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CNGR

CNGR Advanced Material Co., Ltd.

中偉新材料股份有限公司

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

(Stock Code: 2579)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

ANNUAL RESULTS HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2025 was approximately RMB48,140.0 million, representing an increase of approximately 19.7% as compared to the corresponding period of last year;
- The Group's profit for the year ended 31 December 2025 attributable to owners of the parent was approximately RMB1,570.7 million, representing an increase of approximately 7.1% as compared to the corresponding period of last year;
- Basic earnings per share of the Company for the year ended 31 December 2025 was RMB1.65, representing an increase of approximately 4.4% as compared to basic earnings per share of RMB1.58 of the Company for the corresponding period of last year;
- Based on the total number of Shares of the Company after deducting the repurchased shares in the repurchase account from the total share capital on the record date for dividend distribution, a cash dividend of RMB3.8 per 10 Shares (tax inclusive) will be distributed. No capital reserve will be converted into share capital, and no bonus shares will be issued.

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2025, which is an extract of the consolidated financial statements of the Group, together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*Year ended 31 December 2025*

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
REVENUE	4	48,139,977	40,222,890
Cost of sales		(42,362,029)	<u>(35,380,773)</u>
Gross profit		5,777,948	4,842,117
Other income and gains	4	502,432	733,599
Selling and marketing expenses		(114,164)	(111,487)
Administrative expenses		(1,308,062)	(1,156,896)
Research and development costs		(1,170,261)	(1,109,313)
Other expenses		(746,136)	(188,393)
Finance costs	6	(1,022,386)	(1,037,366)
Share of profits and losses of:			
Joint ventures		(32,642)	39,701
Associates		40,472	<u>10,582</u>
PROFIT BEFORE TAX		1,927,201	2,022,544
Income tax expense	7	(312,432)	<u>(234,789)</u>
PROFIT FOR THE YEAR		1,614,769	<u>1,787,755</u>
Attributable to:			
Owners of the parent		1,570,700	1,467,224
Non-controlling interests		44,069	<u>320,531</u>
		1,614,769	<u>1,787,755</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	9	1.65	<u>1.58</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		31 December 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		30,798,950	28,993,391
Right-of-use assets		1,783,889	1,647,515
Goodwill		1,393,165	1,424,799
Other intangible assets		1,818,990	648,696
Investments in joint ventures		2,254,059	2,354,322
Investments in associates		1,611,517	1,707,361
Equity investments designated at fair value through other comprehensive income		592,353	521,960
Financial assets at fair value through profit or loss		68,172	28,000
Deferred tax assets		75,073	121,595
Other non-current assets		1,288,261	1,729,108
		<hr/>	<hr/>
Total non-current assets		41,684,429	39,176,747
CURRENT ASSETS			
Inventories		14,663,598	9,826,364
Trade and bills receivables	<i>10</i>	7,526,803	5,105,812
Prepayments, deposits and other receivables	<i>11</i>	6,255,853	5,436,560
Derivative financial instruments		11,115	148,554
Pledged deposits		1,768,772	1,105,032
Financial assets at fair value through profit or loss		1,129,734	2,012,154
Cash and cash equivalents		8,567,561	10,083,956
		<hr/>	<hr/>
Total current assets		39,923,436	33,718,432
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	15,669,074	10,249,416
Other payables and accruals	<i>13</i>	1,414,650	1,992,824
Derivative financial instruments		714,437	100,497
Interest-bearing bank borrowings		11,901,586	10,539,073
Bonds payable		–	1,024,764
Lease liabilities		15,449	18,893
Tax payable		161,125	114,000
		<hr/>	<hr/>
Total current liabilities		29,876,321	24,039,467
		<hr/>	<hr/>
NET CURRENT ASSETS		10,047,115	9,678,965
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		51,731,544	48,855,712
		<hr/>	<hr/>

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

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

Basis of consolidation

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

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

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

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

(a) Disaggregated revenue information

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

An analysis of other income and gains is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Other income</u>		
Bank interest income	178,187	221,627
Dividend income from financial assets at fair value through profit or loss	1,264	–
Dividend income from equity investments at fair value through other comprehensive income	2,224	2,557
Government grants*	235,824	437,982
	<hr/>	<hr/>
Total other income	417,499	662,166
	<hr/>	<hr/>
<u>Gains</u>		
Gains on financial instruments	58,905	67,625
Compensation Income	15,791	2,770
Others	10,237	1,038
	<hr/>	<hr/>
Total gains	84,933	71,433
	<hr/>	<hr/>
Total other income and gains	502,432	733,599
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* Government grants mainly represent incentives received from local governments as compensation for research and development contributions, local economic contributions and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

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

* These amounts are included in "Other expenses" in the consolidated statement of profit or loss.

** The amounts are included in the share-based payment expenses. The amounts excluded: (i) The share-based payment expenses granted to the directors and chief executive; and (ii) the share-based payment expenses recorded in cost of sales.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**** The cost of inventories sold and cost of services provided include expenses relating to depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. INCOME TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current	297,815	195,691
Deferred	14,617	39,098
Total tax charge for the year	<u>312,432</u>	<u>234,789</u>

8. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interim dividends on ordinary A shares	254,295	260,460
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	328,451	772,489
Dividends of lapsed restricted shares	(3,218)	(1,813)
Total	<u>579,528</u>	<u>1,031,136</u>

The interim dividend distribution of RMB2.80 per 10 ordinary shares (tax inclusive) in respect of the six months ended 30 June 2025 was approved by the Annual General Meeting of the Company on 10 September 2025 and was subsequently paid on 10 October 2025.

