and the proposals approved at the 24th meeting of the sixth session of the Board of Directors of the Company and the 19th meeting of the sixth session of the Board of Supervisors of the Company, and the 2024 Second Extraordinary General Meeting of Company such as "Proposal on the 2024 Employee Share Ownership Scheme (Draft) and its Summary of the Company", the Company's implementation of the 2024 employee share ownership scheme ("2024 Employee Share Ownership Scheme") was approved on 30 December 2024.

During the year ended 31 December 2025, the Company transferred 5,354,500 initially granted shares and 123,500 reservedly granted shares of the Company held under the specific securities account for repurchase to the securities account of the 2024 Employee Share Ownership Scheme of the Company by way of non-trade transfer, at a transfer price of RMB11.16 per share and RMB11.06 per share, respectively, resulting in a decrease in treasury shares of approximately RMB194,331,000. Contribution of approximately RMB61,122,000 was received by the Company from the participants, resulting in an increase in repurchase obligations for restricted shares of approximately RMB61,122,000 and a decrease in capital reserve of approximately RMB133,209,000.

37. RESERVES

The Group

During the Relevant Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

(a) Capital reserve

Capital reserve mainly represents the excess of the net proceeds from issuance of shares of the Company over its par value.

Capital reserve also includes (i) the difference between the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired and (ii) the reserve for difference between the market price value at the grant date and grant price value of the restricted shares in restricted share incentive schemes and employee share ownership scheme and (iii) the fair value of share options granted to directors and employees which is dealt with in accordance with the accounting policy set out in note 3.24.

(b) Other comprehensive income reserve

The other comprehensive income reserve includes (i) all foreign exchange differences arising from translating the financial statements of foreign operations and (ii) the cumulative net change in the fair value of equity investments and bills receivable at FVTOCI (non-recycling and recycling) and (iii) the effective portion of the cumulative net gain or loss on the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges.

(c) Special reserve

As stipulated by the relevant laws and regulations for enterprises engaged in production and storage of dangerous chemical products in the PRC, the Company's subsidiaries are required to maintain certain special reserve for safety production fund.

(d) Statutory reserve

Statutory reserve represents the amount set aside from the retained earnings by the Company. In accordance with the relevant regulations and the Company's Articles of Association, the Company is required to allocate at least 10% of its after-tax profit according to the PRC GAAP and regulations to statutory reserve until such reserve has reached 50% of registered capital. This reserve can only be used for specific purposes and is not distributable or transferable to loans, advances and cash dividends.

The Company

The movement of the Company's reserves during the Relevant Period are as follows:

	Capital reserve	Other comprehensive income reserve	Equity component of convertible bonds	Statutory reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**2,087,438**	**139,567**	**202,141**	**569,954**	**3,815,829**	**6,814,929**
Transactions with owners:						
Dividends declared *(Note 13)*	–	–	–	–	(1,152,625)	(1,152,625)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	321	–	(19)	–	–	302
Redemption of convertible bonds *(Note 32(f))*	–	–	(1)	–	–	(1)
Repurchase and cancellation of restricted shares *(Note 36(a))*	(64,341)	–	–	–	–	(64,341)
Share-based payments *(Note 11)*	10,012	–	–	–	–	10,012
Appropriation to statutory reserve	–	–	–	63,235	(63,235)	–
Total transactions with owners	**(54,008)**	**–**	**(20)**	**63,235**	**(1,215,860)**	**(1,206,653)**
Profit for the year	–	–	–	–	632,345	632,345
Other comprehensive income for the year	–	11,944	–	–	–	11,944
Total comprehensive income for the year	**–**	**11,944**	**–**	**–**	**632,345**	**644,289**
As at 31 December 2023 and 1 January 2024	**2,033,430**	**151,511**	**202,121**	**633,189**	**3,232,314**	**6,252,565**

