力勤资源
LYGEND RESOURCES

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

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

2025
INTERIM REPORT

Contents

Company Profile

We are a company with businesses across the entire nickel industry value chain. Positioning in the "nickel" segment of the industry, the Company has established its presence across the entire nickel industry value chain and pioneered in the trading and production of nickel products in the industry, including the integration and trading of nickel resources, and trading, production and sales of nickel products. The Company and its Indonesian Partner have jointly invested in the construction of an independent industrial park on Obi Island in Indonesia, on which hydrometallurgy and pyrometallurgy projects for nickel products were established with related production ancillary facilities being provided simultaneously. This ensured our autonomy in aspects such as smelting and production, raw material and energy supply, and public ancillary facilities, and has helped us achieve various breakthroughs and significant progress in the field of smelting of nickel products.

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

NICKEL RESOURCES SOURCING AND TRADING

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

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

Company Profile

SMELTING AND PRODUCTION

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

Since expanding our business to cover nickel product production in 2017, we have mastered the complete pyrometallurgy and hydrometallurgy processes for nickel product production. Starting from Jiangsu Province, China, we have gradually built up our production capacity for nickel products worldwide. Our manufacturing facilities in Suqian, Jiangsu Province, China (the "Jiangsu Facilities") have three ferronickel production lines using the Rotary Kiln-Electric Furnace process (the "RKEF process"). The aggregate designed production capacity of our Jiangsu Facilities is 18 thousand metal tons of ferronickel per annum. On the Obi Island, Indonesia, we have jointly invested in two nickel product production projects with our Indonesian Partner, including (i) the HPAL project, a hydrometallurgy project with an aggregate designed production capacity of 120 thousand metal tons of nickel-cobalt compound per annum (including 14.25 thousand metal tons of cobalt), and (ii) the RKEF project, a pyrometallurgy project using the RKEF process (the "RKEF project," together with the HPAL project, the "Obi projects"), with an aggregate designed production capacity of 280 thousand metal tons of ferronickel (among which, the pyrometallurgy production capacity of HJF, in which the Company holds equity interests, is 95 thousand metal tons of ferronickel). Our nickel-cobalt compounds and ferronickel products are widely used in the rapidly growing NEV and stainless steel markets.

Our Obi projects have received various awards and recognitions, including being named as the Belt and Road Major Strategic Construction Project and the Overseas Chinese-Standard Demonstration Project.

Corporate Information

BOARD OF DIRECTORS

Chairman and executive Director

Mr. CAI Jianyong

Executive Directors

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

Non-executive Director

Mr. Lawrence LUA Gek Pong

Employee representative Director

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

Independent non-executive Directors

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

SUPERVISORS

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

BOARD COMMITTEE

Audit committee

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

Remuneration committee

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

Nomination committee

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

ESG committee

Mr. CAI Jianyong *(Chairperson)*
Mr. QIAN Feng *(Non-director)*
Mr. YUAN Shuangcheng *(Non-director)*
Mr. YU Hai *(Non-director)*
Mr. LIAO Zhengquan *(Non-director)*
Mr. LIU Xuanliang *(Non-director)*
Mr. QI Hui *(Non-director)*
Mr. WANG Duodong *(Non-director)*
Mr. SHI Wentang *(Non-director)*
Mr. CAI Jiansong *(Non-director)*
Ms. CAI Xiaoou *(Non-director)*

JOINT COMPANY SECRETARIES

Mr. CAO Zheng
Mr. CHOW Shing Lung *(appointed on 28 August 2025)*
Ms. CHAN Yuen Mui (ACG HKACG)
(resigned on 28 August 2025)

AUTHORIZED REPRESENTATIVES (UNDER THE LISTING RULES)

Ms. FEI Feng
Mr. CHOW Shing Lung *(appointed on 28 August 2025)*
Ms. CHAN Yuen Mui (ACG HKACG)
(resigned on 28 August 2025)

REGISTERED OFFICE

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

HEAD OFFICE

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

Corporate Information

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

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

H SHARE REGISTRAR

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

PRINCIPAL BANKS

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

LEGAL ADVISORS

As to Hong Kong laws:
Cleary Gottlieb Steen & Hamilton (Hong Kong)

As to PRC laws:
Zhejiang T&C Law Firm

COMPLIANCE ADVISOR

Somerley Capital Limited

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

STOCK CODE

2245

COMPANY'S WEBSITE

www.lygend.com

DATE OF LISTING

1 December 2022

Chairman Statement

To Shareholders,

On behalf of the board of directors of Lygend Resources & Technology Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), we are pleased to present to you the interim results for 2025 of the Group.

In the first half of 2025, the Company overcame the fluctuations in prices of global nickel market and other external challenges, steadily released production capacity of each project, and achieved solid growth in operation performance. The results of principal activities of the Company were as follows:

Principal financial results: During the Reporting Period, the Company realized a total operating revenue of RMB18,146.6 million, representing a year-on-year growth of 66.8%, the net profit attributable to the parent was RMB1,426.3 million, representing a significant year-on-year growth of 143.0%.

Nickel resources sourcing and trading: During the Reporting Period, the Company gave full play to its advantages in respect to resource integration and market insights, deepened the cooperations with overseas and domestic customers, and dynamically optimized its sales strategies, so as to further consolidate the Company's leading position in the global nickel trading sector.

Pyrometallurgy production: During the Reporting Period, the Company further optimized the RKEF smelting process to improve production efficiency. The HJF project, in which the Company holds equity interests, maintained stable operation; the four production lines of the section 1 of the KPS, in which the Company holds controlling interests, were put into operation as scheduled, and the construction of the remaining production lines was progressing steadily, all construction of which will be completed and put into operation by 2026.

Hydrometallurgy production: During the Reporting Period, the Company's hydrometallurgical smelting business continued to maintain its leading position in the world, with all lines operating at full capacity. Relying on the scale operation and technological strength in the Obi Industrial Park in Indonesia, the Company achieved a comprehensive improvement in production capacity, efficiency and environmental benefits, and successfully built the first demonstration warehouse for tailings from wet pile in the industry, aiming to promote the high quality development of our business with innovations.

In the first half of 2025, the price of nickel presented a downward volatility trend, whilst, driven by policies, the future price of nickel metal saw an upward trend before falling down. Although a Fed rate cut and macro sentiment buoyed up market confidence, the increase in visible inventory of nickel on futures exchanges intensified price pressure. In the face of challenges, the Company has reduced costs and increased efficiency through technology, expanded its overseas markets and optimized its product mix to effectively respond to market fluctuations and consolidate its core competitiveness in the industry.

Chairman Statement

Looking ahead, the Company will continue to deepen the development strategy that integrates "resource + technology + market" and focus on promoting productivity construction, technological innovation, market layout and ESG construction. Facing a historic opportunity brought by the new energy industry, the Company will continue to optimize global resource allocation, and strengthen technological barriers to create sustainable value return.

Amidst industry competition and market fluctuations, the Company is confident that it will continue to provide quality nickel products and services for global customers with its technical strength and cost advantage. Adhering to the philosophy of "From Diligence, Toward Excellence (力致卓越，勤無止境)", the Company will steadily move towards the vision of "becoming a world-leading nickel industry chain service provider".

APPRECIATION

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

LYGEND RESOURCES & TECHNOLOGY CO., LTD.
Cai Jianyong
Chairman

People's Republic of China, 28 August 2025

Management Discussion and Analysis

OVERVIEW

In the first half of 2025, the Company continued to deepen the benefits of large-scale production of the Obi Island project in Indonesia to strengthen its advantage in cost control. During the Reporting Period, the Company achieved an operating revenue of RMB18,146.6 million, representing an increase of 66.8% as compared to the corresponding period of last year. Net profit attributable to owners of the parent amounted to RMB1,426.3 million, representing an increase of 143.0% as compared to the corresponding period of last year. During the Reporting Period, the laterite nickel ore hydrometallurgy project (HPAL project), jointly invested and constructed by the Company and its Indonesian Partner on Obi Island, Indonesia, continued to operate steadily and reached full production capacity. The HJF project, which is phase I of the laterite nickel ore pyrometallurgy project (RKEF project), in which the Company holds equity interests, achieved stable operation. Four production lines of section one of the KPS project, which is phase II of the RKEF project, have been put into operation as planned. The electrodeposited cobalt project maintained efficient and stable operation, effectively ensuring the supply of metal cobalt products. The Company continued to deepen the ESG development philosophy and fully integrated social responsibility into the operation system of the Obi Island project in Indonesia. Through systematic community co-construction and environmental protection programs, the Company established a sustainable development model integrating economy, society and environment, demonstrating its corporate responsibility through practical actions.

In the first half of 2025, in terms of supply, Indonesia further increased its global share of nickel smelting capacity, consolidating its dominant position. In the first half of the year, a small amount of new production capacity was concentrated in the pyrometallurgy field of ferronickel in Indonesia, and some enterprises' new production lines entered the commissioning and production stage in succession. Due to cost pressure, domestic enterprises and part of Indonesian enterprises adopted flexible production control measures for the pyrometallurgical smelting capacity. In the first half of the year, the hydrometallurgy capacity remained stable, but benefiting from the combined impact of the delivery pressure of nickel metal futures and the cobalt export ban of Congo, the supply of intermediate products for hydrometallurgy was tight, which pushed up the price of intermediate products for hydrometallurgy, forming a theoretical cost support. On the demand side, structural divergence persists. In the traditional stainless steel field, in response to continuous adjustment of the real estate industry and the restriction of international trade policies, stainless steel enterprises have generally implemented capacity control. In the new energy field, the growth of demand for nickel sulfate has slowed down due to wavering technology roadmap of ternary batteries, but the long-term trend of high nickel content in power battery materials has not fundamentally changed.

In the first half of 2025, the futures prices of nickel metal fluctuated downwards, with an initial increase followed by a downward trend driven by policies. In the first quarter, driven by Indonesia's changing mining policy and buoyed macro sentiment, the futures prices of nickel metal on the Shanghai Futures Exchange surged to a peak of RMB136,000 per ton in March. In the second quarter, as additional U.S. tariffs on steel derivatives curbed end-use consumption, futures prices of nickel metal plummeted to a recent-year low of RMB115,000 per ton in April, and continued to fluctuate within the range of RMB120,000 to RMB130,000 per ton since then.

Management Discussion and Analysis

Although futures prices of nickel metal are still subject to the rapidly growing capacity layout in the short term, the transformation of new energy industry continued to provide long-term momentum for nickel demand. By adhering to the strategic positioning of using hydrometallurgical process to expand high value-added products and pyrometallurgical process to cement the foundation, and leveraging the technical cost advantage of the third-generation HPAL process adopted in hydrometallurgical projects and the capacity scale advantage of pyrometallurgy projects, the Company took active measures to capitalize on the opportunities brought by the strengthening of domestic trade-in policies to boost stainless steel industry, and the potential for growth in the battery material market. Amid a complex macro-economic environment, the Company will strengthen its core competitiveness in the industry by expanding overseas markets and intensifying the measures for reducing costs and improving efficiency through technology upgrades.