The final dividend distribution of RMB3.60 per 10 ordinary shares (tax inclusive) in respect of the year ended 31 December 2024 was approved by the Annual General Meeting of the Company on 6 May 2025 and was paid on 29 May 2025.

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

The calculation of basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 949,199,382 (2024: 927,362,524), as adjusted to reflect the bonus share issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>1,570,700</u>	<u>1,467,224</u>
	2025	2024
<u>Shares</u>		
Weighted average number of ordinary shares outstanding	949,199,382	927,362,524
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>1,565,919</u>	<u>929,328</u>
Total	<u>950,765,301</u>	<u>928,291,852</u>

The weighted average number of shares was after taking into account the effect of treasury shares held.

10. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	6,724,031	4,384,307
Bills receivable	894,132	773,085
Impairment	<u>(91,360)</u>	<u>(51,580)</u>
Net carrying amount	<u>7,526,803</u>	<u>5,105,812</u>

An aging analysis of the trade receivables of the Group as at the end of the years (based on the invoice date and net of provisions) is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	6,123,962	4,171,727
4 to 12 months	501,056	156,272
1 to 2 years	6,152	4,682
2 to 3 years	1,501	46
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Total	6,632,671	4,332,727
	<hr/>	<hr/>

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	1,827,413	1,800,338
Deposits and other receivables	1,861,919	750,963
Tax recoverable	2,680,721	2,924,047
	<hr/>	<hr/>
Impairment allowance	6,370,053	5,475,348
	(114,200)	(38,788)
	<hr/>	<hr/>
Total	6,255,853	5,436,560
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The balances are not secured by collateral.

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	15,109,206	9,359,024
1 to 2 years	199,506	620,861
2 to 3 years	244,300	164,368
Over 3 years	116,062	105,163
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Total	15,669,074	10,249,416
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13. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities	230,367	586,567
Payroll and welfare payable	391,347	343,956
Amount due to non-controlling shareholders	151,525	428,829
Other payables	242,056	292,020
Other tax payables	93,312	56,711
Other current liabilities	306,043	284,741
	<hr/>	<hr/>
Total	1,414,650	1,992,824

14. EVENTS AFTER THE REPORTING PERIOD

- (i) The Company's wholly-owned subsidiary, PT Barokah New Energy and Technology Indonesia (hereinafter referred to as "Indonesian Barokah New Energy and Technology"), holds a 51% equity interest in PT Anugerah Barokah Cakrawala (hereinafter referred to as "Barokah"). To optimize the asset structure, Indonesian Barokah New Energy and Technology and PT Billy International (hereinafter referred to as "Billy International") entered into the Share Purchase Agreement on 6 March 2026, pursuant to which Indonesian Barokah New Energy and Technology transferred a 2.02% equity interest in Barokah to Billy International. Upon completion of this equity transfer, Barokah is no longer a subsidiary within the Company's consolidated financial statements.

During the period when Barokah was a controlled subsidiary of the Company, the Company provided loans to support its daily operations. As of 6 March 2026, the outstanding loans provided by the Company (including other subsidiaries) to Barokah (including its subsidiaries) amounted to US\$130 million. Following the completion of this equity transfer, the Company will passively form a financial assistance to an external party, which essentially represents the continuation of the daily operational loans previously extended to the former controlled subsidiary.

- (ii) On 30 March 2026, the Company declared its dividend distribution for the financial year ended 31 December 2025, which is based on the total number of shares of the Company after deducting the repurchased shares in the repurchase account from the total share capital on the record date for dividend distribution. A cash dividend of RMB 3.80 (tax inclusive) per 10 shares will be distributed. No capital reserve will be converted into share capital, and no bonus shares will be issued. The 2025 annual profit distribution plan is subject to approval by the shareholders at the annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

THE COMPANY’S MAIN BUSINESS DURING THE REPORTING PERIOD

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

THE COMPANY’S MAIN BUSINESS AND MAIN PRODUCTS

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

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

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

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

COMPANY BUSINESS MODEL

1. Procurement Method

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

2. Production Model

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

3. Sales Model

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

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

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

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

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

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

I. INDUSTRY COMPETITIVE LANDSCAPE

1. The Company's Industry Position

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

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

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

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

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

2. The Company's Core Technology Level and Advantages

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

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

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

- (1) During the Reporting Period, the Company made significant breakthroughs in precursor synthesis technology for solid-state batteries, further enhancing the materials' cycle stability and mitigating phase transitions and cracking issues under high voltage. This ensures the Company is among the industry's first tier in solid-state battery technology R&D and industrialization, laying a solid foundation for future technological breakthroughs and large-scale commercial application.
- (2) During the Reporting Period, the Company launched the industry's first ternary precursor product synthesized via the carbonate coprecipitation route. It developed the carbonate ternary coprecipitation process for the first time, simultaneously developing new auxiliary materials, process flows, equipment, and environmental protection processes. Production capacity increased by approximately 200% to 300%. Several new equipment units were applied for the first time in the ternary industry, achieving a significant cost reduction of approximately 20%. Leveraging its cost and performance advantages, the ternary carbonate-based precursor product has attracted significant attention and certification from top-tier end-users in the industry.