	Capital reserve	Other comprehensive income reserve	Equity component of convertible bonds	Statutory reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Transactions with owners:						
Dividends declared *(Note 13)*	–	–	–	–	(571,072)	(571,072)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	49	–	(3)	–	–	46
Repurchase and cancellation of restricted shares *(Note 36(a))*	(132,022)	–	–	–	–	(132,022)
Share-based payments *(Note 11)*	(83,459)	–	–	–	–	(83,459)
Appropriation to statutory reserve	–	–	–	101,293	(101,293)	–
Others	49,887	–	–	–	(417)	49,470
Total transactions with owners	**(165,545)**	**–**	**(3)**	**101,293**	**(672,782)**	**(737,037)**
Profit for the year	–	–	–	–	1,012,933	1,012,933
Other comprehensive loss for the year	–	(12,318)	–	–	–	(12,318)
Total comprehensive (loss)/income for the year	**–**	**(12,318)**	**–**	**–**	**1,012,933**	**1,000,615**
As at 31 December 2024 and 1 January 2025	**1,867,885**	**139,193**	**202,118**	**734,482**	**3,572,465**	**6,516,143**
Transactions with owners:						
Dividends declared *(Note 13)*	–	–	–	–	(287,235)	(287,235)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	3,572,317	–	(201,946)	–	–	3,370,371
Redemption of convertible bonds *(Note 32(f))*	–	–	(172)	–	–	(172)
Treasury shares for employee share ownership scheme transferred *(Note 36(e))*	(133,209)	–	–	–	–	(133,209)
Repurchase and cancellation of restricted shares *(Note 36(a))*	(110,798)	–	–	–	–	(110,798)
Share-based payments *(Note 11 and 35)*	82,355	–	–	–	–	82,355
Appropriation to statutory reserve	–	–	–	55,906	(55,906)	–
Others	–	–	–	–	1,842	1,842
Total transactions with owners	**3,410,665**	**–**	**(202,118)**	**55,906**	**(341,299)**	**2,923,154**
Profit for the year	–	–	–	–	559,058	559,058
Other comprehensive income for the year	–	53,698	–	–	–	53,698
Total comprehensive income for the year	**–**	**53,698**	**–**	**–**	**559,058**	**612,756**
As at 31 December 2025	**5,278,550**	**192,891**	**–**	**790,388**	**3,790,224**	**10,052,053**

38. SHARE-BASED PAYMENTS

(a) Restricted share incentive scheme

Pursuant to the 2021 Restricted Share Incentive Scheme, the Company completed the registration of initial grant of 4,573,650 restricted shares with lock-up period to 551 incentive participants on 13 December 2021 at a grant price of RMB75.38 per share. On 13 April 2022, the 2021 Annual General Meeting of the Company approved the "Proposal on the 2021 Profit Distribution and Capitalisation of Capital Reserve Plan", pursuant to which 10 shares were issued per 10 shares held from the capital reserve to all shareholders based on the current total share capital of the Company of 962,372,936 shares ("Share Subdivision"). Upon completion of the Share Subdivision, pro-rata adjustments have been made to the aforementioned 4,573,650 restricted shares, so as to give the participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision. On 8 August 2022, 1,910,250 restricted shares with lock-up period were reservedly grant to 280 incentive participants at a grant price of RMB26.20 per share.

Pursuant to the 2021 Restricted Share Incentive Scheme, the restricted shares granted to the eligible employees will be unlocked after 12 months, 24 months, and 36 months from the date of completion of the registration of the grant, with unlocking ratios of 40%, 30%, and 30% respectively. For the reserved grant of restricted shares, it will be unlocked after 12 months and 24 months from the date of completion of the registration of the grant, with unlocking ratios of 50% and 50% respectively. The maximum vesting percentage for each period will be 50% according to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, etc.

Pursuant to the 2022 Restricted Share Incentive Scheme, the Company completed the registration of initial grant of 5,424,300 restricted shares with lock-up period to 563 incentive participants on 29 August 2022 at a grant price of RMB6.00 per share. The restricted shares granted to the eligible employees will be unlocked after 12 months, 24 months, and 36 months from the date of completion of the registration of the grant, with unlocking ratios of 40%, 30%, and 30% respectively. The maximum vesting percentage for each period will be 40% according to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, etc.

Movements in the numbers of restricted shares and their related weighted average grant date fair value are as below:

	Notes	**Number of restricted shares**	**Weighted average grant date fair value per share**
		'000	*RMB*
As at 1 January 2023		**16,482**	**30.94**
Forfeited during the year	*36(a)*	(2,506)	30.75
Unlocked during the year	*36(b)*	(4,161)	31.55
As at 31 December 2023 and 1 January 2024		**9,815**	**30.72**
Forfeited during the year	*36(a)*	(5,334)	30.69
As at 31 December 2024 and 1 January 2025		**4,481**	**30.76**
Forfeited during the year	*36(a)*	(4,481)	30.76
As at 31 December 2025		**–**	**–**

The restricted shares outstanding as at 31 December 2023 and 2024 had a weighted average remaining contractual life of 1.05 years and 0.67 years, respectively.

The fair value of each restricted shares at the grant dates were determined by the closing market price of the Company's shares on the grant date minus the grant price.

(b) Share option incentive scheme

Pursuant to the 2021 Share Option Incentive Scheme, the Company has initially granted 243,150 share options to 87 incentive recipients on 13 December 2021, with an exercise price of RMB150.75 per share. According to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, the share options granted to the eligible employees are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 40%, 30%, and 30% respectively.

Upon completion of the Share Subdivision as mentioned in note 38(a), pro-rata adjustments have been made to the aforementioned 243,150 share options, so as to give the participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Pursuant to the 30th meeting of the fifth session of the Board of Directors of the Company and the 23rd meeting of the fifth session of Board of Supervisors of the Company, the "Proposal on Adjusting the Quantity and Price of Share Options and Restricted Shares under the 2021 Share Option and Restricted Share Incentive Scheme" was approved on 1 June 2022. The exercise price of the initially granted share options under the 2021 Share Option Incentive Scheme was adjusted from RMB150.75 per share to RMB75.125 per share as a result of dividend distribution and capitalisation of capital reserve of the Company.