New energy

In the first half of 2025, China's new energy automobile industry continued to maintain a rapid growth trend, and the market penetration rate broke through a key point. According to the statistics from the China Association of Automobile Manufacturers, from January to June 2025, the production and sales volumes of new energy vehicles reached 6.968 million and 6.937 million respectively, representing an increase of over 40% as compared to the corresponding period of last year, and the sales volume of new energy vehicles accounted for 44.3% of total sales volume of vehicles, a figure far exceeding the average level of the global automobile market. In particular, in the second quarter of 2025, the sales volume of new energy passenger vehicles surpassed that of traditional fuel vehicles for the first time, an indicator marking that China's automobile market has paced into a new era dominated by the vehicles of electrification. In the first half of 2025, China has further improved its policy regime for the new energy vehicle industry, forming a new pattern where the three pillars of consumption incentives, infrastructure construction, and the statutory and regulatory standards are working in synergy. The industry is shifting from policy-driven to market-driven and innovation-driven, and this new development stage driven by dual-wheel will continue to promote the incremental demand for new energy vehicles.

Stainless steel

As a fundamental industrial material, stainless steel has a wide range of applications in different sectors, including transport, industrial equipment, construction and decoration, consumer home electrical appliances and equipment manufacturing. According to Shanghai Metals Market (SMM) statistics, stainless steel diversifies in its downstream demand: 22% in industrial equipment sector, 21% in petrochemicals sector, 19% in construction and decoration sector, 16% in food and beverage sector, 9% in rail transportation sector and 7% in consumer home electrical appliances sector. The structural demand resilience of the stainless steel sector constantly contributes to consolidating its industrial foundation.

In the first half of 2025, the industry has developed steadily amid policy-driven and supply-demand adjustments. The further expansion of the implementation of the policy of "large-scale equipment renewal and trade-in for consumer goods" by China, covering 12 sectors including industry, home appliances and automobiles, effectively boosted the demand for stainless steel. The output capacity from supply side continued to expand. According to the statistics from the Stainless Steel Council of China Iron and Steel Association, China's crude steel output from January to June reached 20.1686 million tons, representing a year-on-year increase of approximately 5.17%. Looking forward, favorable policies are expected to continuously stimulate untapped demand in the industrial equipment and green home appliances sectors. However, fluctuations in raw material prices and international trade risks still need to be managed prudently. The industry urgently needs to achieve a dynamic balance between supply and demand through output capacity optimization and high-end product upgrades.

Management Discussion and Analysis

BUSINESS REVIEW

We are a company with businesses across the entire nickel industry chain. Positioning in the "nickel" segment of the industry, our business covers the nickel industry value chain, which includes multiple areas from sourcing of nickel resources, and the trading, smelting, production and sale of nickel products. Under the guidance of the "Belt and Road" initiative, we have jointly invested in the construction of a series of nickel product smelting projects and the supporting public ancillary facilities in the Obi industrial park with our Indonesian Partner, including hydrometallurgy and pyrometallurgy projects, with a total annual design capacity of 400,000 metal tons of nickel. The hydrometallurgy's annual production capacity is 120,000 metal tons of nickel-cobalt compounds and the pyrometallurgy's is 280,000 metal tons of ferronickel (among which, the pyrometallurgy's annual production capacity of HJF, in which the Company holds equity interests, was 95,000 metal tons of nickel). The Company began its development from nickel ore and ferronickel trading, and continued to devote efforts in the market and tapped into its potential, and constantly improved the quality of development and effectively responded to market changes. Under the guidance of the concept "integrating Chinese technology with global resources", the Company is profoundly engaging in and proactively promoting the progress of the nickel industry through continuous technological innovation and international cooperation, and is committed to providing high quality products and services to its customers in China and across the globe, with a view to facilitating the sustainable development and common prosperity of the nickel industry.

In the first half of 2025, under the background of structural adjustment to the landscape of the global nickel industry chain, the Company, by adhering to the concept of "technology-driven, green and low-carbon" and relying on the large-scale capacity ramp-up and lean operation management of Obi Industrial Park in Indonesia, achieved steady improvement in output and operation quality, and further consolidating its core position in the global nickel industrial chain. During the Reporting Period, the operating revenue of the Company was RMB18,146.6 million, representing an increase of 66.8% as compared to the corresponding period of last year; the profit attributable to owners of the parent was RMB1,426.3 million, representing an increase of 143.0% as compared to the corresponding period of last year. The increase in revenue and profit of the Company is mainly due to the substantial increase in the output of hydrometallurgy products nickel-cobalt hydroxide and pyrometallurgy products ferronickel during the Reporting Period as compared with the same period of last year, primarily attributable to the full-capacity operation of the ONC project and the release of production capacity after the KPS project commenced production. In addition, during the Reporting Period, the Company optimized its product portfolio, refined its cost control management, and carried out technological improvements to optimize production processes, thereby further enhancing its profitability.

Procurement and trading of nickel resources

As a leading nickel ore trading enterprise in China, the Company leveraged its outstanding capability in integrating resources and the solid foundation in the industry to continuously explore the domestic and overseas markets. By always adhering to the customer-centric concept, we seek to deepen our customer cooperation, and optimize our trading processes and service experience. During the first half of 2025, the Company precisely tracked market dynamics, gave full play to its strength in market insights as a trader, and optimized its sales strategy based on market situation in a timely manner, effectively ensuring the stable growth in nickel ore and nickel product trading volume.

Management Discussion and Analysis

Smelting and production of nickel products

As indicated in the study of the United States Geological Survey (USGS) on the world's nickel deposits, in 2024, global nickel resources exceeded 350 million metal tons. Among the identified nickel resources, Indonesia is the country with the richest nickel reserves in the world, accounting for 42% of the total nickel reserves around the globe. With a focus on the smelting and production of nickel products, the Company adhered to the principle of openness and cooperation, and collaborated with the Indonesian Partner in an effort to optimize the allocation of resources, with a view of securing the Obi projects in Indonesia on all fronts.

Hydrometallurgy project/HPAL project

The Company has adopted the third-generation HPAL smelting process, which is one of the most cutting-edge smelting techniques for processing low-grade laterite nickel ore in the industry. The hydrometallurgy project of the Company in Indonesia was implemented in three phases, featuring a total of 6 production lines with a combined annual design capacity of 120,000 metal tons of nickel and 14,250 metal tons of cobalt. Based on market demand, the project was set to produce products such as nickel-cobalt hydroxide, nickel sulphate, cobalt sulfate and electrodeposited cobalt.

During the Reporting Period, the hydrometallurgy project operated at full capacity across all production lines. In particular, the HPAL project maintained continuous full-capacity operation and the electrodeposited cobalt project achieved high-efficiency production. The Company closely followed the developments of the new energy vehicle industry and proactively adjusted the product structure in order to meet the growing demand for high-performance battery materials from the market. The battery-grade nickel sulfate, cobalt sulfate, and electrodeposited cobalt products successfully achieved localized mass production in Indonesia. The Company precisely responded to the procurement demands for high purity materials from downstream customers and effectively ensured stable product supply and quality consistency.

Pyrometallurgy project/RKEF project

The Company has adopted mature RKEF smelting techniques and established a business presence in the domestic and overseas markets. The pyrometallurgy project of the Company in Indonesia features a total of 20 production lines with a combined annual production capacity of 280,000 metal tons of ferronickel, of which, phase I of the pyrometallurgy project is owned by HJF (in which the Company holds equity interests) with an annual designed capacity of 95,000 metal tons of ferronickel, and phase II of the pyrometallurgy project is owned by KPS (of which the Company is the holding company) with an annual designed capacity of 185,000 metal tons of ferronickel. Furthermore, the Company has set up a ferronickel smelter in Jiangsu, which also adopts the RKEF process and has an annual designed capacity of 18,000 metal tons of ferronickel.

During the Reporting Period, the Company constantly deepened the optimization of pyrometallurgy processes and strengthened production management, markedly enhancing production efficiency and product quality by leveraging the accumulation of experience in respect of the RKEF process and the strength of the professional technical teams. The HJF project, in which the Company held equity interests, maintained stable operation during the first half of 2025; four production lines under section 1 of the KPS project commenced operations as scheduled, and all 12 production lines are expected to be completed and commissioned in 2026.

Management Discussion and Analysis

RISK ANALYSIS

Fluctuation in nickel metal price

In the first half of 2025, the global nickel market continued the capacity layout of rapid growth, primarily driven by the sustained capacity release of major producing regions such as Indonesia. Although demand in the stainless-steel sector saw marginal improvement supported by the equipment upgrade policies, the overall nickel price remained under pressure as a result of the elevated inventory of the industry chain and trade uncertainties arising from the tariffs on China imposed by the U.S.

The Company is principally engaged in the production and trading of nickel products, and its core business activities are significantly affected by fluctuations in nickel metal prices. The nickel metal price is susceptible to multiple factors such as the global economic situation, developments in the supply-demand relationship, market expectations, and speculative activities, and is subject to high volatility. The Company's product pricing is directly affected by market supply-demand dynamics. In the first half of 2025, the overall nickel price exhibited a fluctuating downward trend, with the core issue being the shifts in the supply-demand relationship. Facing such a continuous challenge, the Company, as a pioneer in the commercialized production of hydrometallurgy production process for nickel products in Indonesia, will persistently refine production processes, substantially reduce costs, and enhance operational efficiency to ensure the precise alignment of capacity expansion plans and market demand dynamics. The Company will fully leverage synergistic advantages of the trade businesses, and closely monitor the evolving supply-demand landscape and the price volatility trend of the global nickel market. It will dynamically adjust the sales strategy, effectively manage market risk, and seize market opportunities.

Risk of changes in exchange rates

U.S. Dollar Index fluctuated at elevated levels and the exchange rate fluctuations of emerging market currencies intensified due to the Federal Reserve's maintenance of a high interest rate policy and disruptions caused by geopolitical tensions. The Company's overseas subsidiaries adopt USD as the base currency for accounting purposes and conduct multi-currency settlements, exposing them to three major risks: rising transaction settlement costs, widening financial statement translation differences, and operational cost volatility. In particular, IDR to USD exchange rate volatility further amplified the uncertainty in local procurement costs.

To effectively manage the risk of exchange rate fluctuations, the Company adheres to and implements the philosophy of "risk neutrality", and focuses on minimizing the negative impact of exchange rate fluctuations on its principal business, so as to ensure financial stability and operational predictability. The Company continuously monitors and quantifies its foreign exchange risk exposures, and assesses the potential financial impacts by analyzing the structure of foreign exchange assets and liabilities. The Company also endeavors to expand the proportion of cross-border RMB settlement and optimize the structure of settlement currencies to reduce the impact of exchange rate fluctuations. Through the comprehensive application of multi-dimensional strategies, the Company effectively manages and controls exchange rate risk, thereby ensuring the stability of operating results.

Management Discussion and Analysis

CORE COMPETITIVENESS OF THE COMPANY

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

The Company's business is deeply integrated across the entire nickel industry value chain, covering core segments from upstream resource integration, midstream smelting and production, to downstream product trading and sales. Leveraging profound industry insights and strategic planning capabilities honed through global operations, we have established a highly synergistic nickel industry ecosystem: on the one hand, we precisely control global nickel resource supply channels; on the other hand, we seamlessly connect the smelting capacity with end markets, achieving dynamic optimization of the value chain from resource procurement to product delivery. This full-chain integration capability spanning the "resources-production-market" constitutes the Company's core competitiveness in maintaining business resilience and sustainable growth in a complex international environment.