- (3) The multi-stage series combination coprecipitation technology was successfully applied for the first time. By implementing targeted synthesis and segmented process control at each stage of particle growth in different reactors, it enables efficient, high-yield customized design of precursors featuring gradient concentration from core to shell, multi-structure, controllable morphology, and specific doping elements. Precursors prepared using this process exhibit excellent properties, including high capacity, high compacted density, long cycle life, high rate performance, and low direct current internal resistance.
- (4) During the Reporting Period, the Company launched the first high-concentration doping + coating medium-nickel high-voltage single crystal sample. This product features low cost, high capacity, low impedance, and good cycle performance, providing material support for the battery material requirements of the intelligent driving sector, such as high energy density, long lifespan, and fast charging capability.
- (5) During the Reporting Period, the first 225mAh/g high-nickel ultimate performance product for niche segments commenced mass production. This achievement is expected to play a significant role in high-power battery applications, especially in emerging scenarios like the low-altitude economy, with broad market prospects.
- (6) The Company developed an ultra-small particle size precursor synthesis technology that effectively prevents particle adhesion and agglomeration, solving the process challenges of easy adhesion during sintering and poor uniformity of single crystal particle size for ultra-small particles. This technology is primarily used in the large-small particle blending system for power batteries, helping the Company further expand its high-nickel market share and maintain its industry-leading position.
- (7) High-voltage tricobalt tetroxide synthesis technology, under the premise of ensuring cycle performance and charge-discharge capacity, increases the battery's charge cut-off voltage to 4.55V and above. The high-voltage series products are suitable for high-end electronics, providing an ideal solution for high-performance battery needs in the consumer electronics sector driven by the AI wave, helping the Company capture market share in the high-end smart consumer products segment.
- (8) Ultra-high specific surface area nano cobalt hydroxide synthesis technology. Nano cobalt hydroxide serves as a coating material for ternary cathode materials in the power sector. This technology can significantly enhance battery initial efficiency, cycle performance, etc., while substantially reducing processing costs, assisting the Company in capturing new markets in the power sector and creating higher profit margins.

- (9) Adopting the liquid-phase coprecipitation fourth-generation iron phosphate synthesis technology, the Company developed iron phosphate with concentrated particle size distribution and uniform primary particles. The lithium iron phosphate prepared from this precursor offers lower cost while meeting fourth-generation and above lithium iron phosphate indicator requirements, balancing performance such as compaction density, capacity, and iron phosphide, further improving the product system layout and enhancing the Company's competitiveness in the high-end phosphorus-based material sector.
- (10) Fourth-generation and above ultra-high compaction density lithium iron phosphate cathode material synthesis technology produces lithium iron phosphate that can meet the compaction density requirements for fourth-generation and above products while maintaining high compaction density and high capacity characteristics. This technology will help the Company quickly capture the high-end power lithium iron phosphate market.
- (11) The newly developed spherical lithium iron phosphate synthesis technology produces spherical lithium iron phosphate with good powder flowability, high tap density, low specific surface area, and high rate capability. It is suitable for applications in power batteries, start-stop batteries, etc., representing a crucial step for the Company to enter the overseas market with its phosphorus-based cathode materials.
- (12) Ultra-low-cost iron red method for lithium iron phosphate production technology. Based on the Company's proprietary phosphorus, lithium, and iron raw material resources, it utilizes lithium phosphate/lithium dihydrogen phosphate and iron red as raw materials for synthesizing lithium iron phosphate, combined with techniques such as particle size control, carbon coating, and doping optimization. This achieves integrated development from mining to raw materials to cathode products, aligning with customer demands for ultimate cost reduction. The fourth-generation lithium iron phosphate product synthesized using iron red and lithium dihydrogen phosphate/lithium phosphate, while achieving a comprehensive cost approximately 10% lower than the conventional lithium iron phosphate route, also exhibits excellent electrochemical performance (1C DC \geq 142mAh/g, 1C platform rate \geq 90%), profoundly meeting market and customer demands for ultimate performance and cost.
- (13) Targeting niche markets such as ultra-fast charging and start-stop power supplies, the Company developed a high-power lithium iron phosphate product, adding a product with high-power performance to the Company's phosphorus-based material portfolio.

- (14) Lithium iron manganese phosphate material, naturally extending from the technical system used for high-compaction-density lithium iron phosphate. The layout for high-voltage materials can effectively broaden the application scenarios of power batteries, helping the Company capture market share in the high-value-added phosphorus-based cathode material segment and establish a first-mover advantage in the competition for next-generation power lithium battery materials.
- (15) To address the relatively high cost of sodium-ion layered oxide cathode materials, the Company introduced low-cost industrial-grade iron sources, optimized the formulation components to reduce the nickel content in the product while maintaining product performance, and adopted an innovative complexing-agent-free process route to comprehensively reduce production costs. This provides directional guidance and technical reserves for the industrialization of sodium-ion layered oxides, enabling faster market penetration and enhanced product competitiveness in the future.
- (16) For sodium-ion polyanionic materials, through collaborative development of raw materials, precursors, and cathodes, the Company achieved the integration of the polyanionic (NFPP) process chain and stable scale-up of cathode material trial production. This resulted in the development of polyanionic (NFPP) cathode materials with high capacity and high compaction density, meeting the energy storage industry's requirements for a wide temperature range and long cycle life. This material has broad market application prospects and will help the Company seize opportunities in the sodium-ion battery market.