Pursuant to the second meeting of the sixth session of the Board of Directors of the Company and the second meeting of the sixth session of Board of Supervisors of the Company, the "Proposal on Adjusting the Price of Initially Granted Share Options under the 2021 Share Option and Restricted Share Incentive Scheme" was approved on 24 May 2023. The exercise price of the initially granted share options under the 2021 Share Option Incentive Scheme was adjusted from RMB75.125 per share to RMB74.525 per share as a result of dividend distribution of the Company.

On 30 December 2024, pursuant to the proposals approved at the 2024 Second Extraordinary General Meeting of the Company such as "Proposal on the 2024 Share Option Incentive Scheme (Draft) and its Summary of the Company", the Company's implementation of the 2024 share option incentive scheme ("2024 Share Option Incentive Scheme") has been approved.

Pursuant to the 2024 Share Option Incentive Scheme, the Company has initially granted 13,543,500 share options to 893 incentive recipients on 30 December 2024, with an exercise price of RMB16.74 per share. According to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, the share options granted to the eligible employees are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 40%, 30%, and 30% respectively.

Pursuant to the 39th meeting of the sixth session of the Board of Directors of the Company, the "Proposal on Adjusting the Price of Options under the 2024 Share Option Incentive Scheme" was approved on 9 December 2025. The exercise price of the share options under the 2024 Share Option Incentive Scheme was adjusted from RMB16.74 per share to RMB16.64 per share as a result of dividend distribution of the Company.

Pursuant to the 2024 Share Option Incentive Scheme, the Company has reservedly granted 1,539,900 share options to 311 incentive recipients on 9 December 2025, with an exercise price of RMB16.64 per share. According to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, the share options granted to the eligible employees are exercisable in two exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 50% and 50% respectively.

Movements in the numbers of share options and their related weighted average exercise prices are as below:

	Notes	Number of share options	Weighted average exercise price per share option
		'000	*RMB*
As at 1 January 2023		**486**	**75.125**
Forfeited during the year		(306)	74.525
As at 31 December 2023 and 1 January 2024		**180**	**74.525**
Granted during the year	*38(b)*	13,509	16.74
Forfeited during the year		(95)	74.525
As at 31 December 2024 and 1 January 2025		**13,594**	**17.10**
Granted during the year	*38(b)*	1,540	16.64
Forfeited during the year		(85)	74.525
As at 31 December 2025		**15,049**	**16.64**

The share options outstanding as at 31 December 2023, 2024 and 2025 had a weighted average remaining contractual life of 1.00 years, 1.90 years and 0.90 years, respectively.

The fair values of share options granted were determined using the Black-Scholes Option Pricing Model that takes into account factors specific to the share incentive schemes. The following principal assumptions were used in the valuation at the grant dates:

	2021 Share Option Incentive Scheme	2024 Share Option Incentive Scheme	2024 Share Option Incentive Scheme
	– Initially granted share options	*– Initially granted share options*	*– Reservedly granted share options*
Share price at grant date per share	RMB124.50	RMB20.37	RMB39.96
Expected volatility	17.749%-22.497%	21.5412%-26.9743%	19.4836%-23.4419%
Expected option life	1-3 years	1-3 years	1-2 years
Dividend yield	0%	1.4382%	0.5528%
Risk-free interest rate	1.50%-2.75%	1.0393%-1.1531%	1.4014%-1.4034%
Exercise price	RMB150.75	RMB16.74	RMB16.64

The underlying expected volatility was determined by reference to historical data, calculated based on expected life of share options. Expectations of early exercise were incorporated into the Black-Scholes Option Pricing Model. No special features pertinent to the share options granted were incorporated into measurement of fair value.

(c) Employee share ownership scheme

As mentioned in note 36(e), during the year ended 31 December 2025, pursuant to the 2024 Employee Share Ownership Scheme, the Company transferred 5,354,500 initially granted shares and 123,500 reservedly granted shares of the Company held under the specific securities account for repurchase to the securities account of the 2024 Employee Share Ownership Scheme of the Company by way of non-trade transfer, at a transfer price of RMB11.16 per share and RMB11.06 per share, respectively.

The duration period of the 2024 Employee Share Ownership Scheme shall be 60 months, commencing from the date on which the Company announced that the last batch of the initially granted underlying shares was transferred to the employee share ownership scheme. The initially granted underlying shares will be unlocked after 12 months, 24 months, and 36 months from the date on which the Company announced that the last batch of the initially granted underlying shares was transferred to the employee share ownership scheme, with unlocking ratios of 40%, 30%, and 30% respectively. The reservedly granted underlying shares will be unlocked after 12 months and 24 months from the date on which the Company announced that the last batch of the reservedly granted underlying shares was transferred to the employee share ownership scheme, with unlocking ratios of 50% and 50% respectively. The maximum vesting percentage for each period will be 50% according to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, etc.

