You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our financial information has been prepared in accordance with International Financial Reporting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business."

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are one of the early explorers in recycling and manufacturing critical metal resources and recycling lithium-ion batteries, as well as holding a strong position in manufacturing new energy materials. Since our inception in 2001, we have centered on circular economy within our business, forming an integrated business operation covering three key businesses: (i) critical metal resources; (ii) lithium-ion battery and end-of-life vehicle recycling; and (iii) new energy materials. According to Frost & Sullivan, based on recycling volume in 2025, we ranked first in China in the recycling of nickel, cobalt, tungsten resources, and in the same year, we ranked first in China in terms of retired lithium-ion battery recycling volume from third parties. In addition, in terms of shipment volume in 2025, we were the third largest supplier of ternary precursors and second largest supplier of cobalt tetroxide globally, according to Frost & Sullivan.

We experienced steady revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB30,528.6 million, RMB33,199.8 million and RMB37,123.6 million, respectively, representing a year-over-year growth rate of 8.7% from 2023 to 2024 and 11.8% from 2024 to 2025. In 2023, 2024 and 2025, our net profit was RMB1,162.1 million, RMB1,328.5 million and RMB1,721.6 million, respectively. During the same years, our EBITDA (non-IFRS measures) was RMB3,364.4 million, RMB4,107.1 million and RMB5,531.8 million, with EBITDA margin (non-IFRS measures) of 11.0%, 12.4% and 14.9%, respectively.

BASIS OF PRESENTATION

Our Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards are effective for the accounting period beginning on January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of Historical Financial Information throughout the Track Record Period. The early adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of us during the Track Record Period.

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

KEY FACTORS AFFECTING OUR PERFORMANCE

Our results of operations and financial condition have been, and will continue to be, materially affected by a number of factors, some of which are outside our control, including:

General Factors

- development of macroeconomic conditions;

- government policies and regulations in relation to new energy materials and metal industries;
- international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions;
- continuous growth and evolving competitive landscape of new energy materials and metal industries; and
- weather, natural disasters and climate change.

Specific Factors

Market Demand and Sales Network

During the Track Record Period, our revenue is primarily driven by business segment of new energy materials and critical metal resources, both of which benefit from increasing downstream demand in the industries such as EVs, 3C electronics, and energy storage systems.

In particular, our new energy materials business manufactures (i) ternary precursors, (ii) cobalt tetroxide, and (iii) cathode materials, which are essential materials for the industries including EVs, 3C electronics, and energy storage systems. According to Frost & Sullivan, in terms of shipment volume of lithium-ion battery cathode materials is expected to rise from 7,280.2 thousand tons in 2026 to 20,776.9 thousand tons in 2031, representing a CAGR of 23.3% from 2026 to 2031.

In addition, among the products from our critical metal resources business, MHP and refined metal intermediates serve as raw materials in the products of new energy materials. According to Frost & Sullivan, China's demand for critical energy metals in the lithium-ion battery sector has continued to increase against the background of the continuous development of the new energy industry, among which nickel demand is expected to rise from 354.6 thousand metal tons in 2026 to 1,296.1 thousand metal tons in 2031, with the proportion of recycled nickel in total demand increasing to 32.1%; cobalt demand is projected to grow from 112.9 thousand metal tons in 2026 to 371.7 thousand metal tons in 2031, while the proportion of recycled cobalt in total demand is expected to increase to 36.5%. The global demand for tungsten is expected to increase from 117.3 thousand metal tons in 2026 to 160.1 thousand metal tons in 2031, while the proportion of recycled tungsten in total supply is expected to reach 42.0% in 2031.

As of the Latest Practicable Date, we have formed long-term and stable supply partnerships with nine of the world's top 10 lithium-ion battery manufacturers, and our cobalt tetroxide products have entered into the supply chains of the world's top 10 smart phone battery manufacturers. Besides, we have also established stable relationships with more than 1,100 global partners along the industrial value chain. In addition, we maintain a global network, encompassing R&D laboratories, production bases and sales offices, which is essential for securing and expanding our presence in global markets. As a result, we are well-positioned to reinforce our market leadership and capitalize on emerging business opportunities by leveraging our brand recognition, diverse product mix, advanced technology and established customer base.

Prices of Raw Materials and Our Products

The financial performance of our new energy materials, critical metal resources, and lithium-ion battery and end-of-life vehicle recycling is subject to fluctuations in the market prices of critical metals, in particular nickel, cobalt, tungsten and lithium. Such price movements may materially affect our revenue, cost of sales, and gross profit margins.

In particular, for our new energy materials business, in respect of procurement, we primarily take reference to metal price of global indices over an agreed period as the metal pricing benchmark, applying negotiated discount rates when sourcing raw materials. The applicable discount rate is influenced by our bargaining power, which in turn depends on factors such as purchase volume, supplier relationships, and prevailing market conditions. On the sales side, we use similar pricing benchmarks to price our products and also consider our manufacturing costs, but the discount rates may differ. The metal pricing benchmark and the differences in discount rates reflect variations in specific metal, and are influenced by changing supply and demand dynamics.

For our critical metal resources business, we primarily price our products with reference to LME/MB or SMM/SHFE prices over an agreed period. For our lithium-ion battery and end-of-life vehicle recycling segment, re-use battery pricing is anchored to battery SoH and key attributes. For recovered products such as black mass, lithium phosphate, iron phosphate and lithium carbonate, the prices are determined based on metal price of global indices and our production costs.

Product Portfolio

During the Track Record Period, we have remained committed to meeting evolving market demands, maintaining product competitiveness, and delivering consistent profitability through ongoing technology innovation and strategic optimization of our product portfolio. Our financial performance is affected by product portfolio, as gross profit margins vary across our product categories.

In 2023, 2024 and 2025, our revenue generated from new energy material represents 68.7%, 60.0% and 53.8% of our total revenue, respectively, with gross profit margin of 13.2%, 15.6% and 15.6% for the same years.

In 2023, 2024 and 2025, our revenue generated from critical metal resources represents 20.3%, 30.4% and 34.8% of our total revenue, respectively, with gross profit margin of 14.7%, 18.1% and 16.9% for the same years.

In 2023, 2024 and 2025, our revenue generated from lithium-ion battery and end-of-life vehicle recycling represents 4.9%, 5.4% and 4.9% of our total revenue, respectively, with gross profit margin of 3.8%, 7.7% and 8.1% for the same years.

During the Track Record Period, we have consistently diversified our product portfolio to form a comprehensive product matrix that provides our customers with more competitive products. The breadth and depth of our product portfolio enable us to offer our customers various options to meet their production needs. The product upgrades and iterations also affect our results of operations.

Our Ability to Control Costs and Operating Expenses

We consistently prioritize production cost control and operational efficiency as key drivers of our ongoing financial improvement. Through management and process optimization, and technology upgrades, we have demonstrated strong execution capabilities and adaptability in managing costs and allocating resources effectively.

In terms of cost control, we leverage centralized procurement, intelligent production scheduling, and energy efficiency initiatives to effectively manage production costs. These efforts have strengthened our resilience against raw material price fluctuations thereby supporting stable profitability. At the same time, we continue to advance automation and digital transformation across our production processes, improving efficiency and standardization while reducing non-essential expenditures and optimizing our cost structure. In addition, our capability to self-supply key raw materials for our new energy materials business ensures stable raw material supply and cost efficiency. This flexible internal and external supply arrangement strengthens our supply chain resilience and supports revenue diversification. See "Business — Our Business Model."

On the operational efficiency front, we have enhanced asset utilization, strengthened inventory management, and improved cash flow turnover, resulting in steady improvements in operational quality. During the Track Record Period, our operating cash flow increased significantly, and inventory turnover days remained relatively stable, reflecting the positive effect of our efficiency initiatives.

We have also maintained a stable and well-managed operating expense structure. Our selling expenses, administrative expenses, and R&D expenses as a percentage of revenue remained relatively stable across each period of the Track Record Period. Specifically: selling expenses accounted for 0.3%, 0.3% and 0.3% of our revenue in 2023, 2024 and 2025, respectively; administrative expenses accounted for 2.8%, 2.9% and 3.0% of our revenue, respectively for the same years; and R&D expenses accounted for 3.9%, 3.3% and 3.2% of our revenue, respectively, for the same years. The above ratios reflect our ongoing ability to manage operating expenses, which continues to support our cost advantages and the steady growth of our financial performance.

R&D Capabilities and Technology Innovation

Our revenue growth is influenced by our ability to continuously enhance our R&D capabilities, which drive ongoing advancements in our technology and manufacturing processes. These developments enable us to deliver products that meet the evolving needs of our customers and the broader market. We have made substantial investments in talent, technology, and R&D to strengthen our market leadership, improve gross margins, and reinforce our market position.

During the Track Record Period, our total R&D expenditure (including both expensed and capitalized R&D expenditure) exceeded RMB4.0 billion, demonstrating our commitment to innovation. As of the Latest Practicable Date, we have made over 6,200 patent applications globally and have established a proprietary R&D system and global intellectual property portfolio covering critical metal resources, lithium-ion battery and end-of-life vehicle recycling and new energy materials. As of the Latest Practicable Date, over 80% of our R&D team held a master's degree or higher, including more than 53 PhD holders and postdoctoral researchers. Going forward, we expect to continue to invest in R&D and recruit top technical talent, focusing on innovation strategies to enhance our competitiveness.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements are set forth in detail in Note 3 and Note 4 to the Accountants' Report in Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amounts and as percentages of our revenue for the years indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants' Report in Appendix I to this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Revenue	**30,528,635**	**100.0**	**33,199,829**	**100.0**	**37,123,585**	**100.0**
Cost of sales	(26,792,156)	(87.8)	(28,123,614)	(84.7)	31,663,382	(85.3)
Gross profit	**3,736,479**	**12.2**	**5,076,215**	**15.3**	**5,460,203**	**14.7**
Other income	222,656	0.7	419,546	1.3	236,746	0.6
Other gains and losses, net	1,304,818	4.3	(607,364)	(1.8)	(9,018)	0.0
Selling expenses	(99,681)	(0.3)	(113,747)	(0.3)	(115,073)	(0.3)
Administrative expenses	(866,458)	(2.8)	(949,517)	(2.9)	(1,111,620)	(3.0)
Research and development expenses	(1,202,843)	(3.9)	(1,101,208)	(3.3)	(1,205,804)	(3.2)
Other operating expenses	(141,453)	(0.5)	(225,823)	(0.7)	(207,194)	(0.6)
ECL (recognized)/reversed on trade and other receivables, net	(97,151)	(0.3)	(119,203)	(0.4)	14,411	(0.0)
Impairment losses on non-financial assets	(828,647)	(2.7)	(80,037)	(0.2)	(227,099)	(0.6)
Operating profit	**2,027,720**	**6.6**	**2,298,862**	**6.9**	**2,835,552**	**7.6**
Finance costs, net	(615,278)	(2.0)	(644,693)	(1.9)	(825,039)	(2.2)
Share of results of associates and joint ventures	(51,535)	(0.2)	(35,750)	(0.1)	3,165	(0.0)
Profit before income tax	**1,360,907**	**4.5**	**1,618,419**	**4.9**	**2,013,678**	**5.4**
Income tax expense	(198,828)	(0.7)	(289,946)	(0.9)	(292,048)	(0.8)
Profit for the year	**1,162,079**	**3.8**	**1,328,473**	**4.0**	**1,721,630**	**4.6**

Non-IFRS Measures

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

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands, except for percentages)		
Profit for the year	1,162,079	1,328,473	1,721,630
Adjust for:			
Finance income	(70,071)	(64,519)	(58,238)
Finance costs	685,349	709,212	883,277
Depreciation and amortization	1,388,231	1,843,979	2,693,073
Income tax expense	198,828	289,946	292,048
EBITDA (non-IFRS measures)	**3,364,416**	**4,107,091**	**5,531,790**
EBITDA margin (non-IFRS measures)	11.0%	12.4%	14.9%

Revenue

During the Track Record Period, we derived revenue from (i) new energy materials, (ii) critical metal resources, (iii) lithium-ion battery and end-of-life vehicle recycling, and (iv) others. We experienced steady revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB30,528.6 million, RMB33,199.8 million and RMB37,123.6 million, respectively.

Revenue by Product Category

The table below sets forth our revenue breakdown by product category in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
New energy materials						
Ternary precursors	17,582,393	57.6	16,075,007	48.4	11,501,723	31.0
Cobalt tetroxide	1,627,991	5.3	2,032,043	6.1	5,504,961	14.8
Cathode materials	1,756,270	5.8	1,807,281	5.5	2,955,477	8.0
Subtotal	**20,966,654**	**68.7**	**19,914,331**	**60.0**	**19,962,161**	**53.8**
Critical metal resources						
Nickel-based products	2,402,038	7.9	5,848,146	17.6	7,328,925	19.7
Cobalt-based products	1,628,141	5.3	2,055,122	6.2	2,493,614	6.7
Tungsten-based products	1,013,236	3.3	1,656,889	5.0	2,438,465	6.6
Others[(1)]	1,155,385	3.8	536,856	1.6	673,183	1.8
Subtotal	**6,198,800**	**20.3**	**10,097,013**	**30.4**	**12,934,187**	**34.8**

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Lithium-ion battery and end-of-life vehicle recycling						
Products from lithium-ion battery recycling	1,131,201	3.7	1,144,131	3.5	1,252,131	3.4
Products from end-of-life vehicle recycling	370,041	1.2	634,444	1.9	564,691	1.5
Subtotal	**1,501,242**	**4.9**	**1,778,575**	**5.4**	**1,816,822**	**4.9**
Others[(2)]	**1,861,939**	**6.1**	**1,409,910**	**4.2**	**2,410,415**	**6.5**
Total	**30,528,635**	**100.0**	**33,199,829**	**100.0**	**37,123,585**	**100.0**

Notes:

(1) Others mainly include electronic waste recycling and sales of other processed metal products.