The Company has established solid upstream supply chain networks in both Indonesia and the Philippines, securing abundant and stable supplies of nickel resources and further strengthening the Company's core advantage in raw materials acquisition. Supported by its in-house professional nickel ore inspection department, the Company conducts precise analyses of the grades, characteristics, associated metals and other aspects of nickel ores from around the world. This ability enables the Company to accurately procure highly compatible nickel ore products that meet our business needs, thereby effectively enhancing the production efficiency and operating performance. By providing these value-added services, the Company has deepened its understanding of industry trends and insight into customer demands, and further consolidated its unique industry recognition.

The Company has built its production bases in China and Indonesia, achieving effective integration of the upstream and downstream of the supply chain. On Obi Island, Indonesia, the independent industrial park operated by the Company makes full use of local premium laterite nickel resources to stably produce high-quality nickel-cobalt compounds, nickel sulfate, cobalt sulfate, electrodeposited cobalt and ferronickel products. Adhering to the principles of green production and circular economy, the Company systematically recycles the by-products generated during the production process, such as sulfuric acid, steam and coal gas, through innovative process design, and then reuses them in the production of nickel-cobalt compounds and ferronickel, thereby significantly improving the comprehensive utilization rate of resources. This demonstrates the Company's unwavering commitment to environmental protection and sustainability.

During the Reporting Period, the Company actively promoted the construction of key supporting infrastructure and greenbelt reclamation in the park on Obi Island, with the aim of efficiently integrating logistics, technology and resources within the park to build substantial intensive industrial advantages. Going forward, the Company will continue to focus on optimizing operational efficiency throughout the entire industry value chain on Obi Island while minimizing operation and production costs, with an aim to enhance its market competitiveness.

Management Discussion and Analysis

Through breakthroughs in key processes and techniques, we have achieved first-mover advantages and given play to our technological advantages to lower production costs

Leveraging the technological innovation and in-depth industry experience, the Company established a diversified product portfolio covering different production paths. Meanwhile, this allows us to gain the leading competitive advantages in terms of operational efficiency and profitability.

Hydrometallurgy

The Company continues to consolidate its global leading position in nickel hydrometallurgy technology, having fully mastered the third-generation HPAL process and achieved in-depth industrial application. By optimizing the beneficiation process, spent acid recycling, and heat recovery systems, the HPAL production lines quickly reached full production capacity within two months after commissioning, setting a new industry record for efficient commissioning. Drawing on the resource synergy advantages of Obi Island in Indonesia and process innovation, according to Wood Mackenzie, the cash cost of the HPAL project remains at the left end of the global cost curve, making our HPAL project one of the nickel-cobalt compound production projects with the lowest cash cost within the industry.

The world's leading third-generation high pressure acid leaching (HPAL) process adopted in the HPAL project is currently one of the most competitive technologies for the processing of low-to-medium-grade laterite nickel ore. Although the process is technologically challenging and operates under tough environment such as high temperature, high pressure and strong acid, with industry-leading technologies and a seasoned team, the Company continues to optimize process parameters and equipment, and achieve real-time monitoring and predictive maintenance of the whole process through an intelligent control system, which effectively ensures stability, safety and continuity of production. Facing the challenge of drastic fluctuations in sulfur prices in 2025, the Company maintained its competitiveness in processing costs by innovating processes to reduce energy consumption and utilizing by-products for resource recovery to offset costs.

Pyrometallurgy

The Company has developed mature and leading RKEF techniques and processes in the pyrometallurgy of laterite nickel ores, possesses the full-chain management capabilities spanning project design, construction, production, and operations. Its production capacity is distributed across core resource regions both in China and overseas.

We have successfully applied the experience we have accumulated from our Jiangsu Facilities in relation to advanced technical upgrades and lean operation and management to our RKEF project in Indonesia in a systematic manner. The Company has made customized innovations and upgrades to the mature process and core equipment of Jiangsu Facilities by taking into consideration the characteristics of local laterite nickel ore and other raw materials. These technological innovations have effectively reduced energy consumption and production costs throughout the entire process, consolidating the Company's cost competitiveness and operational resilience in the global laterite nickel ore pyrometallurgy sector.

Management Discussion and Analysis

Continuous technique improvements and R&D

We continuously improved our techniques and conducted R&D innovations through our in-house R&D and technical team and collaborations with third-party organizations.

In the first half of 2025, the Company continued to deepen collaborative innovation with top research institutions in China to promote the industrialization of technological achievements and green upgrade. Indonesia's first wet heap tailings demonstration warehouse (No. 1 tailings warehouse)—was officially put into operation in the industrial park on Obi Island. With proven experience in stable electrodeposited cobalt production, the Company completed industrialization reserve for the smelting of electrodeposited nickel. The Company will further enhance the recycling of tailings resources, consolidate the advantages in hydrometallurgical smelting technology, and drive high-quality business development with innovation.

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

As nickel is a key strategic resource in the new energy industry chain, its stable supply is crucial to the Company's business expansion and consolidation of its position in the industry. By establishing long-term and stable supply relationships with upstream mines, the Company ensures stable supply of high-quality nickel products, which further consolidates its competitive edge in the industry. The Company continued to deepen its partnerships with mines in Indonesia and the Philippines, and effectively improved the stability and risk resistance ability of its supply chain through strategic investments and technological innovations. Meanwhile, we actively explored new resource channels and implemented diversified supply strategies to flexibly respond to fluctuations in the global market and potential geopolitical risks, laying a solid foundation for the Company's sustainable development.

The Company ensures the stability of resources through long-term strategic cooperation. In Indonesia, the Company cooperates with its Indonesian partner to operate the HPAL and the RKEF projects on Obi Island, with its mines providing exclusive nickel ore supply, achieving an integrated layout in mining and smelting. In the Philippines, the Company has maintained cooperative relationships for over ten years with Nickel Asia Corporation, CTP Construction and Mining Corp., and other enterprises, providing a stable supply of resources for its trading business.

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

Supported by in-depth study across the nickel industry value chain over the years, we are constantly consolidating the advantages of credibility and reputation in the industry and have established long-term and stable collaborative relationships with leading domestic and foreign enterprises:

NEV industry. The Company continued to expand its presence in the NEV industry in the first half of 2025. With the stable expansion of production capacity of the HPAL project, the Company further deepened its strategic cooperation with global mainstream precursor/cathode material enterprises, and entered into a number of long-term agreements, underpinning the growth of new energy business.

Stainless steel industry. Leveraging on the diversified supply capabilities of nickel resources from Southeast Asia and a stable and efficient quality management and control system, the Company maintained long-term relationships in supplying nickel ore and ferronickel with leading stainless steel enterprises in the industry and well-known international trading companies, and continued to consolidate our market position as a major nickel product trading company in the PRC.

Management Discussion and Analysis

We adhere to the concept of ESG sustainable development

By adhering to the concept of ESG sustainable development, we continue to improve the governance system led by the ESG Committee of the Board, and deeply integrate environmental responsibility and social values with corporate strategy. In the first half of 2025, the Company focused on the promotion of resources recycling technology and the application of clean energy, improved resource efficiency through optimization of production process and deepened the local operation in Indonesia to strengthen community building. We will persist in driving the improvement of ESG efficiency through technological innovation and refined management in the future, so as to provide sustainable resource guarantee for the global new energy industry. The Company incorporated the concept of sustainability in every aspect of trading, production and sale, pressing on with its effort in the recycling of the by-products generated during the production process. It is expected to build up a resource-saving and environmentally-friendly, intelligent and clustered industrial park.

OUTLOOK

Completing the Construction of Existing Projects

Obi projects in Indonesia are the core driver for the Company's profitable growth in the future, and they are important for the Company's business development to initiate its production line smoothly as scheduled and operate efficiently. In the first half of 2025, the Company continued to steadily implement the established plan and concentrated its advantageous resources to implement the construction of the KPS project under the RKEF project in an orderly manner. We have achieved the deployment of the production capacities of four production lines of section one of the KPS project, and will proceed with the expansion of the production capacities of the remaining eight production lines as planned.

Enriching Product Categories to Promote MHP Refinement Production Project

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

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

Adhering to the concept of green environmental protection, the Company launched the hydrometallurgical slag resource utilization demonstration project, turning the waste hydrometallurgical slag of HPAL project into wealth. As the iron contained in the hydrometallurgical slag can reach the grade of general iron ore after pretreatment, which can then be processed into pig iron and further processed into rebar products. Rebar is widely used in construction, including bridges, roads, high-rise buildings, tunnels and other infrastructure projects. With the rapid rise of emerging economies in Southeast Asia, the demand for rebar is expected to benefit from the infrastructure construction and urbanization in these regions. This project can not only effectively solve the industrial problem of open storage of hydrometallurgical slag, but also bring additional economic benefits to the Company through resources recovery.

Management Discussion and Analysis

Enhancing Research and Development Capabilities and Promoting Technological Innovation

Upholding the concept of mutual development with the industry, the Company has been continuously deepening research and development efforts, continuously optimizing existing production processes and introducing cutting-edge equipment to significantly improve production efficiency, while ensuring product quality remained stable at a high standard. The Company firmly promotes the sustainable development of various business areas, and effectively improves the efficiency of resource utilization and significantly enhances the environmental performance of the production process through continuous technical innovation and process optimization.

The Company has also built and continues to consolidate extensive technical infrastructure in expanding various product lines including the comprehensive utilization of slag resources from the hydrometallurgy process, thereby laying a solid foundation for technological upgrade and product innovation in the future. Meanwhile, the Company systematically enhanced its research and development capabilities and significantly enhanced the research and development capabilities by establishing new research centers, deepening strategic cooperation with leading domestic research institutes and institutions, and building up high-quality research teams.

Creating a More Open and Robust Nickel Resource Ecosystem

The Company continues to dedicate itself to constructing the advanced nickel resource ecosystem. To strengthen constantly its core competitiveness, the Company deepens the construction of industrial parks with comprehensive ancillary infrastructure, and downstream industry clusters are introduced strategically. Moreover, we will hold an open attitude towards the active promotion of technological innovation and industrial synergy, through which we will advance the in-depth development of a sustainable nickel resource ecosystem.