Movements in the numbers of shares granted in the employee share ownership scheme and their related weighted average grant date fair value are as below:

	Note	Number of shares granted in the employee share ownership scheme	Weighted average grant date fair value per share
		'000	*RMB*
As at 1 January 2025		**–**	**–**
Granted during the year	*38(c)*	5,478	9.65
As at 31 December 2025		**5,478**	**9.65**

The shares granted in the employee share ownership scheme outstanding as at 31 December 2025 had a weighted average remaining contractual life of 0.90 years.

The fair value of each shares granted in the employee share ownership scheme at the grant dates were determined by the closing market price of the Company's shares on the grant date minus the transfer price.

39. PLEDGED ASSETS

The Group's certain assets have been pledged to secure bills payable and borrowings of the Group. The carrying amounts of the pledged assets of the Group at the end of each of the Relevant Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	821,493	370,768	333,607
Prepaid lease payments	167,002	245,245	239,478
Bills receivable	29,054	–	–
Pledged deposits	34,096	18,385	25,722
	1,051,645	**634,398**	**598,807**

40. CAPITAL COMMITMENTS

40.1 Capital Commitments

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
– Acquisition of property, plant and equipment	1,776,175	1,242,836	1,209,813

40.2 Lease Commitments

As a lessee

At the end of each of the Relevant Period, the lease commitments for non-cancellable short-term leases are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	8,995	10,537	12,601

41. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Name of related parties	Relationship with the Group
Shandong Huafu	An associate of the Group
Hunan Yaoning	An associate of the Group
Pingjiang County Hongyuan Mining Co., Ltd.* (平江縣鴻源礦業有限公司)	A subsidiary of Hunan Yaoning
Dangyang Deyi	An associate of the Group
Fujian Zhongzhou	An associate of the Group from July 2023
Qinghai Hongzheng	An associate of the Group from October 2023
Hangyang Tinci	An associate of the Group from June 2023
Yizhang Zhonggui	An associate of the Group from March 2024
Ningbo Jinye	A joint venture of the Group from October 2023
Guangkai Linghui	A joint venture of the Group from September 2023
Hangzhou Jinxingzhi	A joint venture of the Group from August 2023
Hubei Tianyi	A joint venture of the Group from May 2024
Guangzhou Hanpu Pharmaceutical Co., Ltd.* (廣州市漢普醫藥有限公司)	Controlled by the ultimate controlling person of the Company
Jiangsu Zhongrun Fluorine Chemistry Technology Co., Ltd.* (江蘇中潤氟化學科技有限公司)	Controlled by the ultimate controlling person of the Company
Guangzhou Tinci Sanhe Environmental Engineering Co., Ltd.* (廣州市天賜三和環保工程有限公司)	Controlled by the ultimate controlling person of the Company

* *For Identification only.*

(b) Transactions with related parties

In addition to the transactions/information disclosed elsewhere in these Historical Financial Information, during the Relevant Period, the Group had the following material transactions with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and services			
– Entities controlled by the ultimate controlling person of the Company	39	267	95
– Associates of the Group	640	3,167	4,201
	679	**3,434**	**4,296**
Purchases of goods and services			
– Entities controlled by the ultimate controlling person of the Company	40,696	118,257	1,914
– Associates of the Group	14,798	170,304	42,997
	55,494	**288,561**	**44,911**
Acquisition of equity			
– The ultimate controlling person of the Company	135,000	–	–

(c) Balances with related parties

In addition to those disclosed elsewhere in these Historical Financial Information, the outstanding balances with related parties as at the end of each of the Relevant Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties			
Trade receivables			
– Entities controlled by the ultimate controlling person of the Company	–	223	5
– Associates of the Group	–	3,279	1,474
	–	3,502	1,479
Deposits, prepayments and other receivables			
– Entities controlled by the ultimate controlling person of the Company	82,542	52,712	10,020
– Associates of the Group	30,000	69,696	4,272
	112,542	122,408	14,292
	112,542	**125,910**	**15,771**
Amounts due to related parties			
Trade payables			
– Entities controlled by the ultimate controlling person of the Company	3,012	16,995	8,677
– Associates of the Group	962	4,787	3,635
	3,974	21,782	12,312
Other payables and accruals			
– Entities controlled by the ultimate controlling person of the Company	10	21	18
– Associates of the Group	1,051	–	–
	1,061	21	18
	5,035	**21,803**	**12,330**

The above balances were unsecured, interest-free and had no fixed repayment terms.

As at 31 December 2023, 2024 and 2025, the amounts due from related parties of RMB112,542,000, RMB71,569,000 and RMB15,771,000 were trade in nature. The remaining receivable balances of RMBNil, RMB54,341,000 and RMBNil as at 31 December 2023, 2024 and 2025, respectively, mainly related to investing activities which were non-trade in nature and were settled before 31 December 2025.