II. INDUSTRY ANALYSIS

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

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

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

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

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

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

(II) Overview of Upstream Resource Development

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

1. *Nickel Resources*

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

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

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

2. *Phosphorus Resources*

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

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

3. *Lithium Resources*

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

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

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

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

1. Analysis of the Chinese Market

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

2. European Market Recovery and Policy Driven

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

3. Development of the Power Battery Materials Industry

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

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

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

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

- (4) **Industry Chain Overseas Expansion:** In the current context of global economic integration, the overseas expansion of China's new energy industry chain has become a mainstream trend, shifting from product export to diversified models such as technology licensing and localized production. EV and lithium battery companies are accelerating their expansion into Southeast Asia, Europe, and other markets, leveraging the cost and technological advantages of China's industry chain to promote global energy transformation and industrial upgrading. Going global and expanding overseas imposes higher requirements on enterprises' comprehensive capabilities, in turn drives market share to concentrate towards leading enterprises with stronger comprehensive strength.
- (5) **Policy Environment Outlook:** From 2026, the domestic EV purchase tax policy will be optimized and adjusted. The purchase tax on EV will be halved, i.e., levied at a rate of 5%, with a tax reduction of no more than RMB15,000 per new energy passenger vehicle. This change provides continuous support to the market and rationally guides the industry to gradually adapt to the trend of aligning with the tax policy for traditional fuel vehicles.

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

1. Overview of Terminal Market Development

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

2. *Overview of Cobalt-Based Materials Development*

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

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

3. *Future Development Trends*

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

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

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

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

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

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

(V) Overview of the Downstream Energy Storage Materials Industry

1. Overview of the End-User Market

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

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

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

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

2. *Overview of Phosphorus-Based Materials Development*

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

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

3. *Overview of Sodium-Based Materials Development*

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

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

4. *Future Development Trends*

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

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

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

(VI) Emerging Application Areas

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

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

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

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

(VII) Overview of the Downstream Recycling Industry

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

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

III. CORE COMPETITIVENESS ANALYSIS

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

(I) Leading Material Science

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

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

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

- (1) Industry-first ultra-high nickel ternary precursor, achieving an energy density of up to 230mAh/g, representing a 27.8% to 12.7% increase compared to ternary batteries with 60% to 80% nickel content (180mAh/g–204mAh/g). This significantly increases the Company’s market share in the high-nickel and ultra-high nickel segments;
- (2) The Company developed high-nickel precursors specifically designed for electric vertical take-off and landing (eVTOL) aircraft, focusing on achieving high density, fast charge/discharge rates, and excellent performance under high temperatures;

- (3) In the solid-state battery sector, the Company continues to collaborate with leading battery companies to develop high-nickel precursors for solid-state batteries. During the Reporting Period, significant breakthroughs were achieved in the customized design of precursor synthesis technology for solid-state batteries around three core requirements: structural stability, and interface optimization. Full-year shipments in 2025 reached approximately 100 tons, with the shipment target for solid-state precursors in 2026 maintaining high double-digit growth. Currently, solid-state batteries are still in the early stages of industrialization, with R&D progress mostly concentrated in small-scale and pilot testing phases, material shipments typically at the kilogram or hundred-kilogram level. Hundred-ton-level shipments signify that the Company has taken the lead in entering the large-scale application verification stage;
- (4) The Company launched its first high-concentration doped and coated nickel-coated high-voltage single-crystal sample, featuring low cost, high capacity, low impedance, and good cycle performance, providing material support for the demand for high energy density, long life, and fast charging capabilities in the field of intelligent driving;
- (5) The Company developed the industry's first 4.55V high-voltage cobalt-based precursor, providing faster charging capabilities for lithium manganese dioxide (LCO) batteries in consumer electronics;
- (6) The Company's cobalt-based precursor product development progressed efficiently, with a comprehensive product portfolio. Multiple new products, including HZC225A, HZC223A, GZC4002, and HZC407, entered mass production. Simultaneously, the Company achieved breakthroughs in high-voltage process routes, developing high-aluminum homogeneous aluminum and high-aluminum multi-doped products through the 4.53-4.58V platform, thus streamlining the high-aluminum process route; and independently developing multiple tetracobalt materials adapted to the new structure of lithium cobalt oxide through higher voltage platforms of 4.60V and above, achieving independent control over R&D and technology, further building technological barriers and core competitiveness;
- (7) The Company developed enhanced technology to produce lithium iron phosphate (LFP) materials from iron phosphate compounds, which can reduce manufacturing costs. During the Reporting Period, the fourth-generation high-compaction-density LFP cathode material entered the trial production stage. The 4.5th-generation and 5th-generation high-compaction-density LFP cathode materials, as well as the fourth-generation high-compaction-density LFP cathode material using the iron red route and high-compaction-density lithium iron manganese phosphate cathode materials, have entered the transition from small-scale testing to pilot testing;

- (8) The Company’s experimental titanium-doped lithium iron phosphate precursor effectively improves the kinetic performance of lithium iron phosphate cathode materials by enhancing ion diffusion, electronic conductivity, and structural stability;
- (9) The Company developed the industry’s first low-cost polyanionic polymer (NFPP) precursor for sodium-ion batteries, which achieved mass production in 2024;
- (10) The Company was the first in the world to adopt the oxygen-enriched side-blown (OESBF) process for smelting laterite nickel ore, marking a major breakthrough in global nickel ore pyrometallurgical technology;
- (11) The Company’s pioneering centrifugal extraction technology has transformed the traditional low-efficiency, high-pollution model of nickel and cobalt hydrometallurgy into a high-efficiency, environmentally friendly modern process.