(2) Others mainly include metal commodity trading.

During the Track Record Period, we derived revenue from (i) new energy materials, (ii) critical metal resources, (iii) lithium-ion battery and end-of-life vehicle recycling, and (iv) others. We experienced steady revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB30,528.6 million, RMB33,199.8 million and RMB37,123.6 million, respectively.

Our new energy materials business generated revenue of RMB20,966.7 million, RMB19,914.3 million and RMB19,962.2 million in 2023, 2024 and 2025, respectively representing 68.7%, 60.0% and 53.8% for the same years.

Our critical metal resources business generated revenue of RMB6,198.8 million, RMB10,097.0 million and RMB12,934.2 million in 2023, 2024 and 2025, respectively representing 20.3%, 30.4% and 34.8% for the same years.

Our lithium-ion battery and end-of-life vehicle recycling business generated revenue of RMB1,501.2 million, RMB1,778.6 million and RMB1,816.8 million in 2023, 2024 and 2025, respectively, representing 4.9%, 5.4% and 4.9% for the same years.

Our revenue generated from others amounted to RMB1,861.9 million, RMB1,409.9 million and RMB2,410.4 million, respectively, in 2023, 2024 and 2025, representing 6.1%, 4.2% and 6.5% respectively, for the same years.

Revenue by Geographical Location

Geographical location is solely based on the places of registration of our customers, which may not align with the delivery destinations or end markets of our products for the years indicated. The following table sets forth our revenue breakdown by geographic location for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Mainland China	21,473,901	70.3	25,351,755	76.4	24,313,732	65.5
Hong Kong	2,105,541	6.9	1,945,279	5.9	3,923,927	10.6
South Korea	6,410,046	21.0	2,881,913	8.7	3,880,888	10.5
Singapore	90,530	0.3	1,176,975	3.5	2,437,787	6.6
Indonesia	231,453	0.8	886,088	2.7	455,718	1.2
Others[(1)]	217,164	0.7	957,819	2.9	2,111,533	5.7
Total	**30,528,635**	**100.0**	**33,199,829**	**100.0**	**37,123,585**	**100.0**

Note:

(1) Others mainly include Japan and Europe.

During the Track Record Period, our revenue from sales to customers of Mainland China was RMB21,473.9 million, RMB25,351.8 million and RMB24,313.7 million, representing 70.3%, 76.4% and 65.5% of our total revenue in the respective period, our revenue from sales to customers of overseas was RMB9,054.7 million, RMB7,848.1 million and RMB12,809.9 million, representing 29.7%, 23.6% and 34.5% of our total revenue in the respective period.

The following tables set forth the breakdown of sales volume and average selling price by product category under new energy materials and critical metal resources for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(tons)	
Sales volume			
New energy materials			
Ternary precursors	177,992	186,029	139,863
Cobalt tetroxide	11,002	20,664	29,040
Cathode materials	10,046	20,168	26,578
Critical metal resources			
Nickel-based products	21,113	57,825	68,763
Cobalt-based products	7,120	12,557	12,432
Tungsten-based products	4,968	6,486	7,266

	Year ended December 31,		
	2023	2024	2025
		(RMB per ton)	
Average selling price(1)			
New energy materials			
Ternary precursors	98,782	86,411	82,236
Cobalt tetroxide	147,972	98,337	189,565
Cathode materials	174,823	89,611	111,200
Critical metal resources			
Nickel-based products	113,771	101,135	106,582
Cobalt-based products	228,672	163,663	200,580
Tungsten-based products	203,952	255,456	335,599

Note:

(1) Average selling price is calculated as revenue for the year divided by sales volume for the same year.

Cost of Sales

Our cost of sales consists of (i) raw material costs, (ii) manufacturing costs, mainly including depreciation, utilities, and transportation costs, and (iii) labor costs. The composition of raw material costs varies by business and product types. For ternary precursors, key raw materials include nickel sulfate, cobalt sulfate, and manganese sulfate; for cobalt tetroxide, key raw materials include cobalt chloride; and for cathode materials, key raw materials include ternary precursor, lithium carbonate and cobalt tetroxide. For nickel-based products, key raw materials include laterite nickel ore, mixed hydroxide precipitate, nickel sulfate, nickel scrap and black mass; for cobalt-based products, key raw materials include crude cobalt hydroxide, MHP, cobalt scrap, black mass and cobalt sulfate; for tungsten-based products, key raw materials include tungsten scrap. For lithium-ion battery and end-of-life vehicle recycling, key raw materials include retired batteries, and end-of-life vehicles.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Raw material costs	24,369,488	91.0	24,672,333	87.7	27,874,495	88.1
Manufacturing costs	2,005,410	7.4	2,853,741	10.2	3,172,025	10.0
Labor costs	417,258	1.6	597,540	2.1	616,862	1.9
Total	**26,792,156**	**100.0**	**28,123,614**	**100.0**	**31,663,382**	**100.0**

During the Track Record Period, raw material costs were the largest component of our cost of sales, accounting for over 85% in each period. Our raw material costs increased from RMB24,369.5 million in 2023 to RMB24,672.3 million in 2024, and further increased to RMB27,874.5 million in 2025, reflecting our increased production volume and business expansion. The following table sets forth a breakdown of our raw material costs by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
New energy materials	16,802,963	69.0	15,135,635	61.3	15,376,103	55.2
Critical metal resources	4,463,546	18.3	6,699,636	27.2	8,655,600	31.0
Lithium-ion battery and end-of-life vehicle recycling	1,294,461	5.3	1,466,135	5.9	1,484,293	5.3
Others	1,808,518	7.4	1,370,927	5.6	2,358,499	8.5
Total	**24,369,488**	**100.0**	**24,672,333**	**100.0**	**27,874,495**	**100.0**

The table below sets forth the breakdown of our cost of sales by product category in absolute amounts and as percentages of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
New energy materials						
Ternary precursors	15,013,018	56.0	13,334,388	47.4	9,881,003	31.2
Cobalt tetroxide	1,563,900	5.9	1,811,452	6.5	4,337,194	13.7
Cathode materials	1,631,423	6.1	1,670,134	5.9	2,630,616	8.3
Subtotal	**18,208,341**	**68.0**	**16,815,974**	**59.8**	**16,848,813**	**53.2**
Critical metal resources						
Nickel-based products	1,724,533	6.4	4,379,265	15.6	6,000,215	18.9
Cobalt-based products	1,519,041	5.7	1,795,750	6.4	1,950,259	6.2
Tungsten-based products	944,025	3.5	1,518,826	5.4	2,147,964	6.8
Others[(1)]	1,100,295	4.1	570,935	2.0	653,094	2.1
Subtotal	**5,287,894**	**19.7**	**8,264,776**	**29.4**	**10,751,532**	**34.0**
Lithium-ion battery and end-of-life vehicle recycling						
Products from lithium-ion battery recycling	1,013,199	3.8	1,023,854	3.6	1,120,029	3.5
Products from end-of-life vehicle recycling	431,479	1.6	617,388	2.2	548,754	1.7
Subtotal	**1,444,678**	**5.4**	**1,641,242**	**5.8**	**1,668,783**	**5.3**
Others[(2)]	**1,851,243**	**6.9**	**1,401,622**	**5.0**	**2,394,254**	**7.5**
Total	**26,792,156**	**100.0**	**28,123,614**	**100.0**	**31,663,382**	**100.0**

Notes:

(1) Others mainly include electronic waste recycling and sales of other processed metal products.

(2) Others mainly include metal commodity trading.

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB3,736.5 million, RMB5,076.2 million and RMB5,460.2 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 12.2%, 15.3% and 14.7% in 2023, 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin by Product Category

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit/(loss)	Gross profit/ (loss) margin	Gross profit/(loss)	Gross profit/ (loss) margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentage)					
New energy materials						
Ternary precursors	2,569,375	14.6	2,740,619	17.0	1,620,720	14.1
Cobalt tetroxide	64,091	3.9	220,591	10.9	1,167,767	21.2
Cathode materials	124,847	7.1	137,147	7.6	324,861	11.0
Subtotal	**2,758,313**	**13.2**	**3,098,357**	**15.6**	**3,113,348**	**15.6**
Critical metal resources						
Nickel-based products	677,505	28.2	1,468,881	25.1	1,328,710	18.1
Cobalt-based products	109,100	6.7	259,372	12.6	543,355	21.8
Tungsten-based products	69,211	6.8	138,063	8.3	290,501	11.9
Others(1)	55,090	4.8	(34,079)	(6.4)	20,089	3.0
Subtotal	**910,906**	**14.7**	**1,832,237**	**18.1**	**2,182,655**	**16.9**
Lithium-ion battery and end-of-life vehicle recycling						
Products from lithium-ion battery recycling	118,002	10.4	120,277	10.5	132,102	10.6
Products from end-of-life vehicle recycling	(61,438)	(16.6)	17,056	2.7	15,937	2.8
Subtotal	**56,564**	**3.8**	**137,333**	**7.7**	**148,039**	**8.1**
Others(2)	**10,696**	**0.6**	**8,288**	**0.6**	**16,161**	**0.7**
Total	**3,736,479**	**12.2**	**5,076,215**	**15.3**	**5,460,203**	**14.7**

Notes:

(1) Others mainly include electronic waste recycling and sales of other processed metal products.

(2) Others mainly include metal commodity trading.

The following table sets forth a breakdown of our gross profit per ton under new energy materials and critical metal resources by product category for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Gross profit per ton			
New energy materials			
Ternary precursors	14.4	14.7	11.5
Cobalt tetroxide	5.8	10.7	40.2(1)
Cathode materials	12.4	6.8	12.2
Critical metal resources			
Nickel-based products	32.1	25.4	19.3
Cobalt-based products	15.3	20.7	43.7(1)
Tungsten-based products	13.9	21.3	40.0(2)

Notes:

(1) The significant increases in cobalt tetroxide and cobalt-based products mainly resulted from the upward market price trend of cobalt metal.

(2) The significant increase in tungsten-based products mainly resulted from the upward market price trend of tungsten metal.

The end products of our lithium-ion battery and end-of-life vehicle recycling business are highly diversified, including (i) re-use batteries, (ii) metal intermediates for battery production such as black mass, lithium phosphate, iron phosphate and lithium carbonate, and (iii) metal products recycled from end-of-life vehicles such as steel, aluminum and copper. Given the wide range and heterogeneous nature of these products, gross profit per ton for this business is not applicable.

In 2023, 2024 and 2025, we recorded gross profit of RMB2,758.3 million, RMB3,098.4 million and RMB3,113.3 million, respectively, for our new energy materials business, with gross profit margin of 13.2%, 15.6% and 15.6% for the same years.

In 2023, 2024 and 2025, we recorded gross profit of RMB910.9 million, RMB1,832.2 million and RMB2,182.7 million, respectively, for our critical metal resources business, with gross profit margin of 14.7%, 18.1% and 16.9% for the same years.

In 2023, 2024 and 2025, we recorded gross profit of RMB56.6 million, RMB137.3 million and RMB148.0 million, respectively, for our lithium-ion battery and end-of-life vehicle recycling business, with gross profit margin of 3.8%, 7.7% and 8.1% for the same years.

Gross Profit and Gross Profit Margin by geographical location

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

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in thousands, except for percentage)					
Mainland China	2,487,159	11.6	3,672,409	14.5	3,525,728	14.5
Overseas[1]	1,249,320	13.8	1,403,806	17.9	1,934,475	15.1
Total	**3,736,479**	**12.2**	**5,076,215**	**15.3**	**5,460,203**	**14.7**

Note:

(1) Overseas mainly include countries and regions in Asia.

During the Track Record Period, the overall gross profit margin from overseas customers was higher than that of the customers in China, primarily because a greater proportion of higher-margin ternary precursors and MHP were sold overseas.

Other Income

Our other income includes (i) government grants, (ii) compensation income, mainly including compensation paid to us by suppliers for contract breaches, (iii) dividend income, and (iv) others. Our other income amounted to RMB222.7 million, RMB419.5 million and RMB236.7 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our other income by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Government grants	187,242	84.1	399,580	95.2	205,687	86.9
Compensation income	10,750	4.8	5,729	1.4	8,987	3.8
Dividend income	7,478	3.4	4,995	1.2	8,708	3.7
Others	17,186	7.7	9,242	2.2	13,364	5.6
Total	**222,656**	**100.0**	**419,546**	**100.0**	**236,746**	**100.0**

Government grants mainly comprise various forms of VAT refunds and VAT additional deductions. The majority of these grants are non-recurring in nature.