As at 31 December 2023, 2024 and 2025, the amounts due to related parties of RMB5,035,000, RMB21,803,000 and RMB12,330,000, respectively, were trade in nature.

(d) Guarantee provided to a related party

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guaranteed entity			
– An associate of the Group	–	–	67,900

42. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below set out the reconciliation of liabilities arising from financing activities for the Relevant Period.

	Bank borrowings	Convertible bonds	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**1,864,909**	**3,191,454**	**–**	**5,056,363**
Cash flows	674,406	–	(4,046)	670,360
Interest paid	(64,029)	(10,232)	(896)	(75,157)
Interest expenses	92,904	126,037	896	219,837
Other non-cash movements	(1,281)	(357)	38,979	37,341

	Bank borrowings	Convertible bonds	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023 and 1 January 2024	**2,566,909**	**3,306,902**	**34,933**	**5,908,744**
Cash flows	388,691	–	(3,535)	385,156
Interest paid	(82,004)	(17,050)	(1,190)	(100,244)
Interest expenses	96,439	130,529	1,190	228,158
Other non-cash movements	4,355	(49)	–	4,306
As at 31 December 2024 and 1 January 2025	**2,974,390**	**3,420,332**	**31,398**	**6,426,120**
Cash flows	(107,414)	(2,902)	(4,913)	(115,229)
Interest paid	(71,666)	(27,280)	(1,297)	(100,243)
Interest expenses	88,828	112,359	1,297	202,484
Other non-cash movements	–	(3,502,509)	9,945	(3,492,564)
As at 31 December 2025	**2,884,138**	**–**	**36,430**	**2,920,568**

(b) Major non-cash transactions

During the Relevant Period, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts of as follows.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Settlement of trade payables through endorsement of bills receivable	8,852,931	6,965,378	7,764,744

43. BUSINESS COMBINATIONS

On 6 January 2023, the Group had entered into a sales and purchase agreement to acquire 85% equity interests of Bondway Dongguan, a company incorporated in the PRC which was mainly engaged in research and development and sales of electronics materials. The consideration for the acquisition was RMB382,500,000 and the acquisition was completed on 28 February 2023.

Details of the aggregate fair values of the identifiable assets and liabilities of the acquirees as at the date of acquisition are as follows:

	Bondway Dongguan	Qinghai Hongzheng
	RMB'000	RMB'000
Current assets	187,828	43,079
Non-current assets, including:	136,180	225,080
– Property, plant and equipment *(Note 16)*	5,122	219,782
– Intangible assets *(Note 19)*	111,300	–
– Right-of-use assets *(Note 17)*	13,851	4,481
Current liabilities	76,882	180,347
Non-current liabilities	29,325	1,382
Net assets acquired	217,801	86,430
Less: non-controlling interests	35,703	39,469
Fair value of identifiable net assets acquired	182,098	46,961
Less: cash considerations	382,500	17,160
Less: transfer from an associate *(Note 20(a))*	–	29,801
Goodwill *(Note 18)*	200,402	–
Deposits paid during the year ended 31 December 2022	153,000	–
Consideration paid during the year ended 31 December 2023	229,500	–
Consideration paid during the year ended 31 December 2025	–	17,160
Total cash consideration	382,500	17,160
Consideration paid during the year ended 31 December 2023	229,500	–
Consideration paid during the year ended 31 December 2025	–	17,160
Less: cash and cash equivalents acquired	14,707	1,324
Cash outflows arising on acquisition through business combinations	214,793	15,836

Since the acquisition date, Bondway Dongguan and Qinghai Hongzheng had contributed RMB205,945,000 and RMB53,729,000, RMB106,926,000 and RMB(17,493,000) to revenue and profit/(loss) for the year ended 31 December 2023 and 2025, respectively. If the acquisition of Bondway Dongguan and Qinghai Hongzheng had occurred on 1 January 2023 and 1 January 2025 respectively, consolidated pro-forma revenue and profit for the year ended 31 December 2023 and 2025 would have been increased by approximately RMB28,555,000 and approximately RMB66,512,000, and increased/(decreased) by approximately RMB8,742,000 and approximately RMB(4,840,000), respectively.

Goodwill arose from the acquisition of Bondway Dongguan because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits were not recognised separately from goodwill, because they did not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition was not expected to be deductible for tax purpose. No acquisition-related costs had been incurred in relation to the acquisition.