During the Reporting Period, the Company continued to push forward the construction of infrastructure and the construction of ancillary materials production facilities at the industrial park on Obi Island. It devoted strenuous efforts to the efficient integration of logistics, technology and resources, so as to enhance the operating efficiency and sustainability of the park in all aspects. In terms of the water supply system, the Company refined the operation management approach and overall planning both the industrial and domestic water demand of the park. This sustainably supported a stable and reliable water supply and provided strong support for the highly efficient operation of the park. In terms of the construction of living areas, the Company embraced the preferential principle of the ecology to build a high-quality living environment for local residents. In the meantime, it also provided high-standard living facilities for employees of the project companies, which effectively safeguarded the harmony and stability of the community and maintained the quality of lives of the employees. In terms of the transportation infrastructure, the Company forged ahead steadily with the building of ports and airports to significantly increase efficiency of logistics and transportation as well as the convenience of commuting of employees, which effectively enhanced the external connections and internal mobility of the park. Through the above comprehensive measures, the Company has significantly optimized the overall operational efficiency of the industrial park on Obi Island, while contributing sustainably to the development of the local community and the well-being of its employees, thereby actively fulfilling the corporate social responsibility.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The following table sets out the breakdown of total revenue by business segment in absolute amounts and as a percentage of total revenue for the six months ended 30 June 2025 and 30 June 2024:

	For the six months ended 30 June			
	2025		2024	
	RMB'000	***(%)***	*RMB'000*	*(%)*
Nickel Products Trading				
Laterite nickel ore	**2,051,824**	**11.3**	1,292,668	11.9
Ferronickel	**5,569,067**	**30.7**	4,823,980	44.3
Subtotal	**7,620,891**	**42.0**	6,116,648	56.2
Nickel Products Production				
Ferronickel	**2,601,406**	**14.3**	572,553	5.3
Nickel-cobalt compounds	**7,064,654**	**38.9**	3,783,939	34.8
Subtotal	**9,666,060**	**53.2**	4,356,492	40.1
Others	**859,604**	**4.8**	404,848	3.7
Total	**18,146,555**	**100.0**	10,877,988	100.0

Our revenue increased by 66.8% from RMB10,878.0 million for the six months ended 30 June 2024 to RMB18,146.6 million for the six months ended 30 June 2025. The increase in revenue was mainly attributable to the increase in revenue generated from our nickel product trading and smelting business.

Revenue generated from the trading business increased by 24.6% from RMB6,116.6 million for the six months ended 30 June 2024 to RMB7,620.9 million for the six months ended 30 June 2025, mainly due to the increase in procurement and sales of trading of ferronickel and laterite nickel ore, resulting in an increase in trading revenue.

Revenue generated from production business increased by 121.9% from RMB4,356.5 million for the six months ended 30 June 2024 to RMB9,666.1 million for the six months ended 30 June 2025, mainly due to (i) the increase in the sales volume of nickel-cobalt compounds in line with the HPAL project (phase III) reaching full production capacity, as well as market prices of cobalt pushing the increase of revenue of nickel-cobalt compounds by RMB3,280.7 million; (ii) the increase in revenue of RMB2,028.9 million from sales volume of ferronickel in production business, due to the increase in the sales volume of ferronickel as the KPS project in production.

Management Discussion and Analysis

Other revenue increased from RMB404.8 million for the six months ended 30 June 2024 to RMB859.6 million for the six months ended 30 June 2025, mainly due to the increase in coal sales during the period.

Gross Profit and Gross Profit Margin

Our gross profit increased by 95.9% from RMB1,827.4 million for the six months ended 30 June 2024 to RMB3,580.0 million for the six months ended 30 June 2025, with an increase in gross profit margin from 16.8% to 19.7%.

Gross profit from our trading business increased by 19.6% from RMB273.4 million for the six months ended 30 June 2024 to RMB327.1 million for the six months ended 30 June 2025. Gross profit margin decreased from 4.5% to 4.3%.

Gross profit from our production business increased by 112.8% from RMB1,504.2 million for the six months ended 30 June 2024 to RMB3,200.4 million for the six months ended 30 June 2025. The gross profit margin of the nickel product production business decreased from 34.5% to 33.1%, mainly due to (i) the increase in sales volume of nickel-cobalt compounds, resulting in the increase in gross profit of nickel-cobalt compounds from RMB1,499.8 million for the six months ended 30 June 2024 to RMB2,806.5 million for the six months ended 30 June 2025, with the gross profit margin maintaining at 39.7%; and (ii) the increase in ferronickel sales due to Indonesia's self-produced ferronickel coming into operation, making an increase of the gross profit of ferronickel from RMB4.4 million for the six months ended 30 June 2024 to RMB393.8 million for the six months ended 30 June 2025, with a gross profit margin of 15.1%.

Gross profit of other businesses increased from RMB49.8 million for the six months ended 30 June 2024 to RMB52.6 million for the six months ended 30 June 2025, and the gross profit margin of other businesses dropped from 12.3% to 6.1% during the same period.

Other income and gains increased by 65.6% from RMB105.9 million in the six months ended 30 June 2024 to RMB175.4 million for the six months ended 30 June 2025, mainly due to (i) the increase in interest income of RMB37.0 million; and (ii) the increase in government grants by RMB37.4 million.

Sales and Distribution Expenses

Sales and distribution expenses decreased by 12.3% from RMB63.4 million for the six months ended 30 June 2024 to RMB55.6 million for the six months ended 30 June 2025, mainly due to the decrease of RMB13.7 million in the remuneration expenses of sales and marketing staff resulted from the optimization of the personnel structure. The decrease in sales and distribution expenses was offset by the following factors: increased sales led to an increase in testing fees of RMB4.2 million.

Administrative Expenses

Administrative expenses increased by 19.5% from RMB490.2 million for the six months ended 30 June 2024 to RMB585.9 million for the six months ended 30 June 2025, mainly due to (i) the increase of RMB72.4 million in staff costs resulted from business expansion; and (ii) the increase of RMB26.9 million in bank handling fees and taxes.

Management Discussion and Analysis

Other Operating Expenses

Other operating expenses increased by 21.4% from RMB242.9 million for the six months ended 30 June 2024 to RMB294.8 million for the six months ended 30 June 2025, mainly due to the depreciation trend of the U.S. dollar against RMB for the six months ended 30 June 2025, resulting in an increase of RMB123.1 million in net exchange loss. The increase in other operating expenses was offset by the recognition of impairment of RMB142.1 million upon evaluation of the recoverable value of customer relationship under intangible assets compared with the same period in 2024. During the Reporting Period, we assessed the recoverable value of our investment property and recognized an impairment loss of RMB61.4 million.

Finance Costs

The finance costs increased by 23.2% from RMB263.9 million for the six months ended 30 June 2024 to RMB325.1 million for the six months ended 30 June 2025 was mainly due to the increase in bank borrowings.

Share of Profits and Losses of Associates

Share of profits from our associates for the six months ended 30 June 2024 increased by 116.4% from RMB123.8 million to RMB267.9 million for the six months ended 30 June 2025, mainly due to the enhanced profitability, which was driven by refined cost control, technical improvements and process optimization implemented in phase I of the RKEF project.

Profit before tax

As a result of the foregoing, profit before tax increased by 177.8% from RMB993.3 million for the six months ended 30 June 2024 to RMB2,759.8 million for the six months ended 30 June 2025.

Income Tax Expenses

Income tax expense increased significantly from RMB22.9 million for the six months ended June 30, 2024 to RMB511.1 million for the six months ended June 30, 2025, mainly due to the withholding income tax based on the profitability of our project companies. We also made provision for the Pillar Two Top-up Tax pursuant to Pillar Two model rules.

Profit for the Reporting Period and Net Profit Margin

As a result of the increase in gross profit driven by the increase in sales volume of trading of ferronickel and self-produced nickel-cobalt compounds, as well as the increase in share of profits of associates, profit for the Reporting Period increased by 131.7% from RMB970.4 million for the six months ended 30 June 2024 to RMB2,248.7 million for the six months ended 30 June 2025. Net profit margin increased from 8.9% for the six months ended 30 June 2024 to 12.4% for the six months ended 30 June 2025.

Management Discussion and Analysis

Liquidity, Financial Resources and Current Ratio

To safeguard the Group's ability to continue as a going concern, finance the Group's operations and maximise value for the shareholders, the Group adopted various funding and treasury measures during the six months ended 30 June 2025. These include, but are not limited to (i) regularly managing the Company's capital structure by making relevant adjustments in light of both the prevailing economic conditions and any risk characteristics of underlying assets; (ii) using a recurring liquidity planning tool which considers the maturity of its financial instruments and financial assets, and projected cash flows from operations in order to continuously monitor the Company's risks to a potential shortage of funds; (iii) trading only with recognised and creditworthy third parties, who are subject to the Company's credit verification procedures; and (iv) using various financial instruments such as leases and interest-bearing loans as appropriate to maintain a balance between continuity of funding and flexibility. During the six months ended 30 June 2025, the Group maintained a stable financial position.

As at 30 June 2025, current assets amounted to RMB15,580.4 million, representing an increase of 23.7% from RMB12,599.3 million as at 31 December 2024. As at 30 June 2025, cash and cash equivalents of the Group amounted to RMB6,372.8 million, which increased by 26.6% as compared with that of RMB5,032.4 million as at 31 December 2024.

As at 30 June 2025, the Group's current ratio (current assets divided by current liabilities) was 0.9 times, maintaining flat with the current ratio as at 31 December 2024.

Capital Expenditures

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

	For the six months ended 30 June			
	2025		2024	
	RMB'000	***(%)***	*RMB'000*	*(%)*
Prepayments for property, plant and equipment	**2,328,004**	**100.0**	3,260,975	99.1
Land use right	**0**	**0**	28,697	0.9
Total	**2,328,004**	**100.0**	3,289,672	100.0

Commitments

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

	As at 30 June	
	2025	2024
	RMB'000	*RMB'000*
Property, plant and equipment	**8,411,614**	9,525,379

Management Discussion and Analysis

Indebtedness

We recognised debts of RMB16,387.7 million as at 30 June 2025 (as at 31 December 2024: RMB13,852.3 million), which included interest-bearing bank and other borrowings denominated in RMB and USD that amounted to RMB7,046.0 million with fixed interest rates (as at 31 December 2024: RMB6,022.6 million) and RMB9,324.8 million with floating interest rates (as at 31 December 2024: RMB7,810.1 million) and lease liabilities of RMB16.9 million (as at 31 December 2024: RMB19.6 million).

Contingent liabilities

As at 30 June 2025, we had no material contingent liabilities.

Gearing ratio

The gearing ratio is equal to total interest-bearing bank borrowings divided by total equity. The gearing ratio as at 30 June 2025 was 0.8, which remained unchanged from the gearing ratio as at 31 December 2024.

Significant Investment Held and Material Acquisitions and Disposals of Subsidiaries and Associates

The Group had no significant investments held, material investments, material acquisitions or disposals of subsidiaries, associates, and joint venture for the six months ended 30 June 2025.

Financial Risks

Foreign Exchange Risk

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

Pledge of Assets

As at 30 June 2025, a portion of our loans are secured by (i) pledges of buildings located in the PRC with a carrying value of RMB21.8 million (31 December 2024: RMB23.2 million); (ii) pledges of land use rights located in the PRC with a carrying value of RMB352.9 million (31 December 2024: RMB380.8 million); (iii) pledges of plant and machinery, electronic and office equipment, motor vehicles and buildings under construction located in Indonesia with a carrying value of RMB6,547.0 million (31 December 2024: RMB2,698.2 million); (iv) pledges of investment properties in China with a carrying value of RMB52.8 million (31 December 2024: RMB65.7 million); and (v) pledge of deposits with a carrying value of RMB1,267.4 million (31 December 2024: RMB848.6 million).

As at 30 June 2025, the Group had no other assets pledged to financial institutions other than those disclosed above.

Management Discussion and Analysis

Future Plans for Material Investments and Capital Assets

As at 30 June 2025, we did not have any plans for material investments and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement dated 10 December 2024 regarding a facility agreement entered into by KPS (as the borrower) in relation to a term loan facility of up to USD250,000,000 (the “Bridge Facility”). On 3 July 2025, KPS (as the borrower) entered into a project facility agreement, pursuant to which the lenders have agreed to make available a term loan facility of up to USD741,000,000 for the purpose of, among others, refinancing the Bridge Facility. In addition, on 3 July 2025, KPS (as the borrower) entered into a working capital facility agreement, pursuant to which the lenders have agreed to make available a loan facility of up to USD150,000,000 for the purpose of financing the working capital requirements of KPS. To secure the full and punctual payment and performance of the relevant obligations in relation to the abovementioned facility agreements, the relevant parties have entered into certain agreements to provide financial assistance to KPS. For details, please refer to the announcements of the Company dated 14 August and 20 August 2025 and the circular of the Company dated 25 August 2025.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 13,731 full-time employees.