Other Gains and Losses, Net

Our net other gains and losses primarily include (i) gain/(loss) on disposal of financial assets at FVTPL, (ii) gain on disposal of associates, (iii) fair value (loss)/gain on financial assets at FVTPL, (iv) exchange gains/(losses), net, and (v) (loss)/gain on disposal of property, plant and equipment, and right-of-use assets. We recorded net other gains of RMB1,304.8 million in 2023, and net other losses of RMB607.4 million in 2024. We recorded net other losses of RMB9.0 million in 2025. The following table sets forth a breakdown of our net other gains and losses by nature for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
(Loss)/gain on disposal of financial assets at FVTPL	(38,937)	142	195,972
Gain on disposal of associates	77,287	23,963	141,779
Fair value gain/(loss) on financial assets at FVTPL	1,265,153	(677,884)	91,038
Exchange gains/(losses), net	80,567	9,971	(254,587)
(Loss)/gain on disposal of property, plant and equipment, and right-of-use assets	(79,252)	35,124	(176,219)
Others[(1)]	–	1,320	(7,001)
Total	**1,304,818**	**(607,364)**	**(9,018)**

Note:

(1) Others primarily represent the fair value gain recognized from the remeasurement of the remaining equity interest following the loss of control due to the disposal of a subsidiary.

We recorded net other gains of RMB1,304.8 million in 2023 and net other losses of RMB607.4 million in 2024, primarily due to changes from fair value gain to fair value loss on financial assets at FVTPL, driven by price fluctuations in our holding of listed securities. Our net other losses decreased from RMB607.4 million in 2024 to RMB9.0 million in 2025, primarily due to increases in (i) fair value gains on the listed securities we hold, (ii) gains on the partial disposal of those securities, and (iii) gains on the disposal of associates, partially offset by significant net exchange losses resulting from the appreciation of the Renminbi against the U.S. dollar, as our operations in Indonesia are primarily denominated in U.S. dollars.

Selling Expenses

Our selling expenses primarily consist of (i) packaging expenses, (ii) employee benefit expenses, (iii) logistics and export fees, (iv) business development, office and traveling expenses, and (v) advertising and marketing expenses. Our selling expenses amounted to RMB99.7 million, RMB113.7 million and RMB115.1 million in 2023, 2024 and 2025, respectively, with selling expenses as a percentage of our total revenue remaining relatively stable at 0.3%, 0.3% and 0.3% for the same periods. The following table sets forth a breakdown of our selling expenses in absolute amount and as a percentage of our total selling expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Packaging expenses	40,389	40.5	55,179	48.5	59,210	51.5
Employee benefit expenses	36,591	36.7	29,833	26.2	29,960	26.0
Logistics and export fees	4,654	4.7	11,179	9.8	9,176	8.0
Business development, office and traveling expenses	8,972	9.0	7,067	6.3	7,539	6.5
Advertising and marketing expenses	3,534	3.5	1,944	1.7	985	0.9
Others[(1)]	5,541	5.6	8,545	7.5	8,203	7.1
Total	**99,681**	**100.0**	**113,747**	**100.0**	**115,073**	**100.0**

Note:

(1) Others primarily include testing fees, lease expenses, and depreciation expenses.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consist of (i) depreciation and amortization, (ii) employee benefit expenses, (iii) business development, office and traveling expenses, (iv) service expenses, mainly include professional fees incurred in our financing process and tax consulting services, (v) lease expenses, and (vi) insurance expenses. Our administrative expenses amounted to RMB866.5 million, RMB949.5 million and RMB1,111.6 million in 2023, 2024 and 2025, respectively, with administrative expenses as a percentage of our total revenue remaining relatively stable at 2.8%, 2.9% and 3.0% for the same years. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as a percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Depreciation and amortization	304,499	35.1	408,253	43.0	419,415	37.7
Employee benefit expenses	324,615	37.5	287,968	30.3	349,704	31.5
Business development, office and traveling expenses	91,133	10.5	83,722	8.8	126,053	11.3
Service expenses	65,205	7.5	72,526	7.6	88,135	7.9
Lease expenses	24,021	2.8	34,659	3.7	28,501	2.6
Insurance expenses	9,925	1.1	10,819	1.1	15,852	1.4
Others[1]	47,060	5.5	51,570	5.5	83,960	7.6
Total	**866,458**	**100.0**	**949,517**	**100.0**	**1,111,620**	**100.0**

Note:

(1) Others primarily include utilities and pollutant discharge fees.

Research and Development Expenses

Our research and development expenses primarily consist of (i) material consumption, mainly including nickel, cobalt, and other raw materials, (ii) employee benefit expenses, (iii) depreciation and amortization, (iv) development expenses, including collaborative R&D expenses, patent fees and testing expenses, and (v) office and traveling expenses. Our R&D expenses amounted to RMB1,202.8 million, RMB1,101.2 million and RMB1,205.8 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our R&D expenses in absolute amount and as a percentage of our total R&D expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Material consumption	959,980	79.8	853,836	77.6	917,549	76.1
Employee benefit expenses	139,395	11.6	138,019	12.5	136,719	11.3
Depreciation and amortization	66,074	5.5	68,156	6.2	79,365	6.6
Development expenses	16,303	1.4	18,891	1.7	35,581	2.9
Office and traveling expenses	4,429	0.4	6,664	0.6	7,919	0.7
Others[1]	16,662	1.3	15,642	1.4	28,671	2.4
Total	**1,202,843**	**100.0**	**1,101,208**	**100.0**	**1,205,804**	**100.0**

Note:

(1) Others primarily include lease expenses.

Other Operating Expenses

Our other operating expenses primarily consist of (i) taxes and surcharges, (ii) bank service charges, (iii) donations, and (iv) liquidated damages, which arose from our failure to deliver goods to a customer within the agreed timeframe in 2022 due to a supplier's failure to deliver raw materials to us caused by pandemic-related disruptions. See "Financial Information — Impact of

Covid-19." Our other expenses amounted to RMB141.5 million, RMB225.8 million and RMB207.2 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our other operating expenses in absolute amount and as a percentage of our total other operating expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Taxes and surcharges	101,651	71.9	98,519	43.6	112,060	54.1
Bank service charges	16,801	11.9	15,651	6.9	34,875	16.9
Donations	6,754	4.8	3,963	1.8	37,571	18.1
Liquidated damages	–	–	98,000	43.4	4,006	1.9
Others[(1)]	16,247	11.4	9,690	4.3	18,682	9.0
Total	**141,453**	**100.0**	**225,823**	**100.0**	**207,194**	**100.0**

Note:

(1) Others primarily include charges in relation to our financing and letter of credit.

ECL Recognized/Reserved on Trade and Other Receivables, Net

We recorded net ECL on trade and other receivables of RMB97.2 million and RMB119.2 million in 2023 and 2024, respectively, and net reversal of ECL on trade and other receivables of RMB14.4 million in 2025. The following table sets forth a breakdown of our ECL (recognized)/ reversals on trade and other receivables for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
(Provision)/Reversals of ECL on			
Trade receivables	(89,915)	(79,589)	67,526
Other receivables	(7,236)	(39,614)	(53,115)
Total	**(97,151)**	**(119,203)**	**14,411**

The reversal in 2025 was primarily attributable to a reduction in the balance of trade and other receivables as a result of the disposal of certain subsidiaries, as well as a decrease in long-aged receivables, reflecting an improvement in our credit risk profile.

Impairment Losses on Non-Financial Assets

Our impairment losses on non-financial assets primarily consist of impairment losses on (i) inventories, (ii) property, plant and equipment, (iii) investments in associates, and (iv) goodwill. Our impairment losses on non-financial assets amounted to RMB828.6 million, RMB80.0 million and RMB227.1 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our impairment losses on non-financial assets by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Inventories	765,371	92.4	80,037	100.0	136,287	60.0
Property, plant and equipment	23,211	2.8	–	–	63,891	28.1
Investments in associates	17,068	2.0	–	–	18,406	8.1
Goodwill	22,997	2.8	–	–	8,485	3.8
Intangible assets	–	–	–	–	30	0.0
Total	**828,647**	**100.0**	**80,037**	**100.0**	**227,099**	**100.0**

Our impairment losses on non-financial assets decreased by 90.3% from RMB828.6 million in 2023 to RMB80.0 million in 2024, primarily due to a decrease in impairment losses on inventories as a result of relatively higher impairment losses on inventories in 2023 led by a significant decline in the price of cobalt raw materials, which did not occur in 2024. Our impairment losses on non-financial assets significantly increased from RMB80.0 million in 2024 to RMB227.1 million in 2025, primarily due to an increase in impairment losses on (i) inventories, and (ii) property, plant and equipment mainly relating to equipment used in our end-of-life vehicle recycling business, as a result of a reduction in expected recoverable amounts following our adjustment of operating strategies and gradual reduction in investment in such business.

Finance Costs, Net

During the Track Record Period, our net finance costs primarily include (i) interest income, and (ii) interest expenses. Our net finance costs amounted to RMB615.3 million, RMB644.7 million and RMB825.0 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Interest income	70,071	64,519	58,238
Interest expenses	(685,349)	(709,212)	(883,277)
Total	**(615,278)**	**(644,693)**	**(825,039)**

Share of Results of Associates and Joint Ventures

Our share of results of associates and joint ventures reflects our investment in associates and joint ventures. We recorded share of loss of investments from associates and joint ventures of RMB51.5 million and RMB35.8 million in 2023 and 2024, respectively. We recorded share of profit of investment from associates and joint ventures of RMB3.2 million in 2025.

Income Tax Expense

Our income tax expense amounted to RMB198.8 million, RMB289.9 million and RMB292.0 million in 2023, 2024 and 2025, respectively. We are subject to varying tax rates in different jurisdictions. See Note 12 to the Accountants' Report in Appendix I to this document.

PRC Enterprise Income Tax ("EIT")

The income tax provision of certain PRC entities of our Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof. Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of our Group obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15%.

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax for the Track Record Period is calculated at 16.5% of the estimated assessable profits for the year.

Indonesia Income Tax

The income tax rate for companies incorporated in Indonesia is generally 22%, except those which are subject to tax concession as set out below:

Certain subsidiaries of the Company have been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the tenth year or first year to the seventh year, and the corporate income tax is halved from the eleventh year to the twelfth year or from the eighth to the ninth year.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 11.8% from RMB33,199.8 million in 2024 to RMB37,123.6 million in 2025, primarily due to revenue growth from critical metal resources and lithium-ion battery and end-of-life vehicle recycling.

New Energy Materials

Our revenue generated from new energy materials remained relatively stable at RMB19,914.3 million in 2024 and RMB19,962.2 million in 2025, mainly as a result of the combined effects of (i) an increase in revenue from cobalt tetroxide, (ii) an increase in revenue from cathode materials, and (iii) a decrease in revenue from ternary precursors.

- Ternary precursors

Our revenue from ternary precursors decreased from RMB16,075.0 million in 2024 to RMB11,501.7 million in 2025, primarily due to (i) decreased sales volume and production volume, reflecting our shift to selling more nickel resources at the upstream stage in 2025 to maintain a relatively high profit margin, and (ii) a decrease in average selling price, which was in line with the downward market price trend of nickel metal.

- Cobalt tetroxide

Our revenue from cobalt tetroxide increased from RMB2,032.0 million in 2024 to RMB5,505.0 million in 2025, primarily due to (i) increased production capacity from 25,000 tons in 2024 to 30,000 tons in 2025, mainly resulting from the production expansion of our Jingmen Production Base, and (ii) an increase in average selling price, which was in line with the upward market price trend of cobalt metal.

- Cathode materials

Our revenue from cathode materials increased from RMB1,807.3 million in 2024 to RMB2,955.5 million in 2025, primarily due to (i) increased production capacity from 22,500 tons in 2024 to 30,000 tons in 2025, mainly resulting from our production expansion of Jingmen and Wuxi Production Bases, and (ii) an increase in average selling price, mainly attributable to a recovery in overseas market demand and a higher proportion of sales of high-nickel cathode materials, which featured higher average selling price due to their premium value.

Critical Metal Resources

Our revenue generated from critical metal resources increased by 28.1% from RMB10,097.0 million in 2024 to RMB12,934.2 million in 2025, primarily due to increases in the revenue of nickel-based products, tungsten-based products and cobalt-based products.

- Nickel-based products

Our revenue from nickel-based products increased from RMB5,848.1 million in 2024 to RMB7,328.9 million in 2025, primarily due to increased production capacity from 75,000 tons in the 2024 to 106,667 tons in 2025, mainly resulting from our production expansion of Morowali Production Base.

- Cobalt-based products

Our revenue from cobalt-based products increased from RMB2,055.1 million in 2024 to RMB2,493.6 million in 2025, primarily due to an increase in average selling price, which was in line with the upward market price trend of cobalt metal.

- Tungsten-based products

Our revenue from tungsten-based products increased from RMB1,656.9 million in 2024 to RMB2,438.5 million in 2025, primarily due to (i) an increase in average selling price, which was in line with the upward market price trend for tungsten metal, and (ii) increased production capacity from 7,000 tons in 2024 to 9,000 tons in 2025, mainly benefiting from our production expansion of Jingmen Production Base.

- Others

Our revenue from others, mainly from the electronic waste recycling business, remained relatively stable at RMB536.9 million in 2024 and RMB673.2 million in 2025.