(II) Unique “Resources + Materials” Ecosystem Advantages

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

In nickel, the Company has taken the lead in achieving a closed-loop nickel industry chain. Focusing on high-quality lateritic nickel ore in Indonesia, the Company has locked in over 600 million wet tons of nickel ore resources through diversified methods such as investment, equity participation, long-term agreements, and offtake arrangements, providing a solid resource base for the nickel industry chain. Against the backdrop of tightening global nickel industry chains, the aforementioned resource layout possesses outstanding strategic value and cost advantages, effectively ensuring raw material supply security. The Company

possesses about 200,000 metal tons of nickel smelting capacity in Indonesia, employing a dual-technology approach of OESBF+RKEF to build a multi-product output channel, capable of comprehensively meeting the raw material needs for various nickel-based ternary precursors. The Company has achieved a transition from primarily external procurement of nickel raw materials to a model combining “self-supply + externally sourced intermediates”. The Company maximizes supply chain value. Besides supplying its own nickel-based materials, the produced nickel products can be flexibly sold externally as nickel-iron, nickel matte, electrolytic nickel, or further processed into high-purity nickel plates, depending on market conditions, thus optimizing profitability and improving operational efficiency. Additionally, the Company can extract cobalt, copper, and germanium as byproducts through smelting processes.

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

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

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

(III) Deep Globalization Advantages

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

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

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

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

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

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

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

(IV) Customer Resources and Brand

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

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

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

(V) Advanced Modern Manufacturing Capabilities

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

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

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

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

(VI) Sustainable Development Advantages

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

In recent years, the Company’s MSCI rating has steadily improved, and its carbon emission and carbon neutrality indicators have continued to improve. By 2025, the Company’s clean energy usage will account for 62% of its total energy consumption, and carbon emissions will decrease by 52%, achieving an MSCI rating jump from BBB to AA, ranking first among Chinese listed companies in its relevant industry with a total score of 6.5, realizing a leap from industry leader to global leader.

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

ANALYSIS OF PRINCIPAL OPERATIONS

1. Overview

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS

Revenue

During the Reporting Period, we primarily generated revenue from (i) the sales of new energy battery materials, including four main categories based on the primary metal or chemical element, namely, nickel-based materials, cobalt-based materials, phosphorus-based materials and other innovative materials, (ii) sales of new energy metal products, substantially all of which were nickel products consisting of nickel intermediates and electrolytic nickel, with the remainder being cobalt and copper products, and (iii) others, which mainly include revenue from metals trading, resales of raw materials and contract manufacturing services.

By products

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

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

Notes:

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

By geographical location

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

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

Cost of sales

Our cost of sales primarily consists of (i) cost of raw material, mainly including nickel ores, nickel and cobalt intermediates, and other auxiliary materials such as sulfuric acid and sodium hydroxide, (ii) manufacturing costs and others, mainly including transportation costs, and (iii) labor costs. The table below sets forth the breakdown of our cost of sales for the periods indicated.

	Year ended December 31,			
	2025		2024	
	(RMB'000)	%	(RMB'000)	%
Raw materials	34,254,270	80.9%	29,647,385	83.8%
Manufacturing costs and others	6,916,951	16.3%	4,946,355	14.0%
Labor	1,190,808	2.8%	787,033	2.2%
Total	<u>42,362,029</u>	<u>100.0%</u>	<u>35,380,773</u>	<u>100.0%</u>

During the Reporting Period, cost of raw material, mainly metal cost, was the largest component of our cost of sales, accounting for over 80% in each year.

The gross profit margin for our nickel-based materials decreased to 18.4%, while the gross profit per ton declined to approximately RMB14,300 in the Reporting Period. The decrease in gross profit per ton was mainly due to decline in the benchmark price of nickel while the difference in the discount rates remained at similar level.

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

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

The gross profit margin of new energy metal products decreased to 7.0% in 2025, due to the overall decrease in prevailing market prices of nickel products in 2025, while sourcing costs remained high due to mining production quotas, which restrained supply of lateritic nickel ores.

By geographical location

The table below sets forth the breakdown of our gross profit and the gross profit margin by business nature for the periods indicated. Geographical location is solely based on the places of registration of our direct customers, which may not align with the delivery destinations or end markets of our products for the periods indicated:

	Year ended December 31,			
	2025 (RMB'000)	Gross Profit Margin (%)	2024 (RMB'000)	Gross Profit Margin (%)
New energy battery materials				
Chinese Mainland	3,089,646	12.8%	2,383,233	10.7%
Overseas ⁽¹⁾	2,688,302	11.2%	2,458,884	13.7%
Total	5,777,948	12.0%	4,842,117	12.0%

Note:

(1) Mainly include South Korea, Singapore, Indonesia and Hong Kong.

Typically, the gross profit margin for our new energy battery materials from overseas customers was higher than that of the customers in Chinese Mainland, primarily because the products demanded by our overseas customers are more advanced and high-end compared to those preferred by domestic customers, who tend to be more cost-sensitive. However, the overall gross profit margin from overseas decreased from 13.7% in the year ended December 31, 2024 to 11.2% in the year ended December 31, 2025, primarily due to the decrease in nickel price which resulted in a lower gross profit margin of our nickel products sold in overseas. The increase in our gross profit margin in Chinese Mainland increased from 10.7% in the year ended December 31, 2024 to 12.8% in the year ended December 31, 2025, primarily due to the increase in gross profit margin for our cobalt-based materials which were mainly sold in Chinese Mainland.