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

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

OFF-BALANCE SHEET ARRANGEMENTS

As at 30 June 2025, the Company had not entered into any off-balance sheet arrangements.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Code provision C.2.1 of the CG Code provides that the roles of the Chairman and the chief executive should be separate and should not be performed by the same individual. At the beginning of the Reporting Period, the Chairman and the general manager of the Company (the "General Manager") was Mr. CAI Jianyong.

As the founder of the Group, Mr. CAI Jianyong has extensive experience in international commodity trading and is responsible for the overall management of the Company's business strategies and operations. He has played a key role in the growth and business expansion of the Group and the Board believes that vesting both roles of Chairman and General Manager in Mr. CAI Jianyong is beneficial to the management of the Company. In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of four executive directors (including Mr. CAI Jianyong), one non-executive director and three independent non-executive directors. Therefore, the Group believes that the composition of the senior management and the Board has a fairly strong independence element.

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

The Board shall review its structure from time to time to ensure that the structure facilitates the execution of the business strategies of the Group and maximizes effectiveness of its operation.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct and rules governing dealings by all the Directors and supervisors (the "Supervisors") of the Company in the securities of the Company. Having made specific enquiry of all the Directors and Supervisors, they have confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR REDEEMABLE SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) listed on the Stock Exchange. As at 30 June 2025, the Company did not hold any treasury shares.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, Mr. CAI Jianyong resigned as the general manager of the Company. Mr. HU Zhichun was appointed as the general manager of the Company in place of Mr. CAI Jianyong. For details, please refer to the announcement of the Company dated 27 February 2025.

During the Reporting Period, pursuant to the Company Law of the People's Republic of China, the Transitional Period Arrangements for the Implementation of the Rules of the Ancillary System of the New Company Law (關於新公司法配套制度規則實施相關過渡期安排), the Guidelines on the Articles of Association of Listed Companies (2025 Revision) (上市公司章程指引(2025年修訂)) and other relevant provisions, and taking into account the actual situation of the Company, the Company will no longer establish the Board of Supervisors. For details, please refer to the announcement of the Company dated 23 June 2025.

Save for the above, there has been no disclosable change in information of the Directors, Supervisors and senior management of the Company pursuant to Rule 13.51B (1) of the Listing Rules since the publication of the 2024 annual report of the Company.

CHANGE OF JOINT COMPANY SECRETARY

With effect from 28 August 2025, Ms. CHAN Yuen Mui has resigned, and Mr. CHOW Shing Lung ("Mr. CHOW") has been appointed as among others, a joint company secretary of the Company (the "Joint Company Secretary"). Mr. CAO Zheng ("Mr. CAO") will continue to act as the other Joint Company Secretary. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a new waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with respect to the eligibility of Mr. CAO to act as a Joint Company Secretary (the "New Waiver") from 28 August 2025 (i.e. from the effective date of Mr. CHOW's appointment as the Joint Company Secretary) to 31 May 2026 (being the end of the original waiver period), subject to certain conditions. For details, please refer to the announcement of the Company dated 28 August 2025.

Mr. CHOW serves as the assistant vice president of Computershare Hong Kong Investor Services Limited ("Computershare"), the Company's company secretarial service provider. In this regard, a senior executive, being Mr. CAO, the board secretary and a Joint Company Secretary, was designated as the contact person to work closely with Mr. CHOW and thereby provide him with adequate access to day-to-day knowledge of the Company's affairs. Effective channels have been established for timely communication between the Company and Mr. CHOW. The Company will also seek confirmation from Computershare on its sufficiency of resources to avoid affecting Mr. CHOW's time, attention and devotion to the Company and will make periodic assessment of the effectiveness of the service provided by Computershare.

Corporate Governance and Other Information

CHANGES IN CONSTITUTIONAL DOCUMENTS

At the extraordinary general meeting held on 23 June 2025, a special resolution regarding the amendments to the Articles of Association of the Company was passed. Summary of the key amendments to the Articles of Association are set out in the circular of the Company dated 5 June 2025. The Articles of Association of the Company are available on the websites of the Company (www.lygend.com) and the Stock Exchange (www.hkexnews.hk).

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

As at 30 June 2025, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares and debentures (the "Debentures") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Directors', Supervisors' and Chief Executives' Interests in the Company

Name of Director, Supervisor or Chief Executive	Class of Shares	Capacity and Nature of Interest	Number of Shares Held[1]	Percentage of Relevant Class of Shares[2]	Percentage of Total Shares[3]
Mr. Cai Jianyong[4]	Domestic Shares ("Unlisted Shares")	Beneficial owner and interest held by controlled corporations	799,987,865 (L)	79.58%	51.42%
Mr. Cai Jianwei	Unlisted Shares	Beneficial owner	10,406,000 (L)	1.04%	0.67%
Ms. Fei Feng[5]	Unlisted Shares	Beneficial owner and interest held by controlled corporations	31,419,500 (L)	3.13%	2.02%
Ms. Fei Feng[5]	H Shares	Interest held by controlled corporations	2,273,000 (L)	0.41%	0.15%

Notes:

1. The letter "L" denotes the person's long position in the shares.

2. The calculation is based on 1,005,237,059 Unlisted Shares or 550,694,291 H Shares issued by the Company as of 30 June 2025.

3. The calculation is based on the total number of 1,555,931,350 Shares issued by the Company as of 30 June 2025.

Corporate Governance and Other Information

4. As of 30 June 2025, (i) Mr. Cai Jianyong, one of our executive Directors and the chairman of the Board, directly held 291,987,865 Unlisted Shares; (ii) Zhejiang Lygend Investment Co., Ltd. (浙江力勤投資有限公司) ("Lygend Investment"), 89.5% of the equity interest of which was held by Mr. Cai Jianyong, directly held 507,000,000 Unlisted Shares; and (iii) Ningbo Lizhan Trade Co., Ltd. (寧波勵展貿易有限公司) ("Ningbo Lizhan"), a wholly-owned subsidiary of Lygend Investment, directly held 1,000,000 Unlisted Shares. Therefore, by virtue of the SFO, Lygend Investment is deemed to be interested in the Shares held by Ningbo Lizhan and Mr. Cai is deemed to be interested in the aggregate number of Shares held by Lygend Investment and Ningbo Lizhan.

5. As of 30 June 2025, Ms. Fei Feng directly held 7,804,500 Unlisted Shares, and was the general partner of each of our Employee Incentive Platforms (as defined in the Prospectus). Therefore, by virtue of the SFO, Ms. Fei Feng is deemed to be interested in the aggregate number of 23,615,000 Unlisted Shares and 2,273,000 H Shares held by our Employee Incentive Platforms (as defined in the Prospectus).

Directors', Supervisors' and Chief Executives' Interests in Associated Corporations of the Company

Name of Director, Supervisor or Chief Executive	Name of Associated Corporation	Number of Shares	Nature of Interest	Approximate Percentage of the Total Equity Interest
Mr. Cai Jianyong	Lygend Investment[1]	N/A	Beneficial owner	89.5%
Mr. Cai Jianyong	Ningbo Lizhan[2]	N/A	Interest held by controlled corporations	100%

Notes:

1. Lygend Investment, one of our controlling shareholders, is a limited liability company established in the PRC and did not issue any shares. As at 30 June 2025, Mr. Cai directly held 89.5% equity interest in Lygend Investment.

2. Ningbo Lizhan, one of our controlling shareholders and a wholly-owned subsidiary of Lygend Investment, is a limited liability company established in the PRC and did not issue any shares. As at 30 June 2025, Mr. Cai is deemed to be interested in the 100% equity interest in Ningbo Lizhan held by Lygend Investment.

Save as disclosed above, as at 30 June 2025, none of the Directors, Supervisors and chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and Debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

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

So far as is known to any Directors or chief executives of the Company, as at 30 June 2025, other than the interests and short positions of the Directors, Supervisors or chief executives of the Company, in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Class of Shares	Capacity and Nature of Interest	Number of Shares Held[1]	Approximate Percentage of Shareholding in the Relevant Class of Shares[2]	Approximate Percentage of Shareholding in the Company[3]
Ms. Xie Wen (謝雯)	Unlisted Shares	Beneficial owner	108,915,194 (L)	10.83%	7.00%
	H Shares	Beneficial owner	43,174,141 (L)	7.84%	2.77%
Lygend Investment[4]	Unlisted Shares	Beneficial owner and interest held by controlled corporations	508,000,000 (L)	50.54%	32.65%
Feng Yi[5]	H Shares	Beneficial owner	263,553,750 (L)	47.86%	16.94%
Ms. Lim Shu Hua, Cheryl[5]	H Shares	Interest held by controlled corporations	263,553,750 (L)	47.86%	16.94%
DBS Trustee Limited[5]	H Shares	Trustee	263,553,750 (L)	47.86%	16.94%
Oakswood Group Ltd[5]	H Shares	Interest held by controlled corporations	263,553,750 (L)	47.86%	16.94%
ICBC Credit Suisse Asset Management Co., Ltd. (工銀瑞信基金管理有限公司)(代工銀瑞信泰宏61號QDII 單一資產管理計劃)[6]	H Shares	Investment manager	34,810,000 (L)	6.32%	2.24%
China Chengtong Holdings Group Co., Ltd. (中國誠通控股集團有限公司)[6]	H Shares	Interest held by controlled corporations	34,810,000 (L)	6.32%	2.24%

Corporate Governance and Other Information

Name of Shareholder	Class of Shares	Capacity and Nature of Interest	Number of Shares Held[1]	Approximate Percentage of Shareholding in the Relevant Class of Shares[2]	Approximate Percentage of Shareholding in the Company[3]
The China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司)[6]	H Shares	Beneficial owner	34,810,000 (L)	6.32%	2.24%
Guangdong Brunp Recycling Technology Co., Ltd. (廣東邦普循環科技有限公司)[7]	H Shares	Interest held by controlled corporations	49,610,600 (L)	9.01%	3.19%
Hongkong Brunp and Catl Co., Limited (香港邦普時代新能源有限公司)[7]	H Shares	Beneficial owner	49,610,600 (L)	9.01%	3.19%
Ningbo Brunp Contemporary New Energy Co., Ltd (寧波邦普時代新能源有限公司)[7]	H Shares	Interest held by controlled corporations	49,610,600 (L)	9.01%	3.19%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. The calculation is based on 1,005,237,059 Unlisted Shares or 550,694,291 H Shares issued by the Company as of 30 June 2025.