Lithium-ion Battery and End-of-life Vehicle Recycling

Our revenue generated from lithium-ion battery and end-of-life vehicle recycling remained relatively stable at RMB1,778.6 million in 2024 and RMB1,816.8 million in 2025, mainly as a result of the combined effects of an increase in revenue from products from lithium-ion battery recycling, and a decrease in revenue from products from end-of-life vehicle recycling.

- Products from lithium-ion battery recycling

Our revenue from products from lithium-ion battery recycling increased from RMB1,144.1 million in 2024 to RMB1,252.1 million in 2025, primarily due to an increase in recycling volume.

- Products from end-of-life vehicle recycling

Our revenue from products from end-of-life vehicle recycling decreased from RMB634.4 million in 2024 to RMB564.7 million in 2025, primarily due to a strategic shift towards the recycling of end-of-life EVs and a reduced focus on the recycling of end-of-life ICE vehicles.

Cost of Sales

Our cost of sales increased by 12.6% from RMB28,123.6 million in 2024 to RMB31,663.4 million in 2025, which was generally in line with growth in revenue.

New Energy Materials

Our cost of sales of new energy materials remained relatively stable at RMB16,816.0 million in 2024 and RMB16,848.8 million in 2025, mainly as a result of the combined effects of (i) increases in cost of sales from cobalt tetroxide and cathode materials, and (ii) a decrease in cost of sales from ternary precursors, both of which were in line with the corresponding revenue fluctuations.

Critical Metal Resources

Our cost of sales of critical metal resources increased by 30.1% from RMB8,264.8 million in 2024 to RMB10,751.5 million in 2025, primarily due to increases in cost of sales of nickel-based products, tungsten-based products, and cobalt-based products, which were generally in line with an increase in revenue.

Lithium-ion Battery and End-of-life Vehicle Recycling

Our cost of sales of lithium-ion battery and end-of-life vehicle recycling remained relatively stable at RMB1,641.2 million in 2024 and RMB1,668.8 million in 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 7.6% from RMB5,076.2 million in 2024 to RMB5,460.2 million in 2025. Our gross profit margin decreased from 15.3% in 2024 to 14.7% in 2025, primarily due to decreases in gross profit margins of ternary precursors and nickel-based products.

New Energy Materials

Our gross profit margin for new energy materials remained relatively stable at 15.6% and 15.6% in 2024 and 2025, respectively.

- Ternary precursors

Our gross profit per ton for ternary precursors decreased from RMB14.7 thousand in 2024 to RMB11.5 thousand in 2025. Our gross profit margin for ternary precursors decreased from 17.0% in 2024 to 14.1% in 2025, primarily due to a decrease in production utilization rate from 98.6% in 2024 to 71.4% in 2025, which led to higher unit production costs.

- Cobalt tetroxide

Our gross profit per ton and gross profit margin for cobalt tetroxide increased from RMB10.7 thousand and 10.9% in 2024 to RMB40.2 thousand and 21.2% in 2025, primarily due to an increase in average selling price, which was in line with the upward market price trend of cobalt metal.

- Cathode materials

Our gross profit per ton and gross profit margin for cathode materials increased from RMB6.8 thousand and 7.6% in 2024 to RMB12.2 thousand and 11.0% in 2025, primarily due to an increase in average selling price, mainly resulting from (i) a recovery in overseas market demand, and (ii) a higher proportion of sales of high-nickel cathode materials, which featured higher average selling price due to their premium value.

Critical Metal Resources

Our gross profit margin for critical metal resources decreased from 18.1% in 2024 to 16.9% in 2025.

- Nickel-based products

Our gross profit per ton for nickel-based products decreased from RMB25.4 thousand in 2024 to RMB19.3 thousand in 2025. Our gross profit margin for nickel-based products decreased from 25.1% in 2024 to 18.1% in 2025, primarily due to relatively higher procurement costs of raw materials, such as sulphur.

- Cobalt-based products

Our gross profit per ton for cobalt-based products increased from RMB20.7 thousand in 2024 to RMB43.7 thousand in 2025. Our gross profit margin for cobalt-based products increased from 12.6% in 2024 to 21.8% in 2025, primarily due to an increase in average selling price, which was in line with the upward market price trend of cobalt metal.

- Tungsten-based products

Our gross profit per ton for tungsten-based products increased from RMB21.3 thousand in 2024 to RMB40.3 thousand in 2025. Our gross profit margin for tungsten-based products increased from 8.3% in 2024 to 11.9% in 2025, primarily due to an increase in average selling price, which was in line with the upward market price trend of tungsten metal.

- Others

We recorded gross loss margin of 6.4% for others in 2024 and gross profit margin of 3.0% in 2025, because we recognized revenue from electronic waste recycling industry allowance following the clarification of relevant policies, which did not occur in the prior period.

Lithium-ion Battery and End-of-life Vehicle Recycling

Our gross profit margin for lithium-ion battery and end-of-life vehicle recycling remained relatively stable at 7.7% and 8.1% in 2024 and 2025, respectively. Products from both lithium-ion battery recycling and end-of-life vehicle recycling were remained relatively stable during the same periods.

Other Income

Our other income decreased by 43.6% from RMB419.5 million in 2024 to RMB236.7 million in 2025, primarily due to a decrease in government grants, mainly attributable to a reduction in additional VAT deductions for the advanced manufacturing industry, which were affected by relevant VAT deduction policies.

Other Gains and Losses, Net

We recorded net other losses of RMB607.4 million in 2024 and RMB9.0 million in 2025, primarily due to gain on disposal of listed securities we hold and disposal of associates partially offset by an increase in exchange losses resulting from the appreciation of the Renminbi against the U.S. dollar, as our operations in Indonesia are primarily denominated in U.S. dollar.

Selling Expenses

Our selling expenses remained relatively stable at RMB113.7 million and RMB115.1 million in 2024 and in 2025, respectively.

Administrative Expenses

Our administrative expenses increased by 17.1% from RMB949.5 million in 2024 to RMB1,111.6 million in 2025, primarily due to (i) an increase in employee benefit expenses resulting from increased average salary level, and (ii) an increase in business development, office and travel expenses in line with our business expansion.

Research and Development Expenses

Our research and development expenses increased by 9.5% from RMB1,101.2 million in 2024 to RMB1,205.8 million in 2025, primarily due to an increase in material consumption reflecting our enhanced R&D investment in new energy materials and critical metal resources.

Other Operating Expenses

Our other operating expenses decreased from RMB225.8 million in 2024 to RMB207.2 million in 2025, primarily due to a significant decrease in liquidate damages recognized in 2024 in connection with a delivery incident, which did not recur in 2025. See "Financial Information — Impact of Covid-19." Such decrease was partially offset by (i) an increase in donations related to educational and community development, reflecting our continued commitment to ESG-related efforts, and (ii) an increase in bank service charges resulting from higher financing demand arising from the expansion of our business scale.

ECL Recognized/Reversed on Trade and Other Receivables, Net

We recorded ECL on trade and other receivables of RMB119.2 million in 2024 and expected credit gains on trade and other receivables of RMB14.4 million in 2025. The reversal was primarily attributable to a reduction in the balance of trade and other receivables as a result of the disposal of certain subsidiaries, as well as a decrease in long-aged receivables, reflecting an improvement in our credit risk profile.

Impairment Losses on Non-Financial Assets

Our impairment losses on non-financial assets increased from RMB80.0 million in 2024 to RMB227.1 million in 2025, primarily due (i) an increase in impairment losses on inventories, and (ii) an increase in impairment losses on property, plant and equipment relating to equipment used in our end-of-life vehicle recycling business, as a result of a reduction in expected recoverable amounts following our adjustment of operating strategies and gradual reduction in investment in such business.

Finance Costs, Net

Our net finance costs increased by 28.0% from RMB644.7 million in 2024 to RMB825.0 million in 2025, primarily due an increase in interest expenses reflecting increased bank borrowings.

Share of Results of Associates and Joint Ventures

We recorded share of loss of investments in associates and joint ventures of RMB35.8 million in 2024 and share of profit of investments in associates and joint ventures of RMB3.2 million in 2025, primarily due to an increase in profits of our associates and joint ventures.

Income Tax Expenses

Our income tax expenses remained relatively stable at RMB289.9 million and RMB292.0 million in 2024 and 2025, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 29.6% from RMB1,328.5 million in 2024 to RMB1,721.6 million in 2025.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 8.7% from RMB30,528.6 million in 2023 to RMB33,199.8 million in 2024.

New Energy Materials

Our revenue generated from new energy materials decreased by 5.0% from RMB20,966.7 million in 2023 to RMB19,914.3 million in 2024, primarily due to a decrease in revenue from ternary precursors, offset by an increase in revenue from cobalt tetroxide.

- Ternary precursors

Our revenue from ternary precursors decreased from RMB17,582.4 million in 2023 to RMB16,075.0 million in 2024, primarily due to a decrease in average selling price, which was in line with the downward market price trend of nickel and cobalt metal.

- Cobalt tetroxide

Our revenue from cobalt tetroxide increased from RMB1,628.0 million in 2023 to RMB2,032.0 million in 2024, primarily due to increased sales volume driven by the return to normal production levels at our Taixing Production Base in 2024, following relatively low production volume in 2023 caused by a fire incident. See "Business — Our Production Facilities and Process — Our Taixing Production Base Incident."

- Cathode materials

Our revenue from cathode materials increased from RMB1,756.3 million in 2023 to RMB1,807.3 million in 2024, primarily due to increased sales volume benefiting from our production expansion of Jingmen and Wuxi production bases and production ramp-up, with production utilization rate increasing from 81.5% in 2023 to 90.9% in 2024, partially offset by a decreased in average selling price, which was in line with the downward market price trend of nickel, cobalt metal and ternary precursor.

Critical Metal Resources

Our revenue generated from critical metal resources increased by 62.9% from RMB6,198.8 million in 2023 to RMB10,097.0 million in 2024, primarily due to (i) an increase in revenue from nickel-based products, (ii) an increase in revenue from cobalt-based products, and (iii) an increase in revenue from tungsten-based products, offset by a decline in revenue from others.

- Nickel-based products

Our revenue from nickel-based products increased from RMB2,402.0 million in 2023 to RMB5,848.1 million in 2024, primarily due to increased production capacity from 35,000 tons in 2023 to 75,000 tons in 2024, resulting from the production expansion of our Morowali Production Base.

- Cobalt-based products

Our revenue from cobalt-based products increased from RMB1,628.1 million in 2023 to RMB2,055.1 million in 2024, primarily due to increased production capacity from 8,900 tons in 2023 to 17,400 tons in 2024, resulting from the production expansion of our Jingmen Production Base.

- Tungsten-based products

Our revenue from tungsten-based products increased from RMB1,013.2 million in 2023 to RMB1,656.9 million in 2024, primarily due to (a) an increase in sales volume and production volume, benefiting from production ramp-up, with production utilization rate increasing from 71.6% in 2023 to 93.3% in 2024, and (b) an increase in average selling price, which was in line with the upward market price trend of tungsten metal.

- Others

Our revenue from others, mainly from the electronic waste recycling business, decreased from RMB1,155.4 million in 2023 to RMB536.9 million in 2024, primarily reflecting a strategic shift as we gradually phased out the electronic waste recycling business due to policy uncertainties in 2024.

Lithium-ion Battery and End-of-life Vehicle Recycling

Our revenue from lithium-ion battery and end-of-life vehicle recycling increased by 18.5% from RMB1,501.2 million in 2023 to RMB1,778.6 million in 2024, primarily due to an increase in recycling volume of end-of-life vehicles.

- Products from lithium-ion battery recycling

Our revenue from products from lithium-ion battery recycling remained relatively stable at RMB1,131.2 million and RMB1,144.1 million in 2023 and 2024, respectively.

- Products from end-of-life vehicle recycling

Our revenue from products from end-of-life recycling increased from RMB370.0 million in 2023 to RMB634.4 million in 2024, primarily driven by industry policies encouraging trade-in of used vehicles.

Cost of Sales

Our cost of sales increased by 5.0% from RMB26,792.2 million in 2023 to RMB28,123.6 million in 2024, which was generally in line with our growth in revenue.

New Energy Materials

Our cost of sales of new energy materials decreased by 7.6%, from RMB18,208.3 million in 2023 to RMB16,816.0 million in 2024, primarily due to a decrease in cost of sales of ternary precursors which was mainly driven by a decrease in raw material prices.

Critical Metal Resources

Our cost of sales of critical metal resources increased by 56.3% from RMB5,287.9 million in 2023 to RMB8,264.8 million in 2024, primarily due to an increase in cost of sales of nickel-based products, which was generally in line with an increase in revenue, and (ii) an increase in cost of sales of tungsten-based products, which was generally in line with an increase in revenue, partially offset by a decrease in cost of sales of others, mainly including cost of sales of electronic waste recycling business, which was generally in line with revenue fluctuation.

Lithium-ion Battery and End-of-life Vehicle Recycling

Our cost of sales of lithium-ion battery and end-of-life vehicle recycling increased by 13.6% from RMB1,444.7 million in 2023 to RMB1,641.2 million in 2024, primarily due to an increase in cost of sales of products from end-of-life vehicle recycling, which was in line with increased recycling volume.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

As a result of the foregoing, our gross profit increased by 35.9% from RMB3,736.5 million in 2023 to RMB5,076.2 million in 2024. Our gross profit margin increased from 12.2% in 2023 to 15.3% in 2024.