Selling and Marketing Expenses

Our selling and marketing expenses primarily include (i) salaries, compensations and benefits for our selling and marketing employees, (ii) consulting fees mainly for commissions for product promotion activities, (iii) traveling expenses, and (iv) business development expenses.

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

Administrative Expenses

Our administrative expenses primarily comprise (i) salaries, compensations and benefits for our employees in administrative functions, (ii) professional service fees primarily related to overseas investments, acquisitions, and mineral resource exploration, (iii) depreciation and amortization, (iv) traveling, business development and office expenses, and (v) taxes, stamp duties and surcharges, (vi) finance expenses for bank charges.

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

Research and Development Expenses

Our research and development expenses primarily comprise (i) salaries, compensations and benefits for our research and development employees, (ii) raw materials consumed during the research and development process, mainly include nickel and cobalt materials, and (iii) depreciation and amortization for equipment associated with our research and development activities.

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

Other Income and Gains

Our other income and gains primarily include (i) government grants and (ii) bank interest income for our deposits in banks. Our government grants mainly represent incentives received from governments, including non-recurring grants such as industry development support funds, export and import subsidies, as well as recurring VAT deductions. There are no unfulfilled conditions or contingencies relating to these grants.

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

Other expenses

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

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

Financial costs

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

Profit for the Year

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

Inventories

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

Trade and Bills Receivables

Our trade receivables mainly arise from the provision of new energy battery materials. We typically provide credit terms of around one to two months to our customers for new energy battery materials. We periodically conduct credit evaluations of customers who trade on credit. Based on the results of the credit evaluations, we select to transact with approved and creditworthy customers and monitor their receivable balances to ensure that we are not exposed to significant credit risk. No collateral is required as we only deal with approved and creditworthy third parties. Credit risk concentration is managed on a customer-by-customer basis. Our trade receivables are non-interest-bearing.

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

Property, Plant and Equipment

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

Prepayment, deposits and other receivables

Our prepayments, deposits and other receivables primarily includes (i) prepayments mainly for raw materials for our new energy battery materials, (ii) deposits and other receivables, mainly including the receivables from our affiliates for our loans to those affiliates, and (iii) tax receivables for input tax associated with the construction and establishment of production bases, which were expected to be recovered in the future.

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

Trade and Bills Payables

Our trade and bills payables primarily comprise our payables for construction, equipment and raw materials. Our trade and bill payables are non-interest-bearing. The settlement period for our trade and bills payables typically ranges from one to two months.

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

Capital Structure

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

Liquidity and Capital Resources

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

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

Gearing Ratio

Gearing ratio is calculated by interest-bearing bank borrowings, bonds payable, amount due to non-controlling shareholders, convertible bonds and lease liabilities divided by the ending balance of total equity and multiplied by 100%. The gearing ratio of our Group decreased from 97.2% as of December 31, 2024 to 83.1% as of December 31, 2025, which was primarily due to the issuance of H Shares which led to an increase in shareholders' equity.

Indebtedness

Bank borrowings

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

The borrowings of our Group are mainly denominated in Renminbi. Such bank loans were primarily used for capital expenditure and operational purposes, most of which were secured by guarantees provided by related parties, pledged inventories, mortgaged buildings and mortgaged leasehold lands.

Bonds Payable

On March 3 and September 5, 2022 we issued green bonds of US\$100 million with annual interest rate of 4.55%, and US\$140 million with annual interest rate of 5.70%, respectively.

Amount due to non-controlling shareholders

Our amount due to non-controlling shareholders was advances from non-controlling shareholders to our subsidiaries, which is non-trade nature, interest-bearing and mainly used for capital expenditures and operational purposes. As of December 31, 2024 and December 31, 2025, we had amount due to non-controlling shareholders of approximately RMB428.8 million and approximately RMB247.6 million, respectively. Such amount were mainly used for capital expenditures and operational purposes.

Convertible bonds

On July 18, 2024, one of our subsidiaries issued a 3.03% convertible bond with a nominal value of KRW70,000,000,000 (equivalent to approximately RMB356.4 million). There was no movement in the number of these convertible bonds in 2024. The bonds are convertible at the option of the bondholders into ordinary shares on July 18, 2025 on the basis of one ordinary share for every KRW1,515 bonds held. Any convertible notes not converted will be redeemed on June 18, 2027. The bonds bear an interest of 3.03% on the principal amount and will be settled upon its maturity date.

Lease liabilities

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

Accounts payable for equipment

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

Contingent liabilities

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

Capital Expenditures

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

Employee and Remuneration

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

We provide our employees with certain benefits including social insurance coverage and retirement benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees' compensation is determined with reference to their job positions, technical skills, job performance and competition.

We have various employee training programs that aim to enhance our employees' technical skills and R&D capability. Our employee training system is centered around three pillars, namely our operational system, our class system and our instructor system. Our operational system governs the design and implementation of our training policies; our class system decides our training content, and our instructor system makes sure that we have the right instructors who can properly train and inspire our employees.