3. The calculation is based on the total number of 1,555,931,350 Shares issued by the Company as of 30 June 2025.

Corporate Governance and Other Information

4. As of 30 June 2025, (i) Mr. Cai, one of our executive Directors and the chairman of the Board, directly held 291,987,865 Unlisted Shares; (ii) Lygend Investment, 89.5% of the equity interest of which was held by Mr. Cai, directly held 507,000,000 Unlisted Shares; and (iii) Ningbo Lizhan, a wholly-owned subsidiary of Lygend Investment, directly held 1,000,000 Unlisted Shares. Therefore, by virtue of the SFO, (i) Lygend Investment is deemed to be interested in the Shares held by Ningbo Lizhan; and (ii) Mr. Cai is deemed to be interested in the aggregate number of Shares held by Lygend Investment and Ningbo Lizhan.

5. Feng Yi was wholly-owned by Oakswood Group Ltd, which was in turn solely held by Ms. Lim Shu Hua, Cheryl. Therefore, by virtue of the SFO, each of Oakswood Group Ltd and Ms. Lim Shu Hua, Cheryl are deemed to be interested in the Shares held by Feng Yi.

6. China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司) ("Mixed-ownership Reform Fund") is a national fund approved by the State Council, entrusted by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") and initiated by China Chengtong Holdings Group Co., Ltd. (中國誠通控股集團有限公司) ("China Chengtong"). The Mixed-Ownership Reform Fund has engaged ICBC Credit Suisse Asset Management Co., Ltd. (工銀瑞信基金管理有限公司), an asset manager that is a QDII as approved by the relevant PRC authority to subscribe for and hold the H Shares on its behalf.

7. Hongkong Brunp and Catl Co., Limited (香港邦普時代新能源有限公司) ("Hong Kong CATL") hold the H Shares of the Company and is a direct Shareholder of the Company. Hong Kong CATL is an indirectly controlled subsidiary of Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) ("CATL"), a company established in 2011 and listed on the Shenzhen Stock Exchange since 2018 (stock code: 300750). The Company jointly established CBL with a subsidiary of CATL, Ningbo Brunp Contemporary New Energy Co., Ltd (寧波邦普時代新能源有限公司) ("Ningbo Brunp"), and Ningbo Ruiting Investment (the largest shareholder of CATL as of 31 December 2021).

Save as disclosed above, as at 30 June 2025, the Company had not been notified of any entities/persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

PRE-IPO SHARE INCENTIVE SCHEME

On 20 October 2021, the Board adopted a pre-IPO share incentive scheme (the "Scheme"), to issue 25,915,000 domestic shares ("Restricted Domestic Shares") to eligible employees (including Directors and Supervisors) in order to provide incentives and rewards to participants for the business development of the Group. The terms of the Scheme are not subject to the provisions of Chapter 17 of Listing Rules when it was adopted, as the Scheme does not involve the grant of options or share awards by our Company after the Listing. Given the underlying Restricted Domestic Shares under the Scheme have already been issued, there will not be any dilution effect to the issued Shares as a result of the operation of the Scheme. No further awards will be granted under the Scheme after the Listing.

Grant of Awards

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

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

During the Reporting Period, no award was cancelled or forfeited. Meanwhile, 630,000 awards lapsed during the Reporting Period due to the withdrawal of certain employees from the Scheme following their resignations from the Group or upon the transfer of part of the Shares. As at 30 June 2025, there were in total 12,957,500 granted Restricted Domestic Shares that remain locked pursuant to the terms of the Scheme.

Corporate Governance and Other Information

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) of the Listing Rules, such that the minimum percentage of the Shares from time to time held by the public will be the higher of (a) 15% and (b) such percentage of H Shares to be held by the public upon any exercise of the Over-allotment Option (as defined in the Prospectus) of the enlarged issued share capital of the Company. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date and up to 30 June 2025.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") with written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Ms. ZHANG Zhengping, Dr. HE Wanpeng and Dr. WANG James Jixian. Ms. ZHANG Zhengping is the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results and the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and discussed matters with respect to the accounting policies and practices adopted by the Company.

Corporate Governance and Other Information

USE OF PROCEEDS FROM THE LISTING

Our H Shares were listed on the Main Board of the Stock Exchange on 1 December 2022 (the "Listing Date"). The net proceeds from the Global Offering were approximately HK$3,600.4 million (including the additional net proceeds received by the Company from the issue of the Overallotment Shares) after deducting underwriting commissions and offering expenses paid or payable. We intend to use the proceeds from the Global Offering according to the purposes and proportions disclosed in the Prospectus, the 2024 annual results announcement and the 2024 annual report of the Company dated 28 March 2025 and 29 April 2025, respectively. See the table below for details:

Purpose	Unutilised net amount up to 31 December 2024 *(HK$ million)*	Use of proceeds after change approved at the 2024 annual general meeting *(HK$ million)*	Actual net amount utilised up to 31 December 2024 *(HK$ million)*	Actual net amount utilised during the Reporting Period *(HK$ million)*	Unutilised net amount up to 30 June 2025 *(HK$ million)*	Expected timeline for utilising unutilised net amount
Development and construction of our nickel product production projects on the Obi Island	0	2,030.7	2,030.7	0	0	
Contribute additional capital to CBL	0	864.1	864.1	0	0	
Making potential minority investments in nickel mines in Indonesia	345.6	0	0	0	0	
Working capital and general corporate purposes	0	705.6	360.0	0	345.6	By the end of 2025
Total	345.6	3,600.4	3,254.8	0	345.6	

Since the Listing Date and as at 30 June 2025, the Group has utilised approximately HK$3,254.8 million of the proceeds for the intended purposes set out in the Prospectus, accounting for 90.4% of all raised funds, and the remaining unutilised proceeds is approximately HK$345.6 million. After cautious consideration, the Board decided to revise the use of the unutilised net proceeds, which shall instead be used for working capital and for general corporate purposes of the Group. Such change in use of proceeds was approved at the 2024 annual general meeting held on 21 May 2025, and the remaining utilized proceeds are expected to be fully utilised by 31 December 2025. For details of the reasons for the change in use of proceeds from the Global Offering, please refer to the 2024 annual results announcement and the 2024 annual report of the Company dated 28 March 2025 and 29 April 2025, respectively.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2025.

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Notes	**2025 (Unaudited) *RMB'000***	2024 (Unaudited) *RMB'000*
REVENUE	4	**18,146,555**	10,877,988
Cost of sales		**(14,566,559)**	(9,050,544)
Gross profit		**3,579,996**	1,827,444
Other income and gains		**175,412**	105,899
Selling and distribution expenses		**(55,618)**	(63,383)
Administrative expenses		**(585,932)**	(490,249)
Impairment losses on financial assets, net		**(2,061)**	(3,426)
Other operating expenses		**(294,841)**	(242,920)
Finance costs		**(325,119)**	(263,868)
Share of profits and losses of associates		**267,944**	123,818
PROFIT BEFORE TAX	5	**2,759,781**	993,315
Income tax expense	6	**(511,050)**	(22,934)
PROFIT FOR THE PERIOD		**2,248,731**	970,381
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		**(8,620)**	3,808
Exchange differences on translation of foreign operations		**(77,901)**	133,944
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(86,521)**	137,752
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,162,210**	1,108,133
Profit attributable to:			
Owners of the parent		**1,426,270**	586,934
Non-controlling interest		**822,461**	383,447
		2,248,731	970,381
Total comprehensive income for the period attributable to:			
Owners of the parent		**1,371,045**	663,660
Non-controlling interest		**791,165**	444,473
		2,162,210	1,108,133
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	8	**0.92 Yuan**	0.38 Yuan

Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2025

	Notes	30 June 2025 (Unaudited) *RMB'000*	31 December 2024 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**24,186,493**	21,639,059
Intangible assets		**213,724**	240,936
Investment properties		**264,663**	335,239
Right-of-use assets		**532,709**	543,440
Deferred tax assets		**130,559**	106,372
Interests in associates	10	**2,187,214**	1,964,511
Derivative financial instruments		**4,961**	6,344
Goodwill		**218,037**	218,037
Prepayments, other receivables and other assets		**225,996**	303,762
Total non-current assets		**27,964,356**	25,357,700
CURRENT ASSETS			
Inventories		**4,395,681**	3,368,359
Trade and bills receivables	11	**1,919,148**	1,886,954
Prepayments, other receivables and other assets		**1,141,799**	1,163,240
Due from related parties	15	**448,352**	298,072
Pledged deposits		**1,302,717**	850,335
Cash and cash equivalents		**6,372,750**	5,032,351
Total current assets		**15,580,447**	12,599,311
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**10,719,407**	7,882,268
Trade and bills payables	12	**2,028,070**	1,522,183
Lease liabilities		**8,347**	9,911
Other payables and accruals		**3,145,347**	2,779,488
Contract liabilities		**333,287**	139,129
Income tax payable		**286,105**	100,059
Due to related parties	15	**1,377,420**	1,365,321
Total current liabilities		**17,897,983**	13,798,359

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Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2025

	Notes	**30 June 2025 (Unaudited) *RMB'000***	31 December 2024 (Audited) *RMB'000*
NET CURRENT LIABILITIES		**(2,317,536)**	(1,199,048)
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,646,820**	24,158,652
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**5,651,408**	5,950,472
Due to related parties	15	**9,311**	57,056
Lease liabilities		**8,541**	9,666
Other payables and accruals		**8,102**	3,444
Employee benefits liability		**53,381**	46,461
Deferred tax liabilities		**612,291**	408,977
Total non-current liabilities		**6,343,034**	6,476,076
NET ASSETS		**19,303,786**	17,682,576
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	**1,555,931**	1,555,931
Reserves		**10,033,018**	9,202,973
		11,588,949	10,758,904
Non-controlling interests		**7,714,837**	6,923,672
Total equity		**19,303,786**	17,682,576

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the parent									
	Share capital *RMB'000* (Note 13)	Share premium *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Safety production reserve *RMB'000*	Other reserves *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2024 (audited) and 1 January 2025	1,555,931	3,809,341	271,277	568,430	28,143	10,699	4,515,083	10,758,904	6,923,672	17,682,576
Profit for the period	-	-	-	-	-	-	1,426,270	1,426,270	822,461	2,248,731
Exchange differences on translation of foreign operations	-	-	-	(46,605)	-	-	-	(46,605)	(31,296)	(77,901)
Share of other comprehensive income of associates	-	-	-	(8,620)	-	-	-	(8,620)	-	(8,620)
Total comprehensive income for the period	-	-	-	(55,225)	-	-	1,426,270	1,371,045	791,165	2,162,210
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-
Dividends declared (note 7)	-	-	-	-	-	-	(544,576)	(544,576)	-	(544,576)
Equity-settled share award arrangements	-	-	-	-	-	3,576	-	3,576	-	3,576
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-
Safety production reserve	-	-	-	-	474	-	(474)	-	-	-
At 30 June 2025 (unaudited)	1,555,931	3,809,341	271,277	513,205	28,617	14,275	5,396,303	11,588,949	7,714,837	19,303,786