New Energy Materials

Our gross profit margin for new energy materials increased from 13.2% in 2023 to 15.6% in 2024, primarily due to (i) an increase in gross profit margin for ternary precursors, and (ii) an increase in gross profit margin for cobalt tetroxide.

- Ternary precursors

Our gross profit per ton for ternary precursors remained relatively stable at RMB14.4 thousand and RMB14.7 thousand in 2023 and 2024, respectively. Our gross profit margin for ternary precursors increased from 14.6% in 2023 to 17.0% in 2024, primarily due to (i) lower unit raw material costs following a sharp decline in cobalt prices in 2023, as purchases made earlier in 2023 when the price was relatively high had elevated those costs, and (ii) changes in product portfolio, driven by our commitment to technology innovation that enabled us to offer more competitive products with higher gross profit margin.

- Cobalt tetroxide

Our gross profit per ton and gross profit margin for cobalt tetroxide significantly increased from RMB5.8 thousand and 3.9% in 2023 to RMB10.7 thousand and 10.9% in 2024, primarily due to decreased unit production costs benefiting from the return to normal production level at our Taixing Production Base in 2024 after a fire incident in 2023. See "Business — Our Production Facilities and Process — Our Taixing Production Base Incident."

- Cathode materials

Although our gross profit per ton for cathode materials decreased from RMB12.4 thousand in 2023 to RMB6.8 thousand in 2024, our gross profit margin for cathode materials increased from 7.1% in 2023 to 7.6% in 2024, primarily due to increased production utilization rate from 81.5% in 2023 to 90.9% in 2024, and expanded production volume from 10,183 tons in 2023 to 20,449 tons in 2024, which generated economies of scale that helped offset the impact of a decline in average selling price.

Critical Metal Resources

Our gross profit margin for critical metal resources increased from 14.7% in 2023 to 18.1% in 2024, primarily due to (i) an increase in gross profit margin of cobalt-based products, and (ii) an increase in gross profit margin for tungsten-based products, mainly resulting from, offset by a decrease in nickel-based products. However, benefiting from our advanced hydrometallurgical technology, we recorded a relatively higher gross profit margin for nickel-based products, which contributed to the overall increase in the gross profit margin of our critical metal resources business.

- Nickel-based products

Our gross profit per ton for nickel-based products decreased from RMB32.1 thousand in 2023 to RMB25.4 thousand in 2024. Our gross profit margin for nickel-based products decreased from 28.2% in 2023 to 25.1% in 2024, primarily due to a decrease in average selling price, which was in line with the downward market price trend of nickel metal.

- Cobalt-based products

Our gross profit per ton for cobalt-based products increased from RMB15.3 thousand in 2023 to RMB20.7 thousand in 2024. Our gross profit margin for cobalt-based products increased from 6.7% in 2023 to 12.6% in 2024, primarily because the market price of cobalt metal recorded a sharp decrease in 2023, whereas the extend of the price decrease in 2024 was relatively more moderate compared with the prior year.

- Tungsten-based products

Our gross profit per ton for tungsten-based products increased from RMB13.9 thousand in 2023 to RMB21.3 thousand in 2024. Our gross profit margin for tungsten-based products increased from 6.8% in 2023 to 8.3% in 2024, primarily due to an increase in average selling price, which was in line with the upward market price trend of tungsten metal.

- Others

We recorded gross profit margin of 4.8% for others in 2023 and gross loss margin of 6.4% in 2024, primarily because we gradually phased out the electronic waste recycling business due to policies uncertainties in 2024, which led to a decline in processing volume and a corresponding increase in unit costs.

Lithium-ion Battery and End-of-life Vehicle Recycling

Our gross profit margin for lithium-ion battery and end-of-life vehicle recycling increased from 3.8% in 2023 to 7.7% in 2024, primarily due to the shift in gross margin of products from end-of-life vehicle recycling.

- Products from lithium-ion battery recycling

Our gross profit margin for products from lithium-ion battery recycling remained relatively stable at 10.4% and 10.5% in 2023 and 2024, respectively.

- Products from end-of-life vehicle recycling

We recorded gross loss margin of 16.6% for products from end-of-life vehicle recycling in 2023 and gross profit margin of 2.7% in 2024. The gross loss margin in 2023 was primarily attributable to a sharp decline in scrap steel market prices during the year, whereas the turnaround to a gross profit margin in 2024 was mainly driven by price fluctuations in scrap steel during the year, together with our effective sales strategy, which enabled products produced from vehicles recycled at relatively lower scrap steel prices to be sold at relatively higher price levels as prices recovered.

Other Income

Our other income increased by 88.4% from RMB222.7 million in 2023 to RMB419.5 million in 2024, primarily due to an increase in government grants in relation to VAT refunds and additional VAT deductions.

Other Gains and Losses, Net

We recorded net other gains of RMB1,304.8 million in 2023 and net other losses of RMB607.4 million in 2024, primarily due to changes from fair value gain to fair value loss on financial assets at FVTPL, driven by price fluctuations in our holding of listed securities.

Selling Expenses

Our selling expenses increased by 14.1% from RMB99.7 million in 2023 to RMB113.7 million in 2024, primarily due to an increase in packaging expenses and logistics and export fees reflecting the growth of our sales volume, partially offset by a decrease in employee benefit expenses, mainly attributable to a reduction in share-based compensation expenses allocated for 2024 compared to 2023.

Administrative Expenses

Our administrative expenses increased by 9.6% from RMB866.5 million in 2023 to RMB949.5 million in 2024, primarily due to an increase in depreciation and amortization in relation to (a) office facilities and land use rights in Morowali Production Base, and (b) patents, partially offset by decreases in employee benefit expenses and office and traveling expenses mainly attributable to a reduction in share-based compensation expenses for 2024 compared to 2023 and a decrease in business travel activities aimed at improving administrative efficiency.

Research and Development Expenses

Our research and development expenses decreased by 8.4% from RMB1,202.8 million in 2023 to RMB1,101.2 million in 2024, primarily due to a decrease in material consumption driven by decreased prices of the materials used for R&D.

Other Operating Expenses

Our other operating expenses increased by 59.6% from RMB141.5 million in 2023 to RMB225.8 million in 2024, primarily due to liquidated damages of RMB98.0 million resulting from our failure to deliver goods to a customer within the agreed timeframe in 2022 due to a supplier's failure to deliver raw materials to us caused by pandemic-related disruptions. See "Financial Information — Impact of Covid-19."

ECL Recognized/Reversed on Trade and Other Receivables, Net

Our net ECL on trade and other receivables increased by 22.7% from RMB97.2 million in 2023 to RMB119.2 million in 2024, generally in line with an increase in trade receivables resulting from our revenue growth.

Impairment Losses on Non-Financial Assets

Our impairment losses on non-financial assets decreased by 90.3% from RMB828.6 million in 2023 to RMB80.0 million in 2024, primarily due to a decrease in impairment losses on inventories as a result of relatively higher impairment losses on inventories in 2023 led by a significant decline in the price of cobalt raw materials, which did not occur in 2024.

Finance Costs, Net

Our net finance costs remained relatively stable at RMB615.3 million in 2023 and RMB644.7 million in 2024.

Share of Results of Associates and Joint Ventures

Our share of loss of associates and joint ventures decreased by 30.6% from RMB51.5 million in 2023 to RMB35.8 million in 2024, primarily due to the decreased losses of our associates and joint ventures.

Income Tax Expenses

Our income tax expenses increased by 45.8% from RMB198.8 million in 2023 to RMB289.9 million in 2024, primarily due to an increase in profit before income tax in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 14.3% from RMB1,162.1 million in 2023 to RMB1,328.5 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Non-current assets			
Property, plant and equipment	20,415,420	32,115,917	35,246,451
Right-of-use assets	1,249,089	1,108,404	1,526,400
Intangible assets	1,153,773	1,323,970	1,427,703
Goodwill	59,711	53,356	44,871
Investments in associates	1,491,227	1,850,675	3,340,600
Investments in joint ventures	159,463	168,260	136,574
Financial assets at fair value through profit or loss ("**FVTPL**")	1,496,216	817,807	179,516
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	164,893	174,575	126,604
Prepayments, deposits and other receivables	1,739,934	3,234,145	2,713,785
Deferred tax assets	122,658	131,017	191,962
Total non-current assets	**28,052,384**	**40,978,126**	**44,934,466**
Non-current liabilities			
Bank and other borrowings	8,344,347	12,587,480	19,511,179
Lease liabilities	6,132	944	54,818
Deferred income	271,276	252,286	247,246
Deferred tax liabilities	99,192	89,705	43,361
Provisions	–	13,456	13,947
Total non-current liabilities	**8,720,947**	**12,943,871**	**19,870,551**

Property, Plant and Equipment

Our property, plant and equipment consist of (i) machinery (ii) construction in progress, (iii) buildings, (iv) office and electronic equipment, and (v) transportation equipment. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Machinery	9,759,516	17,058,568	20,176,466
Construction in progress	2,730,458	7,273,102	7,334,343
Buildings	7,436,540	7,287,170	7,124,551
Office and electronic equipment	193,696	228,787	333,400
Transportation equipment	134,383	135,307	107,225
Others[1]	160,827	132,983	170,466
Total	**20,415,420**	**32,115,917**	**35,246,451**

Note:

(1) Others mainly include exterior facilities and furniture.

Our property, plant and equipment increased by 57.3% from RMB20,415.4 million as of December 31, 2023 to RMB32,115.9 million as of December 31, 2024 and further increased by 9.7% to RMB35,246.5 million as of December 31, 2025, primarily due to increases in machinery and construction in progress driven by our enhanced investment in the Morowali Production Base for production expansion.

Right-of-use Assets

Our right-of-use assets represent leases of land, properties and equipment. The following table sets forth the breakdown of right-of-use assets by nature as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Prepaid lease payments	1,241,251	1,106,657	1,462,890
Leased properties and equipment	7,838	1,747	63,510
Total	**1,249,089**	**1,108,404**	**1,526,400**

Our right-of-use assets further decreased by 11.3% from RMB1,249.1 million as of December 31, 2023 to RMB1,108.4 million as of December 31, 2024, primarily due to a decrease in prepaid lease payments related land use rights resulting from the disposal of certain subsidiaries. Our right-of-use assets increased by 37.7% from RMB1,108.4 million as of December 31, 2024 to RMB1,526.4 million as of December 31, 2025, primarily due to an increase in prepaid lease payments related land use rights driven by our acquisitions to further expand our business operations in Shenzhen.

Intangible Assets

Our intangible assets primarily consisted of (i) patent, (ii) software, and (iii) research and development. Our intangible assets increased by 14.8% from RMB1,153.8 million as of December 31, 2023 to RMB1,324.0 million as of December 31, 2024 and further increased by 7.8% to RMB1,427.7 million as of December 31, 2025, primarily due to an increase in patents following our enhanced efforts in R&D projects.

Investments in Associates

Our investments in associates increased by 24.1% from RMB1,491.2 million as of December 31, 2023 to RMB1,850.7 million as of December 31, 2024, primarily driven by additional investments in associates. Our investments in associates further increased by 80.5% from RMB1,850.7 million as of December 31, 2024 to RMB3,340.6 million as of December 31, 2025, mainly attributable to (i) additional investments in new associates in Indonesia to accelerate industry consolidation, and (ii) the reclassification of certain investees from subsidiaries to associates as a result of the disposal of partial equity interests.

Financial Assets at FVTPL and Financial Assets at FVTOCI, Non-Current

During the Track Record Period, our financial assets at FVTPL primarily consisted of our investment in listed securities. Our financial assets at FVTPL decreased from RMB1,496.2 million as of December 31, 2023 to RMB817.8 million as of December 31, 2024, primarily reflecting changes in fair value of our equity investment portfolio. Our financial assets at FVTPL decreased from RMB817.8 million to RMB179.5 million as of December 31, 2025, primarily due to (i) changes in fair value of our equity investment portfolio, and (ii) the reclassification of certain financial assets from non-current to current following the disposal of some equity holdings.

During the Track Record Period, our financial assets at FVTOCI comprised listed and unlisted equity investments which are not held for trading. Our financial assets at FVTOCI amounted to RMB164.9 million, RMB174.6 million and RMB126.6 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations in financial assets at FVTOCI primarily reflect changes in the share prices of the listed securities in which we have invested.

We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. Through external investments, we aim to allocate resources efficiently, enhance our competitive edge, and promote sustainable development. To monitor and control investment-related risks, we have implemented a comprehensive set of internal policies and guidelines. Investment decisions are made by our general meeting of shareholders, Board of Directors, and executive management committee. Our management team possesses extensive experience in overseeing the financial aspects of corporate operations. The strategic committee of the Board is responsible for the preliminary review of investment projects that require approval from the Board of Directors or the general meeting of shareholders. It analyzes and evaluates proposals submitted by the general manager, provides recommendations, and submits projects that meet our investment criteria for final decision-making by the Board of Directors and/or the general meeting of shareholders. To control our risk exposure, we make investment decisions after thoroughly considering a number of factors, including, but not limited to, laws and regulations, our operational strategy, macro-economic environment, general market conditions, risk control, our own working capital conditions and the expected profit or potential loss of the investment.