The non-controlling interests in Bondway Dongguan and Qinghai Hongzheng recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests amounted to RMB35,703,000 and RMB39,469,000, respectively, which were estimated by applying an income approach and net assets approach, respectively.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include credit risk, interest rate risk, foreign currency risk, price risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the Board of Directors.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

44.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and financial liabilities:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortised cost			
Trade receivables	4,294,627	4,869,856	6,880,220
Bills receivable	–	–	1,944
Other receivables	21,365	154,478	71,112
Cash and cash equivalents	2,256,101	1,601,844	1,888,992
Time deposits	1,672,622	2,195,498	1,360,835
Pledged deposits	34,096	18,385	25,722
	8,278,811	8,840,061	10,228,825
Financial assets at FVTOCI			
Bills receivable at FVTOCI	1,107,983	655,211	947,532
Equity investments at FVTOCI	458,638	424,535	709,324
	1,566,621	1,079,746	1,656,856
Financial assets at FVTPL			
Derivative financial instruments	1,518	907	302
Structured deposits	–	–	180,000
Wealth management products	–	–	308,246
Financial assets included in deposits, prepayments and other receivables	–	–	1,015
	1,518	907	489,563
	9,846,950	**9,920,714**	**12,375,244**
Financial liabilities			
Financial liabilities at amortised cost			
Trade and bills payables	3,420,954	3,362,809	4,553,793
Other payables and accruals	373,557	247,866	209,930
Bank borrowings	2,566,909	2,974,390	2,884,138
Convertible bonds	3,306,902	3,420,332	–
Lease liabilities	34,933	31,398	36,430
	9,703,255	10,036,795	7,684,291

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL			
Derivative financial instruments	–	1,367	1,957
Other payables and accruals	3,709	2,068	–
	3,709	3,435	1,957
	9,706,964	**10,040,230**	**7,686,248**

44.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

The Group's maximum exposure to credit risk for the components of the consolidated statements of financial position at 31 December 2023, 2024 and 2025 is the carrying amount as disclosed in note 44.1.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

As at 31 December 2023

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	1,107,983	–	–	4,450,336	5,558,319
Other receivables	28,858	–	22,038	–	50,896
Cash and cash equivalents	2,256,101	–	–	–	2,256,101
Time deposits	1,672,622	–	–	–	1,672,622
Pledged deposits	34,096	–	–	–	34,096
	5,099,660	**–**	**22,038**	**4,450,336**	**9,572,034**

As at 31 December 2024

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	655,211	–	–	5,120,322	5,775,533
Other receivables	110,048	–	101,372	–	211,420
Cash and cash equivalents	1,601,844	–	–	–	1,601,844
Time deposits	2,195,498	–	–	–	2,195,498
Pledged deposits	18,385	–	–	–	18,385
	4,580,986	**–**	**101,372**	**5,120,322**	**9,802,680**

As at 31 December 2025

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	949,532	–	–	7,177,332	8,126,864
Other receivables	30,161	–	100,845	–	131,006
Cash and cash equivalents	1,888,992	–	–	–	1,888,992
Time deposits	1,360,835	–	–	–	1,360,835
Pledged deposits	25,722	–	–	–	25,722
	4,255,242	**–**	**100,845**	**7,177,332**	**11,533,419**

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the individual basis and collective basis is disclosed in Note 23.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables, and other receivables are set out in Notes 23 and 26, respectively.

Bank balances, deposits and cash are placed with banks which are regulated. The credit risk is considered to be immaterial.

44.3 Interest rate risk

Other than the interest-bearing bank deposits, the Group has no other significant interest-bearing assets bearing variable rates. It is not anticipated there is any significant impact to these interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's bank borrowings bear variable rates expose the Group to cash flow interest rate risk. The Group has not hedged against such a risk as it does not see the benefit in so doing.

The Group's interest-bearing financial instruments at variable rate at the end of each of the Relevant Period are set out as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	1,316,981	1,451,433	1,693,255

The following table illustrates the sensitivity of the Group's profit before income tax to a possible change in interest rates with effect from the beginning of the year.

	Increase/(Decrease) in basis points	(Decrease)/Increase in profit before tax for the year
		RMB'000
As at 31 December 2023		
Basis points	100	(12,114)
Basis points	(100)	12,114
As at 31 December 2024		
Basis points	100	(15,075)
Basis points	(100)	15,075
As at 31 December 2025		
Basis points	100	(18,035)
Basis points	(100)	18,035

44.4 Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign currency risk primarily through business activities which give rise to receivables, payables and bank deposits that are denominated in a foreign currency that is not the entity's functional currency. The currencies giving risk to the foreign exchange risk are primarily US$.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each of the Relevant Period as follows:

	Assets	Liabilities	Net exposure
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023			
– US$	292,889	(21,516)	271,373
– Others	36,094	–	36,094
	328,983	**(21,516)**	**307,467**
As at 31 December 2024			
– US$	555,574	(50,473)	505,101
– Others	8,702	(23,945)	(15,243)
	564,276	**(74,418)**	**489,858**
As at 31 December 2025			
– US$	511,785	(23,386)	488,399
– Others	3,296	(3,803)	(507)
	515,081	**(27,189)**	**487,892**

The following table demonstrates the sensitivity at the end of each of the Relevant Period to a reasonably possible change in exchange rates by 5%, with all other variables held constant, of the Group's profit before tax.