Pledge of Assets

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

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

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

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

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

USE OF PROCEEDS

Our Company was listed on the Main Board of HKEX on November 17, 2025. The net proceeds from the Global Offering amounted to approximately HKD3,432.6 million and gross proceeds of approximately HKD3,543.7 million. Our Company intends to use the net proceeds in the same manner and proportion as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. The below table sets out the proposed and actual applications of the net proceeds during the Reporting Period:

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

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

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

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

A repurchase mandate for the repurchase of A Shares for the purpose of our Company's share incentive or employee stock ownership plan was approved by the Board on November 4, 2024 (the "2024 Repurchase Mandate"). The 2024 Repurchase Mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. As of the date of this announcement, the Company held 29,832,872 repurchased A Shares in total as treasury shares.

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

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

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

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Provision of financial assistance and related party transactions

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

Election of the New Session of Board

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

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

COMPANY FUTURE DEVELOPMENT OUTLOOK

(I) Development Strategy

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

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

(II) Business Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) Major Risks Faced by the Company and Countermeasures

1. *Geopolitical Risks*

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

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

2. *Industry Competition Risks*

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

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

3. *Industry Consolidation Risks*

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

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

4. *Operational Management Risks*

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

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

5. *Raw Material Price Fluctuation Risk*

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

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

6. *Foreign Exchange Rate Fluctuation Risk*

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

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

OTHERS

Corporate Governance

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as the basis of the Company corporate governance practices.

According to code provision C.2.1 of the CG Code, companies listed on the Hong Kong Stock Exchange should comply with, but may choose to deviate from, the provision that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate roles for chairman of the Board and president of our Company, and Mr. Deng Weiming currently holds both roles. The Board believes that having the same individual serve as both chairman of the Board and president of our Company ensures consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority under the current arrangement will not be impaired, and this structure will allow our Company to make and implement decisions promptly and effectively. The Board will continue to review this arrangement and will separate the roles of chairman of the Board and president of our Company at an appropriate time having regard to the overall circumstances of our Group.

Save as disclosed above, the Board is of the view that throughout the period from the Listing Date to December 31, 2025, the Company has complied with all the applicable code provisions as set out in the CG Code.

Final Dividend and Annual General Meeting

Based on the total number of Shares of the Company after deducting the repurchased shares in the repurchase account from the total share capital on the record date for dividend distribution, a cash dividend of RMB3.8 per 10 Shares (tax inclusive) will be distributed. No capital reserve will be converted into share capital, and no bonus shares will be issued. The above proposal will be put forward at the forthcoming annual general meeting of the Company for consideration and approval. The specific arrangements regarding the final dividend and its distribution and the timing arrangement of the closure of register of members of H Shares will be disclosed separately in the circular for the annual general meeting. If approved at the annual general meeting, the Company shall distribute the dividend within two months after the date of the annual general meeting.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors. Having made specific enquiries with all the Directors and Supervisors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

Audit Committee

The Audit Committee currently comprises three independent non-executive Directors, Mr. Cao Feng, Mr. Hong Yuan and Ms. Wong Sze Wing. The chairperson of the Audit Committee is Mr. Cao Feng. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2025 and further discussed the auditing, risk management, internal control and financial reporting matters. The Audit Committee considers that the annual results of the Group for the year ended 31 December 2025 are in compliance with the applicable accounting standards and relevant laws and regulations and have made sufficient disclosure.

SCOPE OF WORK OF ERNST & YOUNG

Ernst & Young, the auditor of the Group, has agreed that the figures in the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position, and related notes for the year ended 31 December 2025, as set out in this announcement, are consistent with the amounts presented in the consolidated financial statements of the Group for the year. The work performed by Ernst & Young in this regard does not constitute an assurance engagement conducted in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants; accordingly, Ernst & Young has not provided any assurance regarding this announcement.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cnrgf.com.cn), and the 2025 annual report of the Company containing all the information required by the Hong Kong Listing Rules will be published on the above websites in due course.

DEFINITIONS

In this results announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“A Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are listed on the Shenzhen Stock Exchange and domestic share(s) traded in RMB
“A Shareholder(s)”	holder(s) of the A Share(s)

“Articles of Association”	the articles of association of the Company, as amended from time to time
“ATL”	Amperex Technology Limited (寧德新能源科技有限公司) and its subsidiaries
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CAM”	active materials used in the cathode of new energy batteries, responsible for storing and releasing electrical energy during charge and discharge cycles
“cathode materials”	one of the main components of a lithium-ion battery, the performance of the cathode material directly affects various performance indicators of the battery. Specifically, these include ternary cathode materials, lithium cobalt oxide cathode materials, lithium iron phosphate cathode materials, and lithium manganese oxide cathode materials
“CATL”	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司)
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Chinese Mainland” or “PRC”	the People’s Republic of China
“cobalt-based materials”	cobalt-based new energy materials, mainly include LCO pCAM
“Cobalt tetroxide”	Cobalt tetroxide (Co_3O_4) is a precursor that can react with lithium salts to further produce lithium cobalt oxide cathode materials
“Companies Ordinance” or “Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	CNGR Advanced Material Co., Ltd. (中偉新材料股份有限公司), a joint stock company with limited liability established in the PRC on September 15, 2014, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300919) and H Shares are listed on the Stock Exchange (stock code: 2579)