Upon [**REDACTED**], we intend to continue our investments strictly in accordance with our internal policies and Articles of Association, and, to the extent that an investment is a notifiable transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Prepayments, Deposits and Other receivables, Non-Current

Our non-current prepayments, deposits and other receivables primarily include (i) prepayment on construction and equipment, and (ii) prepayments, mainly in relation to the amortization of upfront fees paid in connection with our syndicated loan. The following table sets forth the breakdown of our non-current prepayments as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepayment on construction and equipment	1,707,758	3,215,220	2,690,960
Prepayments	32,176	18,925	22,825
Total	**1,739,934**	**3,234,145**	**2,713,785**

Our non-current prepayments, deposits and other receivables increased from RMB1,739.9 million as of December 31, 2023 to RMB3,234.1 million as of December 31, 2024, primarily due to increased prepayment on construction and equipment, reflecting our production expansion. Our non-current prepayments, deposits and other receivables decreased from RMB3,234.1 million as of December 31, 2024 to RMB2,713.8 million as of December 31, 2025, primarily due to the gradual reclassification of prepayment on construction and equipment for the construction of Morowali Production Base into property, plant and equipment in line with construction progress as the construction progressed.

Current Assets and Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current assets				
Inventories	8,296,814	8,773,324	10,042,859	10,705,685
Trade and bills receivables	7,730,849	7,319,434	5,399,776	4,934,942
Prepayments, deposits and other receivables	2,945,753	4,915,433	7,215,370	7,537,242
Financial assets at FVTPL	–	330	267,397	241,556
Financial assets at FVTOCI	63,068	71,941	61,570	543,583
Pledged deposits	101,160	30,978	85,384	54,565
Cash and cash equivalents	5,442,352	4,707,159	6,125,897	4,805,049
Total current assets	**24,579,996**	**25,818,599**	**29,198,253**	**28,822,623**
Current liabilities				
Trade and bills payables	5,429,151	6,916,203	8,271,941	7,688,242
Other payables and accruals	3,781,023	6,470,454	4,090,420	4,383,990
Contract liabilities	1,059,752	1,940,269	740,790	776,522
Bank and other borrowings	11,921,666	14,983,309	15,586,269	15,456,028
Lease liabilities	1,634	898	11,900	9,059
Income tax payable	15,065	41,918	210,197	97,701
Total current liabilities	**22,208,291**	**30,353,051**	**28,911,517**	**28,411,542**
Net current assets/(liabilities)	**2,371,705**	**(4,534,452)**	**286,736**	**411,081**

We recorded net current assets of RMB2,371.7 million as of December 31, 2023, which subsequently turned into net current liabilities of RMB4,534.5 million as of December 31, 2024, primarily due to (i) an increase in other payables and accruals mainly resulting from an increase in construction and equipment payables in relation to equipment and infrastructure used in our Morowali Production Base, (ii) an increase in bank and other borrowings, and (iii) an increase in trade and bills payables, which was in line with our business expansion, partially offset by an increase in prepayments, deposits and other receivables reflecting the increased purchase of raw materials to support our business expansion.

We recorded net current liabilities of RMB4,534.5 million as of December 31, 2024, which subsequently turned into net current assets of RMB286.7 million as of December 31, 2025, primarily due to (i) a decrease in other payables and accruals resulting from (a) a decrease in construction and equipment payables following our settlement, and (b) the non-recurrence of advance receipts for share transfers following the completion of the previously mentioned transaction, (ii) an increase in inventories to support our production expansion, (iii) an increase in prepayments, deposits and other receivables reflecting (a) an increase in prepayments reflecting the increased purchase of raw materials to support our business expansion, and (b) an increase in deposits and other receivables following the disposal of a subsidiary, and (iv) a decrease in contract liabilities as a results of the fulfillment of certain contractual obligations.

Our net current assets increased from RMB286.7 million as of December 31, 2025 to RMB411.1 million as of February 28, 2026 primarily due to (i) an increase in financial assets at FVTOCI, (ii) an increase in inventories in line with our business expansion, and (iii) a decrease in other payables and accruals following the settlement of certain payments, partially offset by a decrease in cash and cash equivalents.

Inventories

Our inventories primarily consisted of (i) raw materials, mainly including cobalt, nickel, lithium, and auxiliary materials, (ii) work in progress, mainly including hydrometallurgical products, (iii) finished goods, and (iv) goods in transit. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Raw materials	6,830,636	5,581,736	6,447,476
Work in progress	1,472,171	1,330,768	2,008,329
Finished goods	435,503	1,699,037	1,510,877
Goods in transit	261,285	224,471	153,819
Less: provision for impairment loss	(702,781)	(62,688)	(77,642)
Total	**8,296,814**	**8,773,324**	**10,042,859**

We manage our inventory level and plan our procurement mainly based on our forecast orders and production plans. See "Business — Inventory Management and Logistics — Inventory Management."

Our inventories increased by 5.7% from RMB8,296.8 million as of December 31, 2023 to RMB8,773.3 million as of December 31, 2024, primarily due to an increase in finished goods for stocking purposes in anticipation of sales in the coming year. Our inventories increased by 14.5% from RMB8,773.3 million as of December 31, 2024 to RMB10,042.9 million as of December 31, 2025, primarily due to increases in raw materials and work in progress to support production expansion of our Morowali Production Base.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within three months	7,393,466	7,551,707	8,711,816
Over three months but within six months	1,287,297	988,887	1,007,947
Over six months but within twelve months	318,832	295,418	400,738
Total	**8,999,595**	**8,836,012**	**10,120,501**

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	109	111	108

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days for the years 2023, 2024 and 2025.

Our inventory turnover days remained relatively stable at 109 days in 2023, 111 days in 2024 and 108 days in 2025, respectively.

As of February 28, 2026, RMB7,971.9 million, or 79.4% of our inventories as of December 31, 2025, had been used, consumed or sold.

Trade and Bills Receivables

Our trade receivables mainly refer to (i) outstanding amounts due from our customers for the purchase of goods we sold in the ordinary course of business, less ECL allowance, and (ii) outstanding amounts due from relevant government authorities for industry allowances related to our electronic waste recycling business ("**industry allowances**"), based on the volume of electronic waste recycled. The industry allowances represent payments from government authorities based on the verified volume of dismantled electronic waste and the corresponding allowance standards, and are subject to government approval. We recognize revenue from electronic waste recycling in accordance with the dismantling volume and allowance rates confirmed by the relevant government authorities. During the Track Record Period, we only recorded such revenue in 2023 and 2025, representing less than 0.5% and 1.7% of our revenue in respective period. Our bills receivables mainly represent bank acceptance bills from customers of new energy materials business. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade receivables			
– trade receivables excluding industry allowances	5,961,628	6,446,292	5,106,297
less: ECL allowance	754,711	321,096	329,058
trade receivable excluding industry allowances, net	**5,206,917**	**6,125,196**	**4,777,239**
– trade receivables from industry allowances	1,769,221	873,142	211,124
less: ECL allowance	52,949	26,194	5,356
trade receivable from industry allowances, net	**1,716,272**	**846,948**	**205,768**
Total trade receivables, net	**6,923,189**	**6,972,144**	**4,983,007**
Bills receivables	**807,660**	**347,290**	**416,769**
Total	**7,730,849**	**7,319,434**	**5,399,776**

Our trade and bills receivables decreased by 5.3% from RMB7,730.8 million as of December 31, 2023 to RMB7,319.4 million as of December 31, 2024, primarily due to a decrease in bills receivables following our settlement of certain bills, partially offset by an increase in trade receivables, which was in line with our revenue growth. Our trade and bills receivables decreased by 26.2% from RMB7,319.4 million as of December 31, 2024 to RMB5,399.8 million as of December 31, 2025, primarily due to (i) our enhancements in receivables management, and (ii) a decrease in trade receivables from industry allowances following the disposal of our subsidiaries engaged in the electronic waste recycling business.

The following table sets out an aging analysis of our trade receivables including industry allowances as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within one year	5,272,081	5,551,089	4,628,686
Over one year but within two years	447,287	644,016	164,509
Over two years but within three years	391,201	205,780	60,446
Over three years	812,620	571,259	129,366
Total	**6,923,189**	**6,972,144**	**4,983,007**

The following table sets out an aging analysis of our trade receivables excluding industry allowances as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within one year	5,127,427	5,551,089	4,583,618
Over one year but within two years	75,521	566,667	155,201
Over two years but within three years	3,969	7,440	18,740
Over three years	–	–	19,680
Total	**5,206,917**	**6,125,196**	**4,777,239**

We generally offer credit terms ranging from 30 days to 90 days to our customers. We seek to maintain strict control over our outstanding receivables. Our sales, finance, and risk control departments collectively conduct continuous monitoring and management of the entire life cycle of trade receivables and related customer credit risks to mitigate liquidity exposure. Overdue balances are reviewed regularly by our senior management. According to IFRS 9 Financial Instruments, the impairment requirements use forward-looking information to recognize ECL. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, we apply the simplified approach permitted by IFRS 9 and recognize ECL based on lifetime ECL at the end of each financial period. In calculating the ECL, we have established a provision matrix that is based on our historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and aging as well as the corresponding historical credit losses during that period. We believe that the ECL rates for trade receivables are a reasonable approximation, hence the provision made with respect to trade receivables balance was sufficient.

Our trade receivables aged over one year primarily comprise outstanding amounts due from relevant government authorities for industry allowances related to our electronic waste recycling business.

The following table sets forth our trade receivables (including and excluding industry allowances) turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade receivables (including industry allowances) turnover days(1)	73	76	59
Trade receivables (excluding industry allowances) turnover days(2)	53	62	54

Notes:

(1) Trade receivables (including industry allowances) turnover days are calculated using the average of opening balance and closing balance of trade receivables (including industry allowances) for a year divided by revenue (including recognized from industry allowances) for the relevant year and multiplied by 365 days for the years 2023, 2024 and 2025.

(2) Trade receivables (excluding industry allowances) turnover days are calculated using the average of opening balance and closing balance of trade receivables (excluding industry allowances) for a year divided by revenue (excluding recognized from industry allowances) for the relevant year and multiplied by 365 days for the years 2023, 2024 and 2025.

Our trade receivables (including industry allowances) turnover days remained relatively stable at 73 days, and 76 days in 2023 and 2024. Our trade receivables (including industry allowances) turnover days decreased from 76 days in 2024 to 59 days in 2025, primarily due to our enhancements in receivables management.

Our trade receivables (excluding industry allowances) turnover days increased from 53 days in 2023 to 62 days in 2024, primarily due to (a) a higher contribution of revenue from mainland China, which in turn resulted in a greater concentration of trade receivables from customers in mainland China, who generally have longer credit terms than our overseas customers, and (b) slight delays in payment cycles for some customers at the end of 2024 amid intensified market competition; however, the majority of such delayed payments were settled in the first quarter of 2025. Our trade receivables (excluding industry allowances) turnover days decreased from 62 days in 2024 to 54 days in 2025, primarily due to our enhancements in receivables management.

As of February 28, 2026, RMB2,958.9 million, or 59.4% of our trade receivables (including industry allowances) as of December 31, 2025, had been settled. As of February 28, 2026, RMB2,925.4 million, or 61.2% of our trade receivables (excluding industry allowances) as of December 31, 2025, had been settled. The settlement progress was slower than the turnover days might indicate, primarily due to the impact of public holidays during the period, which resulted in certain payments being deferred.

Our Directors believe there is no recoverability issue for our trade receivables, primarily because: (i) we assess our customers' credit quality carefully and regularly, taking into account their business background, industry risks, financial position, past experience and other relevant factors; (ii) we did not experience any recoverability issues for our trade receivables throughout the Track Record Period, as our trade receivables are mainly due from customers with good credit profiles and no history of material defaults on their payment obligations was noted in the past; (iii) we have dedicated internal teams responsible for close and regular monitoring of the credit profiles, operating and financial conditions of our customers and for taking appropriate proactive follow-up actions to ensure timely payments; (iv) we also closely monitor the recoverability status of trade receivables, especially long-aging balances, and enhance our collection efforts as appropriate; and (v) we have made sufficient provision for trade receivables. In addition, the subsequent settlement of our trade receivables was adversely affected by the inclusion of industry allowances.

Prepayments, Deposits and Other Receivables, Current

Our prepayments, deposits and other receivables primarily consisted of (i) prepayments, mainly for raw materials, (ii) deposits and other receivables, mainly including (a) other receivables in relation to the disposal of subsidiaries, and (b) regular deposits arising from our business expansion, and (iii) tax recoverable, mainly including value-added tax recoverable, prepaid tax and surcharges levied. The following table sets out a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Prepayments	2,100,826	2,615,741	4,525,417
Deposits and other receivables	412,303	1,060,930	1,346,394
Tax recoverable	450,064	1,294,220	1,451,836
Less: ECL allowance	(17,440)	(55,458)	(108,277)
Total	**2,945,753**	**4,915,433**	**7,215,370**

Our prepayments, deposits and other receivables increased by 66.9% from RMB2,945.8 million as of December 31, 2023, to RMB4,915.4 million as of December 31, 2024, primarily due to (i) an increase in deposits and other receivables as a result of increased other receivables following the disposal of a subsidiary engaged in electronic waste recycling business, reflecting a strategic shift as we gradually phased out lower-margin business operations, with intergroup receivables related to this subsidiary reclassified as external receivables upon its disposal, (ii) an increase in tax recoverable, which reflects higher input VAT incurred on equipment purchases associated with the expansion of our Morowali Production Base, with such input VAT expected to be deducted against output VAT generated from future product sales, and (iii) an increase in prepayments reflecting our increased procurement and business expansion.