	Fluctuation in foreign exchange rate	Increase/(Decrease) in profit before tax for the year/period
		RMB'000
As at 31 December 2023		
If RMB weakens against US$	5%	13,569
If RMB strengthens against US$	(5%)	(13,569)
As at 31 December 2024		
If RMB weakens against US$	5%	25,255
If RMB strengthens against US$	(5%)	(25,255)
As at 31 December 2025		
If RMB weakens against US$	5%	22,600
If RMB strengthens against US$	(5%)	(22,600)

Other changes in foreign exchange rates have no significant impact on foreign currency risk.

44.5 Price risk

Equity price risk

The Group is exposed to equity price risk mainly arising from listed equity investments held by the Group that are classified as financial assets at FVTOCI.

Sensitivity analysis is performed by the management to assess the exposure of the Group's financial results to equity price risk of financial assets at FVTOCI at the end of each of the Relevant Period.

If the price of the listed equity investment at FVTOCI held by the Group had been 10% higher/lower as at 31 December 2023, 2024 and 2025, the other comprehensive income for the respective year would have been approximately RMB2,178,000, RMB1,160,000 and RMB13,986,000 higher/lower, respectively.

Commodity price risk

The Group is exposed to commodity price risk mainly arising from lithium carbonate, the price volatility of which could impact financial performance. The Group uses derivative financial instruments, including commodity future contracts to manage a portion of such risk.

44.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, lease liabilities, bank borrowing, convertible bonds, derivative financial instruments and guarantees, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Less than 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amounts
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023					
Trade and bills payables	3,420,954	–	–	3,420,954	3,420,954
Other payables and accruals	377,266	–	–	377,266	377,266
Bank borrowings	1,719,845	932,971	–	2,652,816	2,566,909
Convertible bonds	17,050	3,795,887	–	3,812,937	3,306,902
Lease liabilities	4,869	20,798	14,318	39,985	34,933
	5,539,984	**4,749,656**	**14,318**	**10,303,958**	**9,706,964**
As at 31 December 2024					
Trade and bills payables	3,362,809	–	–	3,362,809	3,362,809
Other payables and accruals	249,934	–	–	249,934	249,934
Bank borrowings	1,981,509	1,072,182	–	3,053,691	2,974,390
Convertible bonds	27,284	3,768,603	–	3,795,887	3,420,332
Lease liabilities	5,031	24,864	5,365	35,260	31,398
Derivative financial instruments	1,367	–	–	1,367	1,367
	5,627,934	**4,865,649**	**5,365**	**10,498,948**	**10,040,230**

	Less than 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amounts
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025					
Trade and bills payables	4,553,793	–	–	4,553,793	4,553,793
Other payables and accruals	209,930	–	–	209,930	209,930
Bank borrowings	1,935,478	1,012,778	–	2,948,256	2,884,138
Lease liabilities	7,565	28,606	3,412	39,583	36,430
Derivative financial instruments	1,957	–	–	1,957	1,957
	6,708,723	1,041,384	3,412	7,753,519	7,686,248
Financial guaratees issued *(note)*					
Maximum amount guaranteed *(Note 41(d))*	3,500	35,000	29,400	67,900	67,900
	6,712,223	**1,076,384**	**32,812**	**7,821,419**	**7,754,148**

Note:

The amounts included above for financial guarantee contract are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the directors of the Company considered that it was not probable that the borrower of the loan would default the repayment of the loan and therefore no provision for the Group's obligation under the guarantee has been made.

44.7 Fair values measurement

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statements of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Assets measured at fair value:				
Financial assets at FVTOCI				
– Listed equity investment at fair value	21,775	–	–	21,775
– Unlisted equity investment at fair value	–	–	436,863	436,863
– Bills receivable at FVTOCI	–	1,107,983	–	1,107,983
	21,775	1,107,983	436,863	1,566,621
Derivative financial instruments	1,518	–	–	1,518
	23,293	**1,107,983**	**436,863**	**1,568,139**
Liabilities measured at fair value:				
Other payables and accruals	–	3,709	–	3,709
As at 31 December 2024				
Assets measured at fair value:				
Financial assets at FVTOCI				
– Listed equity investment at fair value	11,604	–	–	11,604
– Unlisted equity investment at fair value	–	–	412,931	412,931
– Bills receivable at FVTOCI	–	655,211	–	655,211
	11,604	655,211	412,931	1,079,746