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Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the parent									
	Share capital RMB'000 (Note 13)	Share premium RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Safety production reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2023 (audited) and 1 January 2024	1,555,931	3,806,997	196,634	459,380	24,032	10,699	3,131,873	9,185,546	4,299,804	13,485,350
Profit for the period	–	–	–	–	–	–	586,934	586,934	383,447	970,381
Exchange differences on translation of foreign operations	–	–	–	72,918	–	–	–	72,918	61,026	133,944
Share of other comprehensive income of associates	–	–	–	3,808	–	–	–	3,808	–	3,808
Total comprehensive income for the period	–	–	–	76,726	–	–	586,934	663,660	444,473	1,108,133
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	920,494	920,494
Dividends declared (note 7)	–	–	–	–	–	–	(311,186)	(311,186)	–	(311,186)
Equity-settled share award arrangements	–	–	–	–	–	–	–	–	–	–
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(15,185)	(15,185)
Safety production reserve	–	–	–	–	3,531	–	(3,531)	–	–	–
At 30 June 2024 (unaudited)	1,555,931	3,806,997	196,634	536,106	27,563	10,699	3,404,090	9,538,020	5,649,586	15,187,606

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	2025 (Unaudited) *RMB'000*	2024 (Unaudited) *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,759,781	993,315
Adjustments for:		
Finance costs	325,119	263,868
Share of profits and losses of associates	(231,082)	(115,702)
Bank interest income	(1,730)	(5,849)
Investment gains from derivative financial instruments, net	–	(8,075)
Fair value loss on derivative financial instruments, net	10,697	9,284
Loss on disposal of items of property, plant and equipment	14,105	10,134
Gain on a finance lease as a sublease lessor	–	(2,777)
Loss on early termination of lease	–	102
Loss on disposal of a subsidiary	–	787
Depreciation of property, plant and equipment	663,898	366,576
Depreciation of right-of-use assets	5,203	8,891
Amortisation of intangible assets	28,270	43,473
Reversal of impairment of inventories	–	(13,858)
Amortisation and impairment of investment properties	9,216	–
Impairment of financial assets, net	2,061	3,426
Impairment of investment properties	61,360	–
Equity-settled share award expense	3,576	–
Impairment of intangible assets	–	142,071
Foreign exchange differences, net	58,958	92,946
	3,709,432	1,788,612
Increase in inventories	(1,027,965)	(459,541)
Increase in trade and bills receivables	(61,921)	(1,086,273)
Decrease/(increase) in prepayments, other receivables and other assets	95,709	(855,378)
Increase in pledged deposits	(452,382)	(119,515)
(Increase)/decrease in amounts due from related parties	(150,282)	82,831
Increase in trade and bills payables	505,887	516,949
Increase in other payables and accruals	(15,044)	193,497
Increase/(decrease) in amounts due to related parties	190,972	(85,951)
Increase/(decrease) in contract liabilities	194,158	(10,175)
Cash generated from operations	2,988,564	(34,944)
Income tax paid	(218,157)	(67,303)
Net cash flows (used in)/from operating activities	2,770,407	(102,247)

continued/…

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	2025 (Unaudited) *RMB'000*	2024 (Unaudited) *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from a finance lease as a sublease lessor	**1,266**	1,930
Purchases of items of property, plant and equipment	**(2,734,183)**	(3,260,975)
Proceeds from disposal of property, plant and equipment	**2,362**	27,240
Prepayment for land use right	**–**	(28,697)
Purchases of intangible assets	**(1,980)**	(3,526)
Purchases of derivative financial instruments	**–**	(100,000)
Disposal of a subsidiary	**–**	(27,713)
Repayment of derivative financial instruments	**–**	100,000
Interest received	**1,730**	5,849
Investment income received	**–**	8,163
Net cash flows used in investing activities	**(2,730,805)**	(3,277,729)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advanced capital injection from non-controlling shareholders	**38,746**	–
Capital injection from non-controlling shareholders	**–**	785,631
Proceeds from bank borrowings	**14,850,242**	12,335,046
Repayment of bank borrowings	**(12,325,761)**	(9,567,641)
Principal portion of lease payments	**(3,535)**	(5,744)
Interest paid	**(370,350)**	(490,869)
Repayment to a related party	**(359,420)**	–
Dividend paid	**(544,576)**	(311,186)
Listing expenses	**(1,895)**	–
Net cash flows from financing activities	**1,283,451**	2,745,237
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,323,053**	(634,739)
Cash and cash equivalents at beginning of period	**5,032,351**	4,616,829
Effect of foreign exchange rate changes, net	**17,346**	(24,035)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**6,372,750**	3,958,055
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash balances	**6,372,750**	3,958,055

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

Going concern assumption

As at 30 June 2025, the Group's net current liabilities amounted to approximately RMB2,317,536,000, which comprised current assets of approximately RMB15,580,447,000 and current liabilities of approximately RMB17,897,983,000.

In view of the net current liabilities position, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2025, the Group has available unutilised bank facilities with a total amount of RMB2,102,412,000 which can be utilised in the next twelve months. Taking into account these additional financial resources available to the Group and the internally generated funds from operations, the directors believe that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. Therefore, the consolidated financial statements have been prepared on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial statements of the Group.

The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Group's financial statements.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Chinese Mainland	**16,334,370**	9,353,440
Others	**1,812,185**	1,524,548
Total revenue	**18,146,555**	10,877,988

Most of the revenue information above is based on the shipment destinations except for the revenue from shipping services is based on where the customer is registered.

(b) Non-current assets

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Chinese Mainland	**3,747,459**	3,628,658
Indonesia	**24,077,453**	21,611,088
Total non-current assets	**27,824,912**	25,239,746

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

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the periods ended 30 June 2025 and 2024 is set out below:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**2,040,652**	2,025,535
Customer B	**N/A***	1,197,473
Customer C	**2,575,047**	N/A*
Customer D	**1,975,540**	N/A*
Total	**6,591,239**	3,223,008

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the year.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**18,146,555**	10,877,988

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

4. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of nickel products	**17,286,951**	10,473,140
Others	**859,604**	404,848
Total revenue from contracts with customers	**18,146,555**	10,877,988
Geographical markets		
Chinese Mainland	**16,334,370**	9,353,440
Others	**1,812,185**	1,524,548
Total revenue from contracts with customers	**18,146,555**	10,877,988
Timing of revenue recognition		
Goods transferred at a point in time	**17,325,731**	10,286,314
Services transferred over time	**820,824**	591,674
Total revenue from contracts with customers	**18,146,555**	10,877,988

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**13,750,199**	8,498,871
Depreciation of property, plant and equipment	**416,932**	366,576
Loss on disposal of items of property, plant and equipment	**14,105**	10,134
Loss on early termination of lease	**–**	102
Gains on a finance lease as a sublease lessor	**(136)**	(2,777)
Loss on disposal of a subsidiary	**–**	787
Impairment of intangible assets	**–**	142,071
Impairment of investment properties	**61,360**	–
Reversal of impairment of inventories	**–**	(13,858)
Impairment of financial assets, net		
(Reversal of impairment)/Impairment of trade receivables, net	**(270)**	4,050
Impairment/(reversal of impairment) of other receivables, net	**2,331**	(624)
	2,061	3,426
Foreign exchange differences, net	**200,279**	77,198
Fair value loss/(gains), net:		
Derivative financial instruments	**10,697**	9,284
Trade receivables containing provisional pricing features	**4,172**	(452)
Investment gains from financial assets at fair value through profit or loss, net:		
Derivative financial instruments	**–**	(8,075)
Trade receivables containing provisional pricing features	**(27,756)**	(20,991)
	(27,756)	(29,066)

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

6. INCOME TAX EXPENSE

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

PRC

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

Indonesia

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

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

Based on the Decree of the Minister of Finance of the Republic of Indonesia number NOMOR 33/THIPMA/2021 concerning Corporate Income Tax Reduction Facility to ONC dated 3 December 2021 and the number NOMOR 4/TH/PMA/2022 concerning Corporate Income Tax Reduction Facility to KPS dated 17 January 2022, where both ONC and KPS were granted a 100% corporate income tax reduction for 15 fiscal years and an additional 50% corporate income tax reduction for the following 2 fiscal years.

Based on the Decree of the Minister of Finance of the Republic of Indonesia, the latest number NOMOR 30/KM.3/2025 concerning Corporate Income Tax Reduction Facility to ONC dated 10 February 2025, from the first tax year when commercial production begins, where ONC was still granted a 100% corporate income tax reduction for 15 fiscal years and an additional 50% corporate income tax reduction for the following 2 fiscal years. And the latest number NOMOR 168/MK/PJ/2025 concerning Corporate Income Tax Reduction Facility to KPS dated on 23 July 2025, where KPS is instead going to be granted a 100% corporate income tax reduction for 10 fiscal years and an additional 50% corporate income tax reduction for the following 2 fiscal years.

The Group is within the scope of Pillar Two model rules. The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and accounts for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been effective since 1 January 2025 in certain jurisdictions in which the Group operates. The Group has performed an assessment of its exposure to Pillar Two income tax based on the information available and the best estimate as at period end. The Group continues to follow Pillar Two legislative developments to evaluate the impact on its financial statements.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

6. INCOME TAX EXPENSE (CONTINUED)

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Charge for the period	**126,272**	11,195
Pillar two for the period	**206,360**	–
Deferred tax	**178,418**	11,739
Total tax expense/(credit) for the period	**511,050**	22,934

7. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2025.

In July 2025, ONC distributed dividends of USD100,000,000 to all shareholders, among which included USD40,000,000 was distributed to a non-controlling shareholder PT Trimegah Bangun Persada ("TBP").

On 21 May 2025, the board of directors declared a final dividend for the year ended 31 December 2024 of RMB0.35 per share, amounting to a total of approximately RMB544,576,000, which was fully paid as at 17 June 2025.

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,555,931,350 (2024: 1,555,931,350) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the periods ended 30 June 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2025 and 2024.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Carrying amount at beginning of period/year	**21,639,059**	16,970,830
Additions	**3,327,408**	5,771,668
Depreciation provided during the period/year	**(669,943)**	(948,225)
Disposals	**(16,464)**	(123,870)
Transfers to investment properties	**–**	(269,503)
Disposal of a subsidiary	**–**	(13)
Exchange realignment	**(93,567)**	238,172
Carrying amount at end of period/year	**24,186,493**	21,639,059

10. INTERESTS IN ASSOCIATES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Share of net assets	**2,187,214**	1,964,511

The Group's trade receivables from an associate and amounts due to an associate are disclosed in note 15.