Our prepayments, deposits and other receivables increased by 46.8% from RMB4,915.4 million as of December 31, 2024 to RMB7,215.4 million as of December 31, 2025, primarily due to (i) an increase in prepayments reflecting the increased purchase of raw materials to support our business expansion, and (ii) an increase in deposits and other receivables following the disposal of a subsidiary, with intergroup receivables related to this subsidiary reclassified as external receivables upon its disposal.

As of February 28, 2026, RMB2,755.8 million, or 38.2% of our prepayments, deposits and other receivables as of December 31, 2025, had been settled.

Financial Assets at FVTPL, Current

During the Track Record Period, our financial assets at FVTPL primarily consisted of our investment on listed equity securities. Our financial assets at FVTPL amounted to nil, RMB0.3 million and RMB267.4 million as of December 31, 2023, 2024 and 2025, respectively. The changes in current financial assets at FVTPL were mainly driven by the reclassification of certain financial assets from non-current to current following the disposal of some equity holdings.

Financial Assets at FVTOCI, Current

During the Track Record Period, our financial assets at FVTOCI primarily consisted of certain bills held by us for the practice of discounting/endorsing to financial institutions/suppliers before the bills maturity date. At the end of each Track Record Period, all the bills had a maturity period of less than 12 months. We consider the credit risk to be limited because the counterparties are financial institutions with good credit standing and the bills are highly likely to be paid, and the ECL is considered to be insignificant. See Note 22 to the Accountants' Report in Appendix I to this document. Our financial assets at FVTOCI amounted to RMB63.1 million, RMB71.9 million and

RMB61.6 million as of December 31, 2023, 2024 and 2025, respectively. Certain bills held by us for the practice of discounting/endorsing to financial institutions/suppliers before the bills maturity date were classified as Bills receivables measured at FVTOCI under financial assets at FVTOCI in the consolidated statements of financial position.

Contract Liabilities

Our contract liabilities refer to the obligation to transfer goods to customers in consideration of payments received or receivable from customers. Our contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations.

Our contract liabilities increased by 83.1% from RMB1,059.8 million as of December 31, 2023 to RMB1,940.3 million as of December 31, 2024, primarily due to an increase in our sales of nickel-based products, as some of our customers prefer to secure orders through advance payments. Our contract liabilities decreased by 61.8% from RMB1,940.3 million as of December 31, 2024 to RMB740.8 million as of December 31, 2025 as a results of the fulfillment of certain contractual obligations.

As of February 28, 2026, RMB518.6 million, or 70.0% of our contract liabilities as of December 31, 2025, had been recognized as revenue.

Trade and Bills Payables

Our trade and bills payables primarily represent our payables to suppliers for the procurement of raw materials. The following table sets out a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables	1,714,374	1,963,585	2,988,440
Bills payables	3,714,777	4,952,618	5,283,501
Total	**5,429,151**	**6,916,203**	**8,271,941**

Our trade and bills payables increased by 27.4% from RMB5,429.2 million as of December 31, 2023 to RMB6,916.2 million as of December 31, 2024, and further increased by 19.6% from RMB6,916.2 million as of December 31, 2024 to RMB8,271.9 million as of December 31, 2025, primarily reflecting higher payables for raw materials as a result of the expansion of our production scale and increases in raw material prices.

The following table sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days(1)	18	24	29

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days for the years 2023, 2024 and 2025.

Our trade payables turnover days increased from 18 days in 2023 to 24 days in 2024 and further increased to 29 days in 2025, primarily due to more effective supplier management and enhanced cash utilization efficiency.

As of February 28, 2026, RMB2,913.2 million, or 35.2% of our trade and bills payables as of December 31, 2025, had been settled. The settlement progress was slower than the turnover days might indicate, primarily due to the impact of public holidays during the period, which resulted in certain payments being deferred.

Our trade payables turnover days during the Track Record Period were significantly shorter than the sum of our inventory turnover days and trade receivables turnover days, primarily because in the new energy materials industry, suppliers of metals and related raw materials generally require advance payments on the procurement side, while customers typically settle payments approximately 60 days after goods are accepted on the sales side. According to Frost & Sullivan, this upstream and downstream settlement pattern is common across the industry.

To mitigate potential timing differences between cash inflows and outflows, we have implemented a comprehensive strategy that includes (i) negotiating improved payment terms with suppliers, (ii) actively managing working capital by optimizing inventory levels and procurement planning to reduce holding costs while supporting production needs, (iii) enforcing strict credit control policies, and (iv) gradually increasing long-term borrowings while reducing short-term liabilities to optimize and rebalance the debt structure.

Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) construction and equipment payables, (ii) other utilities payables, (iii) dividend payables, (iv) employee benefits payables, (v) deposits received, (vi) other tax payables, (vii) advance received share transfer, and (viii) restricted shares repurchase obligations. The following table sets out a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Construction and equipment payables	2,603,021	4,429,990	2,647,557
Other utilities payables	151,457	343,194	307,172
Dividend payables	263,755	129,391	126,518
Employee benefits payables	110,319	83,085	107,930
Deposits received	89,294	155,549	479,023
Other tax payables	47,929	52,057	29,010
Advance received for share transfer	–	805,616	–
Restricted shares repurchase obligations	105,173	112,267	31,461
Other current liabilities	410,075	359,305	361,749
Total	**3,781,023**	**6,470,454**	**4,090,420**

Our other payables and accruals further increased by 71.1% from RMB3,781.0 million in 2023 to RMB6,470.5 million as of December 31, 2024, primarily due to (i) an increase in construction and equipment payables in relation to equipment and infrastructure used in Morowali Production Base, and (ii) advance received for share transfer recorded in relation the sales of certain shares of one of our subsidiaries.

Our other payables and accruals decreased by 36.8% from RMB6,470.5 million as of December 31, 2024 to RMB4,090.4 million as of December 31, 2025, primarily due to (i) a decrease in construction and equipment payables following our settlement, and (ii) the non-recurrence of advance receipts for share transfers following the completion of the previously mentioned transaction.

As of February 28, 2026, RMB1,143.5 million, or 28.1% of our other payables and accruals as of December 31, 2025, had been settled.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from [**REDACTED**] from our business operations and bank borrowings. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and the net [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flow for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash from operating activities	2,164,444	3,054,923	3,782,652
Net cash used in investing activities	(5,573,405)	(11,147,085)	(7,599,721)
Net cash from financing activities	3,638,219	7,388,196	5,280,957
Cash and cash equivalents at beginning of year	5,217,801	5,442,352	4,707,159
Effect of foreign exchange rate changes	(4,707)	(31,227)	(45,150)
Cash and cash equivalents at the end of the year	**5,442,352**	**4,707,159**	**6,125,897**

Net Cash Flows Generated from Operating Activities

Our cash flows generated from operating activities reflect our profit before taxation adjusted for: (i) non-cash and non-operating items (such as depreciation of property, plant and equipment, and finance costs); (ii) the effects of movement in working capital (such as inventories, receivables and payables); and (iii) other cash items (such as income tax paid).

In 2025, we had net cash generated from operating activities of RMB3,782.7 million, which represents our profit before taxation of RMB2,013.7 million, as adjusted by (i) non-cash and non-operating items, and (ii) movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB2,449.6 million, (ii) finance costs of RMB883.3 million and (iii) Impairment losses on non-financial assets of RMB227.1 million. Our movements in working capital, mainly consisting of decrease in trade and bills receivables of RMB1,992.1 million and increase in trade and bills payables of RMB1,355.7 million, was partially offset by (i) increase in inventories of RMB1,284.5 million, and (ii) decrease in contract liabilities of RMB1,199.5 million.

In 2024, we had net cash generated from operating activities of RMB3,054.9 million, which represents our profit before taxation of RMB1,618.4 million, as adjusted by (i) non-cash and non-operating items, and (ii) movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB1,640.7 million, (ii) finance costs of RMB709.2 million, and (iii) loss on fair value on financial assets at FVTPL of RMB677.9 million. Our movements in working capital, mainly consisting of decrease in other payables and accruals of RMB3,651.6 million, was partially offset by (i) increase in trade and bills payables of RMB1,487.1 million, and (ii) increase in prepayments, deposits and other receivables of RMB1,118.9 million.

In 2023, we had net cash generated from operating activities of RMB2,164.4 million, which represents our profit before taxation of RMB1,360.9 million, as adjusted by (i) non-cash and non-operating items, and (ii) movements in working capital. Adjustments of non-cash and non-operating items primarily comprised gain on fair value on financial assets at FVTPL of RMB1,265.2 million, partially offset by (i) depreciation of property, plant and equipment of RMB1,209.4 million, (ii) impairment losses on non-financial assets of RMB828.6 million, and (iii) finance costs of RMB685.3 million. Our movements in working capital, mainly consisting of (i) increase in trade and bills receivables of RMB1,884.8 million, and (ii) increase in inventories of RMB1,153.7 million, was partially offset by increase in trade and bills payables of RMB1,268.1 million.

Net Cash Flows Used in Investing Activities

In 2025, our net cash flows used in investing activities was RMB7,599.7 million, which was primarily attributable to purchase of property, plant and equipment and intangible assets of RMB9,174.4 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB789.7 million.

In 2024, our net cash flows used in investing activities was RMB11,147.1 million, which was primarily attributable to purchase of property, plant and equipment and intangible assets of RMB11,132.2 million.

In 2023, our net cash flows used in investing activities was RMB5,573.4 million, which was primarily attributable to (i) purchase of property, plant and equipment and intangible assets of RMB5,395.2 million, and (ii) capital injections to investments in associates and joint ventures of RMB280.6 million.

Net Cash Flows Generated from Financing Activities

In 2025, our net cash flows generated from financing activities were RMB5,281.0 million, primarily attributable to proceeds from bank and other borrowings of RMB20,924.5 million, partially offset by repayment of bank and other borrowings of RMB14,096.1 million.

In 2024, our net cash flows generated from financing activities were RMB7,388.2 million, primarily attributable to (i) proceeds from bank and other borrowings of RMB19,582.5 million and (ii) capital contribution from non-controlling interests of RMB820.1 million, partially offset by (i) repayment of bank and other borrowings of RMB11,644.1 million, (ii) interest paid of RMB843.3 million, and (iii) dividend paid of RMB409.0 million.

In 2023, our net cash flows generated from financing activities were RMB3,638.2 million, primarily attributable to proceeds from bank and other borrowings of RMB13,105.2 million, partially offset by repayment of bank and other borrowings of RMB8,792.4 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and February 28, 2026, our indebtedness included bank and other borrowings and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
		(RMB in thousands)		*(Unaudited)*
Current				
Bank and other borrowings	11,921,666	14,983,309	15,586,269	15,456,028
Lease liabilities	1,634	898	11,900	9,059
Non-current				
Bank and other borrowings	8,344,347	12,587,480	19,511,179	18,010,339
Lease liabilities	6,132	944	54,818	58,224
Total	**20,273,779**	**27,572,631**	**35,164,166**	**33,533,650**

Except for our indebtedness as disclosed above as of December 31, 2023, 2024 and 2025 and February 28, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits which were either guaranteed or unguaranteed, secured or unsecured.

As of the Latest Practicable Date, there was no restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings, or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that there has not been any material change in our indebtedness since February 28, 2026 and up to the date of this document.

Bank and Other Borrowings

As of December 31, 2023, 2024, 2025 and February 28, 2026, we had borrowings (including current and non-current portions) of RMB20.3 billion, RMB27.6 billion, RMB35.1 billion and RMB33.5 billion, respectively, mainly representing (i) secured bank borrowings, (ii) unsecured bank borrowings, and (iii) secured other borrowings, primarily to supplement our working capital. Our borrowings are primarily denominated in Renminbi and U.S. dollars. As of December 31, 2023, 2024 and 2025, our borrowings bear an effective interest rate from 2.28% to 5.91%, 0.80% to 5.91% and 1.95% to 5.83% per annum, respectively. See Note 31 to the Accountants' Report in Appendix I to this document. As of February 28, 2026, our unutilized banking facilities amounted to RMB19.3 billion.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and February 28, 2026, our total lease liabilities (including current and non-current portion) amounted to RMB7.8 million, RMB1.8 million, RMB66.7 million and RMB67.3 million, respectively, which mainly represented our leases for our production facilities, offices, warehouses, and staff apartments.

Our total lease liabilities decreased by 76.3% from RMB7.8 million as of December 31, 2023 to RMB1.8 million as of December 31, 2024, primarily due to disposal of certain subsidiaries.

Our total lease liabilities increased from RMB1.8 million as of December 31, 2024 to RMB66.7 million as of December 31, 2025, mainly due to the addition of office and production related leased properties.