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	907	–	–	907
Inventories designated as hedged items	–	45,909	–	45,909
	12,511	**701,120**	**412,931**	**1,126,562**
Liabilities measured at fair value:				
Derivative financial instruments	1,367	–	–	1,367
Other payables and accruals	–	2,068	–	2,068
	1,367	**2,068**	**–**	**3,435**
As at 31 December 2025				
Assets measured at fair value:				
Financial assets at FVTOCI				
– Listed equity investment at fair value	24,252	115,612	–	139,864
– Unlisted equity investment at fair value	–	–	569,460	569,460
– Bills receivable at FVTOCI	–	947,532	–	947,532
	24,252	1,063,144	569,460	1,656,856
Derivative financial instruments	302	–	–	302
Inventories designated as hedged items	–	53,199	–	53,199
Structured deposits	–	180,000	–	180,000
Wealth management products	–	308,246	–	308,246
Other receivables	–	1,015	–	1,015
	24,554	**1,605,604**	**569,460**	**2,199,618**
Liabilities measured at fair value:				
Derivative financial instruments	1,107	850	–	1,957

There were no transfers between level 1 and level 2, or transfers into or out of level 3 during the Relevant Period. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the Relevant Period in which they occur.

Information on level 2 fair value measurements

The fair value of bills receivable at FVTOCI in level 2 is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of listed equity investment at fair value in level 2 is determined based on the quoted market prices and liquidity discount.

The valuation of other items measured at fair value in level 2 uses the fair value at the end of each year provided by relevant financial institutions.

Information on level 3 fair value measurements

The movement during the Relevant Period in the balance of the level 3 fair value measurements of financial assets at FVTOCI are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTOCI			
At the beginning of the year	411,665	436,863	412,931
Addition	5,000	–	–
Disposal	–	–	(3,174)
Change in fair value	20,198	(23,932)	159,703
At the end of the year	**436,863**	**412,931**	**569,460**

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVTOCI together with a quantitative sensitivity analysis at the end of each of the Relevant Period:

As at 31 December 2023

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
	RMB'000				
Financial assets at FVTOCI					
– Unlisted equity investment at fair value.	196,000	Market approach	Discount on lack of marketability ("DLOM")	26.70%	10% increase/decrease in DLOM would result in decrease/increase in fair value by approximately RMB6,540,000
			Price-to-book ratio ("P/B ratio")	2.66	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB18,240,000
	170,913	Market approach *(note)*	P/B ratio	1.31	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB17,043,000
	69,950	Recent transaction price	N/A	N/A	N/A
	436,863				

As at 31 December 2024

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
	RMB'000				
Financial assets at FVTOCI					
– Unlisted equity investment at fair value	181,510	Market approach	DLOM	27.35%	10% increase/decrease in DLOM would result in decrease/increase in fair value by approximately RMB6,200,000
			P/B ratio	1.34	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB18,340,000
	161,471	Cost approach (Net asset method) (*note*)	Net assets value	N/A	10% increase/decrease in net assets value would result in increase/decrease in fair value by 10%
	69,950	Recent transaction price	N/A	N/A	N/A
	412,931				

As at 31 December 2025

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
	RMB'000				
Financial assets at FVTOCI					
– Unlisted equity investment at fair value	236,940	Market approach	DLOM	28.70%	10% increase/decrease in DLOM would result in decrease/increase in fair value by approximately RMB9,330,000
			P/B ratio	1.53	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB23,470,000
	332,520	Recent transaction price	N/A	N/A	N/A
	569,460				

Note: As at 31 December 2023, the Group had an unlisted equity investment under financial assets at FVTOCI measured using level 3 fair value hierarchy. Its fair value is determined using market approach. In 2024, the directors of the Company, having considered the market conditions that the comparable listed companies in active market could no longer best reflect the changes in fair value of that financial asset, decided to change the valuation technique to net asset method. In 2025, the directors of the Company considered that the change in valuation technique with respect to certain recent observable market transactions is appropriate as the valuation technique used is based on the recent market transaction price of that financial asset, and shall equally reflect the fair value as compared to the net asset method.

44.8 Fair values of financial assets and liabilities

The management consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost approximate to their fair values due to their short-term maturities.

45. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. As part of this review, the management considers cost of capital and the risks associated with the issued share capital. The Group may, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The asset-liability ratio as at the end of each of the Relevant Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	23,976,871	23,953,390	26,926,734
Total liabilities	10,397,216	10,628,819	8,890,558
Asset-liability ratio	43.36%	44.37%	33.02%

46. CONTINGENT LIABILITIES

As of 31 December 2023, 2024 and 2025, the Group did not have any material contingent liabilities.

47. EVENTS AFTER THE REPORTING PERIOD

On 6 March 2026, the Board of Directors of the Company proposed the final dividends of RMB2.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2025 and special dividends of RMB1.00 per 10 shares (tax inclusive), totaling approximately RMB405,079,000 and RMB202,540,000, respectively, which are subject to the approval of the shareholders of the Company at the forthcoming 2025 Annual General Meeting of the Company. The aforementioned final dividends and special dividends proposed after 31 December 2025 have not been recognised as a liability as at 31 December 2025.

The Group has evaluated the events after the reporting date through the date of these Historical Financial Information. The Group is not aware of any significant events after the reporting date that would require recognition or disclosure in the Historical Financial Information except as disclosed above.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report.