“Director(s)”	director(s) of the Company
“Easpring Technology”	Beijing Easpring Material Technology Co., Ltd. (北京當升材料科技股份有限公司)
“EV”	new energy vehicles, mainly comprising of battery electric vehicles and plug-in hybrid electric vehicles
“eVTOL”	electric vertical take-off and landing aircraft, an aircraft that uses electric power to hover, take off, and land vertically
“ESG”	environmental, social and governance
“Glencore”	Glencore AG
“Global Offering”	the Hong Kong public offering and the international offering of the H Shares
“Group”, “our Group”, “we”, “our”, “us” or “CNGR”	our Company and its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be)
“H Share(s)”	ordinary Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are traded in HK dollars and are listed on the Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“HKD”, “HK\$” or “Hong Kong Dollars”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“high-grade nickel matte”	an intermediate smelting product with a nickel content typically exceeding 70%
“high-nickel pCAM/product”	nickel-based pCAM with nickel content of at least 80 mol%
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

“IFRSs”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
“IXM”	IXM S.A.
“Jinchuan”	Jinchuan Group Co. Ltd. (金川集團股份有限公司)
“LCO”	lithium cobalt oxide (LiCoO ₂), a chemical compound and a commonly used CAM in lithium-ion batteries
“LFMP”	lithium iron manganese phosphate (LiFeMnPO ₄), a type of lithium-ion battery CAM made up of lithium, iron, manganese, and phosphate
“LFP”	lithium iron phosphate (LiFePO ₄), a chemical compound and a commonly used CAM in lithium-ion batteries
“LG Chem”	LG Chem. Ltd., under the LG Group
“LME”	the London Metal Exchange
“Listing Date”	November 17, 2025, on which the H Shares were listed on the Stock Exchange and from which dealings in the H Shares are permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“low-grade nickel matte”	an intermediate smelting product with a nickel content typically ranging between 10% to 30%
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“MHP”	mixed hydroxide precipitate, a nickel intermediate product used in the production of nickel sulfate, nickel plate, and other nickelcobalt materials
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NCA”	nickel cobalt aluminum, a nickel-based CAM made up of nickel, cobalt and aluminum

“NCM”	nickel cobalt manganese, a nickel-based CAM made up of nickel, cobalt and manganese in varying proportions
“new energy battery materials”	materials used in the production of new energy batteries, including CAM and their corresponding pCAM, anode, electrolyte fluid and separators
“new energy materials”	materials that include (i) new energy battery materials, and (ii) new energy metals
“new energy metals”	metals including lithium, nickel, cobalt and copper and their intermediates, which are essential raw materials for producing new energy battery materials and other materials in the new energy industry
“NFPP”	Sodium iron phosphate compound ($\text{Na}_4\text{Fe}_3(\text{PO}_4)_2\text{P}_2\text{O}_7$), a chemical compound and a polyanion type of Sodium-ion cathode active material
“nickel-based materials”	Nickel-based new energy materials, mainly include NCM/ NCA pCAM
“NNI”	PT Nadesico Nickel Industry, a limited liability company established in Indonesia on July 29, 2019 and a subsidiary of the Company
“pCAM”	cathode active material (CAM) precursors, the raw materials or precursor compounds used to produce CAM for batteries
“phosphorus-based materials”	phosphorus-based new energy materials, mainly include LFP/LFMP pCAM and LFP/LFMP CAM
“PRC” or “China”	the People’s Republic of China
“PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC Law”	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong, the Macau Special Administrative Region and the relevant regulations of Taiwan region
“POSCO Future M”	POSCO Future M Co., Ltd.
“POSCO Holdings”	POSCO Holdings Inc.

“Prospectus”	the prospectus of the Company dated November 7, 2025
“R&D”	research and development
“Reporting Period”	for the year ended December 31, 2025
“RMB”	the lawful currency of the PRC
“Samsung SDI”	Samsung SDI Co., Ltd., a subsidiary of the Samsung Group
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and A Shares
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“SHFE”	the Shanghai Futures Exchange
“SMM”	the Shanghai Metals Market
“sodium-based materials”	sodium-based new energy materials, mainly include sodium-based pCAM and CAM
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “HKEX”	The Stock Exchange of Hong Kong Limited
“Sunwoda”	Sunwoda Electronic Co., Ltd. (欣旺達電子股份有限公司)
“Tengyuan Cobalt”	Ganzhou Tengyuan Cobalt New Material Co., Ltd. (贛州騰遠鈷業新材料股份有限公司)
“Tesla”	Tesla (Shanghai) Co., Ltd. (特斯拉(上海)有限公司), Tesla, Inc.
“Trafigura”	Trafigura Pte. Ltd.
“ultra-high nickel pCAM/ product”	nickel-based pCAM with nickel content of at least 90 mol%
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States

“Xiamen Tungsten”	Xiamen Tungsten Co., Ltd. (廈門鎢業股份有限公司)
“Zhenhua New Materials”	Guizhou Zhenhua New Materials Co., Ltd.* (貴州振華新材料股份有限公司)
“%”	per cent

In this announcement, the terms “associate” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board
CNGR Advanced Material Co., Ltd.
Mr. Deng Weiming
Chairman, Executive Director and President

Hong Kong, March 30, 2026

As at the date of this announcement, Directors of the Company include: (i) Mr. Deng Weiming, Mr. Deng Jing, Mr. Tao Wu, Mr. Liao Hengxing, Mr. Li Weihua and Mr. Liu Xingguo as executive Directors; and (ii) Mr. Cao Feng, Mr. Hong Yuan, Mr. Jiang Liangxing and Ms. Wong Sze Wing as independent non-executive Directors.