CONTINGENT LIABILITIES

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

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin (%)(1)	12.2	15.3	14.7
Net profit margin (%)(2)	3.8	4.0	4.6
Return on equity (%)(3)	5.4	5.7	6.8
Current ratio(4)	1.1	0.9	1.0

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals profit for the year divided by revenue for the year and multiplied by 100%.

(3) Return on equity equals profit for the year divided by the ending balance of total equity and multiplied by 100%.

(4) Current ratio equals current assets divided by current liabilities as of the same date.

CAPITAL EXPENDITURE

The table below sets forth our capital expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchase of property, plant and equipment and intangible assets	5,395,246	11,132,180	9,174,448
Purchase of financial assets at FVTOCI	1,577	–	–
Acquisition of subsidiaries, net of cash acquired	–	–	102,498
Acquisition of non-controlling interests	4,502	31,238	–
Capital injections to investments in associates and joint ventures	280,600	422,495	1,531,898
Total	**5,681,925**	**11,585,913**	**10,808,844**

In 2023, 2024 and 2025, our capital expenditure was RMB5,681.9 million, RMB11,585.9 million and RMB10,808.8 million, respectively. We funded this expenditure mainly with our business operations and bank borrowings.

Following the [**REDACTED**], we will continue to incur capital expenditure to grow our business. We plan to fund our planned capital expenditure primarily with cash inflow generated from our operation, capital injections from shareholders, bank borrowings, and the net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may adjust our capital expenditure for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Contracted, but not provided for, net of deposits/investments paid			
Property, plant and equipment	2,660,211	674,798	1,181,260
Subscribed capital contribution of subsidiaries and associates	411,801	130,704	–
Total	**3,072,012**	**805,502**	**1,181,260**

Our capital commitments at the end of each period during the Track Record Period primarily represented contracted but not provided for, net of deposits/investments paid for property, plant and equipment, and subscribed capital contribution of associated companies. As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB3,072.0 million, RMB805.5 million and RMB1,181.3 million, respectively. The significant capital commitments as of December 31, 2023 are primarily due to the construction and development of our Morowali Production Base. See Note 41(a) to the Accountants' Report in Appendix I to this document.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, we established subsidiaries to carry out our operations in various countries and regions. During the same period, we have intra-group transactions in Mainland China, Hong Kong, and Indonesia. The table below sets forth the amount of our intra-group cross-border transactions and as a percentage of our total intra-group transactions for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Purchase and sale of goods	5,173	10.8	11,241	19.0	17,537	23.5
Provision and receipt of services	–	–	412	0.7	9	0.0
Interest income and expenses	407	0.9	1,229	2.1	1,703	2.3
Total	**5,580**	**11.7**	**12,882**	**21.8**	**19,249**	**25.8**

Our subsidiaries perform different functions, mainly including manufacturing and selling new energy materials, critical metal resources, and products from lithium-ion battery and end-of-life vehicle recycling.

We have transactions among the subsidiaries within our Group. Transfer pricing arrangements for such intra-group transactions should be on an arm's-length basis according to the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**") promulgated by the Organization for Economic Cooperation and Development (the "**OECD**"), an international organization of international cooperation. In this regard, we have engaged a professional tax consultant company in the PRC (the "**transfer pricing advisor**") to review, analyze and evaluate the potential risks in accordance with the OECD Transfer Pricing Guideline and applicable laws and regulations, and whether the profit levels achieved by our subsidiaries involved in these transactions have achieved an arm's-length level of profits. An analysis of the intra-group transactions during the Track Record Period is set out below:

In accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and the relevant transfer pricing regulations in Mainland China, Hong Kong and Indonesia, and based on the results of the functional, risk and value chain analyses of the key entities within the Group, the Transactional Net Margin Method ("**TNMM**") was selected as the most appropriate transfer pricing method.

For intra-group transactions involving distributors under the goods transactions, the Berry ratio or Earnings Before Interest and Tax margin is adopted as the profitability indicator. For intra-group transactions involving manufacturers under the goods transactions, the full cost-plus mark-up rate is adopted as the profitability indicator.

The transfer pricing advisor has conducted benchmarking analysis to identify independent comparable companies operating in similar industries and performing functions comparable to those of the Group's entities.

Based on the transfer pricing analysis conducted above, the intra-group transfer pricing arrangements of the Group's major entities during Track Record Period are consistent with the arm's length principle in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. No instances were identified in which such arrangements directly or indirectly reduced the overall tax revenue of the relevant jurisdictions.

The profit levels achieved by the major subsidiaries generally correspond to their respective contributions to the Group's value chain, and the intra-group transactions were, overall, in compliance with the applicable transfer pricing regulations in Mainland China, Hong Kong, and Indonesia. Based on the analysis conducted above, the Group's overall transfer pricing risk is considered low.

Furthermore, during Track Record Period, the relevant tax authorities in these jurisdictions have not raised any challenges or initiated any special tax adjustments in respect of the Group's intra-group transactions.

After assessing our transfer pricing arrangements during Track Record Period, our Directors, as advised by the transfer pricing advisor, are of the view that our transfer pricing arrangements were consistent with the arm's length principle under both the OECD Transfer Pricing Guidelines and the applicable local laws and regulations related to transfer pricing in the relevant jurisdictions in material respects, and the risk of our Group needing to make material transfer pricing adjustments and pay additional tax can be considered relatively low.

Under the laws and regulations of Mainland China, Indonesia and Hong Kong, the Group has no obligation to notify the tax authorities of its transfer pricing arrangements.

We have adopted and will continue to adopt the following measures to ensure continuous compliance with relevant transfer pricing laws and regulations: (i) we shall continue to engage an external transfer pricing advisor to advise us on transfer pricing matters annually. We will continue to follow the advice from the transfer pricing advisor on the application of transfer pricing methodology and evaluations; (ii) we will formulate our transfer pricing policies and budgeting plans based on the transfer pricing advice of our transfer pricing advisor; (iii) we will conduct trainings for our senior management personnel on updates in transfer pricing laws and regulations in the relevant jurisdictions; (iv) our Directors and chief financial officer will ensure that the transfer pricing policies adopted are in line with the value contributions of each entity; our Directors will review the terms of the material inter-group transactions and monitor, on a regular basis, our transfer pricing policy to ensure that the transactions are carried out at arm's length; and (v) we have implemented a stringent approval process for intra-group transactions: the process begins with a request submitted by the business department, followed by a detailed review conducted by the finance department, and then final approval is then granted by senior management. Thus, our Directors' are of the view that our internal control measures are sufficient and effective to ensure ongoing compliance with the relevant transfer pricing laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions.

RELATED PARTY TRANSACTIONS

See Note 42 to the Accountants' Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 42 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate and currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 43 to the Accountants' Report in Appendix I to this document.

Price Risk

Equity Price Risk

We are exposed to equity price risk mainly arising from equity investments held by us that are classified as either FVTPL or FVTOCI which will not be sold within one year.

Sensitivity analysis is performed by management to assess the exposure of our financial results to equity price risk of financial assets measured at FVTPL and FVTOCI at the end of each reporting period. If prices of the equity investments classified at FVTPL held by us had been 10% higher/lower as of December 31, 2023, 2024 and 2025, profit before income tax for the Track Record Period would have been RMB149,622,000, RMB81,781,000 and RMB42,796,000 higher/lower, respectively, as a result of gains/losses on equity investments classified at FVTPL, other comprehensive income would have been RMB16,489,000, RMB17,458,000 and RMB12,660,000 higher/lower as a result of gains/losses on equity investments classified at FVTOCI, respectively.

Other price risk

We are exposed to other price risk. Major financial assets and financial liabilities for the purpose of other price sensitivity analysis include:

– Financial assets at FVTPL (other than equity investments)

– Financial assets at FVTOCI (other than equity investments)

It is estimated that a general increase/decrease of 10% in other price risk would increase/decrease our profit before income tax for the years ended December 31, 2023, 2024 and 2025 would have been nil, RMB33,000 and RMB1,896,000 higher/lower, respectively, as a result of gains/losses on financial instruments classified as at FVTPL, other comprehensive income would have been RMB631,000, RMB719,000 and RMB6,157,000 higher/lower as a result of gains/losses on financial instruments classified as at FVTOCI, respectively.

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 us.

Our maximum exposure to credit risk for the components of the consolidated statement of financial position at December 31, 2023, 2024 and 2025 is the carrying amount as disclosed in Note 43.5 to the Accountants' Report in Appendix I to this document.

Trade Receivables

Our policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not our policy to request collateral from our customers.

We applied the simplified approach to provide for impairment for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for impairment of all trade receivables.

For trade receivables, we assess ECL under IFRS 9 based on shared credit risk characteristics and aging as well as the corresponding historical credit losses during that period. We also made individual assessment on the recoverability of its trade and bills receivables at amortized cost for certain customer based on historical settlement record and subsidies receivables. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to engage with us on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Bills Receivables

Credit risk for bills receivables is considered to be immaterial, as mainly bills receivables are bank acceptance notes, and we did not expect that there would be any significant losses from non-performance by these banks.

Deposits and Other Receivables

Over the term of deposits and other receivables, we account for our credit risk by appropriately providing for ECL on a timely basis. To assess whether there is a significant increase in credit risk in deposits and other receivables, we compare the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default at the date of initial recognition. We consider available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity hence the ECL is minimal.

Other Financial Assets Measured at Amortized Cost

Other financial assets measured at amortized cost include bank balances, deposits and cash.

Credit risk for bank balances, deposits and cash is considered to be immaterial, as the counterparts are banks/financial institutions with high credit ratings by international credit rating agencies.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate balances of such.

Foreign Currency Risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

We are exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions relate. The foreign currencies giving rise to this risk are primarily USD and Indonesian Rupiah ("**IDR**").

Interest Rate Risk

Our interest rate risk primarily arises from long-term interest-bearing borrowings, bond payables, lease liabilities and finance lease receivables. Long-term borrowings issued at variable rates expose us to cash flow interest rate risk. Long-term borrowings issued fixed rates, bond payables, lease liabilities and finance lease receivables bearing fixed rates expose us to fair value interest rate risk.

We have been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of us.

DIVIDENDS AND DIVIDEND POLICY

Pursuant to our Articles of Association, we may distribute dividends in the form of cash, stock dividends or a combination of both. We preferentially adopt the method of cash dividends. We shall adopt cash dividends once per year for profit distribution provided that the conditions for cash distribution are satisfied. If we record a positive net profit for the year and retain undistributed profits at the end of year, we should conduct a cash dividend distribution. When distributing profits in the form of stock dividends, we will consider true and reasonable factors such as the growth of our Company and the dilution to net assets per share.

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Subject to meeting the conditions for cash dividends and the absence of major capital expenditures, our annual cash dividends shall not be less than 15% of the distributable profit realized in the current year, and within any three consecutive years, our distributed cumulative profits in cash shall not be less than 45% of the average distributable profits realized in the latest three years. Our Board may propose interim dividends based on our profitability and capital requirements. The specific dividend ratios shall be determined by our Board according to relevant regulations and our operating conditions, and shall be considered and resolved at our general meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

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

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Ordinary A Shares			
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	256,462	408,966	336,529

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had approximately RMB7,521.8 million of retained earnings available for distribution to our Shareholders.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately RMB[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] and no exercise of the [**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**] assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**] million, of which approximately RMB[**REDACTED**] million was charged to the consolidated statements of profit or loss as administrative expenses. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] million, of which approximately RMB[**REDACTED**] million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB[**REDACTED**] million is expected to be recognized as a deduction in equity directly upon the [**REDACTED**]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [**REDACTED**] are composed of (i) [**REDACTED**] of approximately RMB[**REDACTED**] million, and (ii) [**REDACTED**] related expenses of approximately RMB[**REDACTED**] million, which consist of fees and expenses of legal advisors and the Reporting Accountant of approximately RMB[**REDACTED**] million and other fees and expenses of approximately RMB[**REDACTED**] million.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

IMPACT OF COVID-19

Since the first quarter of 2020, the outbreak of the COVID-19 pandemic has had a widespread impact on the global economy, particularly in areas such as supply chains, logistics, and production operations.

In 2022, one of our suppliers experienced pandemic-related disruptions and failed to deliver raw materials to us on schedule, which in turn led to our inability to deliver certain products to a customer within the agreed timeframe. The customer initiated legal proceedings against us in 2023, and we received an unfavorable first-instance judgment in 2024. As a result, we incurred liquidated damages of RMB98.0 million in 2024. Nevertheless, this was an one-off incident, and we promptly implemented mitigation measures, including strengthening our self-supply capacity in Indonesia, diversifying supplier channels, and improving safety inventory management mechanisms. See " — Description of Major Components of Our Results of Operations — Other Operating Expenses."

Despite the widespread global impact of COVID-19, which faded out in early 2023, our Directors are of the view that the pandemic did not have any material adverse effect on our business operations, financial condition, or operating results during the Track Record Period. This assessment is based on the continued stability of our production activities, the resilience of our financial performance, and the limited and manageable nature of the liquidated damage incurred. Nonetheless, we remain vigilant and will continue to closely monitor developments related to the pandemic or other force majeure events to ensure the robustness of our operations.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in our consolidated financial statements included in the Accountants' Report in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.