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

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

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

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

10. INTERESTS IN ASSOCIATES (CONTINUED)

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

	30 June 2025 ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Current assets	**2,296,991**	2,498,329
Non-current assets	**7,721,742**	7,987,793
Current liabilities	**2,475,592**	3,119,549
Non-current liabilities	**3,687,836**	4,079,305
Net assets	**3,855,305**	3,287,268
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**36.90%**	36.90%
Group's share of net assets of the associate	**1,422,608**	1,213,002
Accumulated unrealised gain	**(78,458)**	(73,609)
Carrying amount of the investment	**1,344,150**	1,139,393
Revenue	**3,705,351**	8,275,352
Profit for the period/year	**581,298**	946,942
Other comprehensive income for the period/year	**(13,261)**	45,115
Total comprehensive income for the period/year	**568,037**	992,057

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

10. INTERESTS IN ASSOCIATES (CONTINUED)

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Profit/(loss) for the period/year	150,495	(12,958)
Other comprehensive (loss)/income for the period/year	(21,489)	26,520
Total comprehensive income for the period/year	129,006	13,562
Aggregate carrying amounts of the Group's investment in the associates	843,064	825,118

11. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Financial assets at amortised cost:		
Trade receivables	1,616,037	1,400,704
Bills receivable	54,350	30,000
	1,670,387	1,430,704
Impairment	(19,739)	(20,012)
	1,650,648	1,410,692
Financial assets at fair value through profit or loss:		
Trade receivables containing provisional pricing features	257,972	432,963
Financial assets at fair value through other comprehensive income:		
Bills receivable	10,528	43,299
	1,919,148	1,886,954

Notes to Unaudited Interim Condensed Consolidated Financial Information

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11. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

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

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

	30 June 2025 ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Within 3 months	**1,585,287**	1,370,100
3 to 6 months	**290**	1,250
6 to 12 months	**10,721**	9,342
	1,596,298	1,380,692

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

12. TRADE AND BILLS PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables	**1,989,451**	1,495,321
Bills payable	**38,619**	26,862
Total	**2,028,070**	1,522,183

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

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 3 months	**1,306,967**	840,356
3 to 6 months	**136,058**	84,713
6 to 12 months	**149,128**	246,384
1 to 2 years	**209,268**	156,386
Over 2 years	**188,030**	167,482
	1,989,451	1,495,321

13. SHARE CAPITAL

Shares

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Issued and fully paid:		
1,555,931,350 (31 December 2024: 1,555,931,350)	**1,555,931**	1,555,931

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

14. COMMITMENTS

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

	30 June 2025 ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Contracted, but not provided for:		
Property, plant and equipment	**8,411,614**	6,498,669

15. RELATED PARTY TRANSACTIONS

Name	**Relationship**
HJF	An associate
PT. Makmur Jaya Maritimindo ("MJM")*	An associate
Zhejiang Lygend Investment Co., Ltd. ("Lygend Investment")	The holding company
TBP	Shareholder of HPL which has significant influence
PT. Megah Surya Pertiwi ("MSP")	Entity under common control of TBP
PT. Harita Jayaraya ("HJR")	Parent entity of TBP
PT. Gane Permai Sentosa ("GPS")	Entity under common control of HJR
PT. Marina Bara Lestari ("MBL")	Entity under common control of HJR
PT. Mitra Sinar Maritim ("MSM")	Entity under common control of HJR
PT. Antar Sarana Rekas ("ASR")	Entity under common control of HJR's ultimate beneficial owner
PT Gema Selaras Perkasa ("GSP")	Entity under common control of HJR's ultimate beneficial owner
PT OBI SINAR TIMUR ("OST")	Entity under common control of HJR
LSJ	Entity under common control of HJR
PT. Pesona Khatulistiwa Nusantara ("PKN")	Entity under common control of HJR
PT. Mitra Kemakmuran Line ("MKL")	Entity under common control of HJR
Feng Yi Pte. Ltd. ("Feng Yi")	Shareholder of the Company which has significant influence
Zhejiang Yongcheng Construction Co., Ltd. ("Yongcheng")	Subsidiary of the holding company
Ningbo Lihua Port Machinery Heavy Industry Co., Ltd. ("Lihua")	Subsidiary of the holding company
PT. Hasta Panca Mandiri Utama ("HPMU")	Entity under common control of HJR
TKJ**	Shareholder of MJM which has significant influence
PT Gunung Rimba Makmur ("GRM")	Shareholder of MJM which has significant influence
PT. Bangunan Teknik Group ("BTG")	Subsidiary of the holding company
PT. Kalimantan Aluminium Industry ("KAI")	Associates of the holding company
Lim Liana Sarwono	a close family member of the ultimate controlling party of HJR
PT Gane Tambang Sentosa ("GTS")	Entity under common control of HJR

* MJM became an associate on 30 May 2024.

** TKJ ceased to be a shareholder of MJM dated since 30 May 2024.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the period:

	Note	For the six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Sale of equipment to:			
HJF	(i)	**30,755**	91,325
KAI	(i)	**5,121**	–
	(i)	**35,876**	91,325
Sale of materials to:			
HJF	(i)	**194,454**	363,666
OST	(i)	**28,362**	–
GPS	(i)	**33**	–
TBP	(i)	**24**	–
		222,873	363,666
Sale of services to:			
HJF	(i)	**1,622**	256
TBP	(i)	**505**	–
BTG	(i)	**159**	–
HPMU	(i)	**112**	–
Lygend Investment	(i)	**96**	100
OST	(i)	**20**	–
		2,514	356
Sale of nickel ore to:			
HJF		**423,569**	–
Rental income recognised relating to finance lease:			
HJF	(i)	**983**	1,606
Lygend Investment	(i)	**420**	803
		1,403	2,409

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the period: (continued)

	Note	For the six months ended 30 June 2025 *RMB'000* **(Unaudited)**	 2024 *RMB'000* (Unaudited)
Finance income recognised relating to finance lease:			
HJF	(i)	**93**	385
Lygend Investment	(i)	**42**	94
		135	479
Purchase of nickel products from:			
HJF	(i)	**3,432,079**	3,840,208
MSP	(i)	**209,257**	466,210
GPS	(i)	**385,870**	301,727
TBP	(i)	**875,588**	280,691
		4,902,794	4,888,836
Purchase of services from:			
BTG	(i)	**200,190**	423,375
TBP	(i)	**2,125**	42,919
MJM	(i)	**17,508**	–
OST	(i)	**755,318**	29,912
MSM	(i)	**2,564**	6,062
ASR	(i)	**8,927**	4,904
MKL	(i)	**571**	3,113
GSP	(i)	**5,222**	2,359
HPMU	(i)	**175**	15
LSJ	(i)	**142**	–
Lim Liana Sarwono	(i)	**88**	91
Yongcheng	(i)	**–**	63,458
		992,830	576,208
Purchase of equipment from:			
Yongcheng	(i)	**5,053**	15,314
Lihua	(i)	**–**	48,039
		5,053	63,353

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the period: (continued)

	Note	For the six months ended 30 June **2025** ***RMB'000*** **(Unaudited)**	 2024 *RMB'000* (Unaudited)
Purchase of auxiliary raw materials from:			
MBL	(i)	**44,731**	48,985
MSP	(i)	**1,274**	–
PKN	(i)	**148,660**	–
		194,665	48,985
Payment on behalf of by:			
GPS	(ii)	**129**	237
HJF	(ii)	**233**	285
MSP	(ii)	**23**	1
OST	(ii)	**1,798**	–
TBP	(ii)	**17,893**	1,050
MBL	(ii)	**43**	–
GTS	(ii)	**2**	–
		20,121	1,573
Payment on behalf of:			
GPS	(ii)	**9**	–
HJF	(ii)	**1,409**	–
MSP	(ii)	**417**	–
OST	(ii)	**2**	–
TBP	(ii)	**538**	–
MKL	(ii)	**43**	–
GTS	(ii)	**3**	–
		2,421	–

Notes:

(i) The purchases from and sales to the related parties were made according to the published prices and conditions between the Group and its major customers and suppliers.

(ii) The payment on behalf of and on behalf of by the related parties were reimbursements for miscellaneous site expenses.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties:

As at 31 December 2024, the Company has guaranteed certain of the bank borrowings made to its associate, HJF, CBL and MJM, amounting to nil, RMB216,000,000 and RMB5,201,000 (six months ended 30 June 2024: RMB3,543,319,000, RMB216,000,000 and nil). The above bank borrowings were also jointly guaranteed by the other shareholders of the associates, respectively. The Company's shareholdings in HJF, CBL and MJM have also been pledged to secure the above bank borrowings, respectively.

In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Company are insignificant at initial recognition and as at 30 June 2025, accordingly, no value has been recognised at the inception of the guarantee contracts and on the consolidated statement of financial position as at 30 June 2025. The directors of the Company consider that the loss rate of these guarantees is low.

HPL entered into agreements which are effective from 12 April 2021 to 31 December 2030 with GPS and TBP to purchase nickel ore for HPL's production. HPL expects total purchases from GPS from 1 July 2025 to 2030 to be approximately USD39,485,000. While as at 31 December 2024, the purchase quantity agreed upon with TBP in the agreement has been completed ahead of schedule.

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

As at 30 June 2025, advanced capital injections of RMB94,684,000 from TBP have been paid to increase the share capital of CKM.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties:

	Notes	**30 June 2025** ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Due from the holding company:			
Lygend Investment	(i)	**–**	6
Due from an associate:			
HJF	(i)	**445,061**	291,289
Due from related parties:			
TBP	(ii)	**532**	534
MSP	(i)	**–**	2,054
OST	(i)	**2,592**	4,189
TBP	(i)	**60**	–
BTG	(i)	**88**	–
GPS	(i)	**19**	–
		3,291	6,777
Due to associates:			
HJF	(i)	**45,710**	471,015
MJM	(i)	**4,396**	3,149
		50,106	474,164

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

15. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Due to related parties:			
TBP	(i)	330,145	203,667
TBP	(iii)	94,684	57,056
GSP	(i)	1,370	2,195
ASR	(i)	1,752	1,343
GPS	(i)	122,792	23,293
LSJ	(i)	157	–
MKL	(i)	631	2,651
Yongcheng	(i)	20,191	26,808
BTG	(i)	216,920	130,319
MBL	(i)	3,032	11,543
HJR	(iv)	–	360,056
MSM	(i)	–	2,916
Lihua	(i)	29,031	29,152
OST	(i)	494,087	97,214
PKN	(i)	21,833	–
Total		1,336,625	948,213

Notes:

(i) The balances with related parties are trade in nature.

(ii) The balance represents a capital contribution receivable for 25% of the authorised capital of a subsidiary of the Group under the laws of Indonesia, which is non-trade in nature.

(iii) The balance represents advanced capital injection from non-controlling shareholders.

(iv) The balance represents the loans from HJR including interest at the rate of 5% per annum.

At 30 June 2025, included in the Group's prepayments, other receivables and other assets were amounts due from the Group's related parties of RMB8,183,000 (31 December 2024: RMB552,000) and included in the Group's contract liabilities were amounts due to the Group's related parties of RMB927,000 (31 December 2024: RMB13,296,000), which are trade in nature.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

15. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**18,757**	13,742
Performance related bonuses	**32,069**	17,428
Equity-settled share award expense	**3,576**	–
Pension scheme contributions	**181**	142
	54,583	31,312

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of prepayments, other receivables and other assets and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2025 were assessed to be insignificant. All the carrying amounts of the Group's non-current portion of pledged deposits and interest-bearing bank borrowings approximate to their fair values.

Notes to Unaudited Interim Condensed Consolidated Financial Information

30 June 2025

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

The Group enters into derivative financial instruments with various counterparties, principally financial institutions. Derivative financial instruments, including forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, spot and forward interest rates curves. The carrying amounts of forward contracts and interest rate swaps are the same as their fair values.

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000* **(Unaudited)**	**Significant observable inputs (Level 2)** *RMB'000* **(Unaudited)**	**Significant unobservable inputs (Level 3)** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Trade receivables containing provisional pricing features	–	257,972	–	257,972
Bills receivable measure at fair value	–	10,528	–	10,528
Derivative financial instruments	–	4,961	–	4,961
	–	273,461	–	273,461

Notes to Unaudited Interim Condensed Consolidated Financial Information
30 June 2025

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

Fair value hierarchy (Continued)

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables containing provisional pricing features	–	432,963	–	432,963
Bills receivable measure at fair value	–	43,299	–	43,299
Derivative financial instruments	–	6,344	–	6,344
Total	–	482,606	–	482,606