
FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this Prospectus. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this Prospectus.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2022, 2023 and 2024 refer to the years ended December 31, 2022, 2023 and 2024, respectively.

OVERVIEW

We are a new energy materials company. We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years since 2020. We focus on the R&D, production and sales of new energy battery materials and new energy metal products.

During the Track Record Period, we delivered solid growth and profit margins. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our revenue was RMB30,343.7 million, RMB34,273.2 million, RMB40,222.9 million, RMB20,086.2 million and RMB21,322.5 million, respectively, representing a year-over-year growth rate of 12.9% from 2022 to 2023, 17.4% from 2023 to 2024 and 6.2% from the six months ended June 30, 2024 to the six months ended June 30, 2025. Our net profit was also robust as we continued to execute on our integration and globalization strategies. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our net profit was RMB1,539.4 million, RMB2,100.5 million, RMB1,787.8 million, RMB1,155.8 million and RMB705.7 million, respectively. During the same period, our EBITDA (Non-IFRS measure) was RMB2,678.0 million, RMB3,903.7 million, RMB4,283.0 million, RMB2,342.8 million and RMB2,288.0 million, with EBITDA margin (Non-IFRS measure) of 8.8%, 11.4%, 10.6%, 11.7% and 10.7%, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the new energy battery materials and metal industries. These factors include macro-economic trends, industry development and competitive landscape in the market. Any adverse development can have a negative impact on our results of operations.

In addition to these general factors, our results of operations are affected by the following specific factors:

Market demand and customer orders

As a new energy materials company, we mainly offer new energy battery materials and new energy metal products that serve as essential raw materials to produce new energy batteries and other components or materials in the new energy industry. As such, the demand for our products is affected by the demand for end products of downstream markets. Robust growth in existing markets, such as EV, ESS and consumer electronics, as well as emerging high-potential markets, such as humanoid robotics and low-altitude aerial vehicles, is a key driver of demand for our new energy materials. According to Frost & Sullivan, global EV sales volume grew at a CAGR of 56.8% from 2020 to 2024, reaching 18.3 million units in 2024. This figure is

FINANCIAL INFORMATION

expected to rise to 57.1 million units by 2030, with a projected CAGR of 20.9% from 2024 to 2030. Similarly, global battery ESS shipments increased to 292.2 GWh in 2024, representing a CAGR of 87.4% from 2020, and are forecasted to grow to 1,391.3 GWh by 2030 at a CAGR of 29.7%. Consumer electronics shipments remained relatively stable, reaching 2,452.1 million units in 2024 and are expected to grow steadily to 2,842.9 million units by 2030. The global robotics market saw shipment volumes grow at a CAGR of 21.8% from 2020 to 2024, reaching 5.0 million units in 2024. This figure is projected to rise to 13.8 million units by 2030, with a CAGR of 18.3% from 2024 to 2030. Meanwhile, the sales volume of low-altitude aerial vehicles of drone is expected to increase from 33.8 million units in 2024 to 102.2 million units in 2030 at a CAGR of 20.3%, and the global eVTOL sales volume is expected to increase from 1,100 units in 2024 to 53,300 units in 2030, at a CAGR of 90.4%. However, any unfavorable shifts in the growth trends of these end markets could negatively impact customer demand for our products and materially affect our results of operations. See “Risk Factors - Our business is exposed to the supply-demand dynamics in the battery industry, and is affected by market demand for the end products where our new energy battery materials are used.”

Despite the historical and projected growth of end markets, customer demand for our products has historically experienced, and may experience in the future, temporary downward trends due to changing supply and demand dynamics—driven by, among other factors, adjustments in the production plans and inventory levels of our customers. For example, while global EV sales grew from 14.6 million units in 2023 to 18.3 million units in 2024, and global shipments of ternary batteries increased from 448.6 GWh in 2023 to 522.0 GWh in 2024, the global shipment volume of nickel-based pCAM declined from 968,300 metric tons in 2023 to 961,500 metric tons in 2024. This was primarily due to production and inventory adjustments made by ternary battery manufacturers in response to the increasing adoption of LFP batteries in the mass-market EV segment.

Despite the foregoing, LFP batteries and ternary batteries possess distinct characteristics that make them suitable for different end-use applications. Due to their relatively higher energy density, ternary batteries are favored in applications such as premium EV, eVTOLs, electric vessels, and robotics, where compact size and high capacity are critical. In contrast, LFP batteries are more commonly used in mass-market EV and ESS, which prioritize a balanced trade-off between performance and cost. As a result, demand for nickel-based materials and phosphorus-based materials—the respective key raw materials for ternary and LFP batteries—is expected to increase significantly, driven by the growth of their respective end markets. According to Frost & Sullivan, global shipments of nickel-based pCAM are projected to grow from 961,500 metric tons in 2024 to 3,103,700 metric tons in 2030, at a CAGR of 21.6%. Meanwhile, global shipments of phosphorus-based pCAM are expected to rise from 2.2 million metric tons in 2024 to 8.4 million metric tons in 2030, at a CAGR of 24.9%. As innovative products, sodium-based materials and the corresponding sodium-ion batteries are still in a relatively early stage of development and currently have not yet generated significant downstream demand according to Frost & Sullivan.

Raw material costs and product pricing

Key metals involved in our new energy battery materials are nickel and cobalt. We primarily use the average LME/MB or SMM/SHFE prices over an agreed period as the metal pricing benchmark, applying negotiated discount rates to price our new energy battery materials. We also sell new energy metals, mainly nickel products, using LME/MB or SMM/SHFE prices as benchmark. See “Business – Our Business and Products – Product pricing.” When sourcing metal raw materials, whether metal ores, intermediates or high-purity metals, we use similar pricing benchmarks, but the discount rates differ. Generally, from lowest to highest, the discount rate is the lowest for pricing our new energy battery materials, followed by the rates for sourcing high-purity metals, metal intermediates, and metal ores. The differences in discount rates reflect variations in metal content, and are influenced by changing supply and demand dynamics, which are beyond our control. While the discount rates for different products are primarily driven by industry factors, we still actively negotiate with our customers to obtain a more favorable discount rate within the industry norm. Typically, higher discount rates are applied when determining the selling prices for customers who maintain long-term business relationships with us and have substantial volume requirements.

FINANCIAL INFORMATION

As a result of such pricing mechanism, fluctuations in metal prices impact our revenue from the sale of new energy battery materials and new energy metals. According to Frost & Sullivan, the global yearly average price of nickel and cobalt decreased from RMB175,700 per metric ton in 2022 to RMB120,600 per metric ton in 2024, and RMB457,800 per metric ton in 2022 to RMB193,200 per metric ton in 2024, primarily due to the industry-wide supply and demand dynamics as a result of over-supplies due to the rapid expansion of upstream production capacity in previous years. As a result, the average selling price of our nickel-based materials and cobalt-based materials decreased from RMB123,100 per metric ton in 2022 to RMB82,900 per metric ton in 2024, and RMB327,900 per metric ton in 2022 to RMB106,600 per metric ton, which was in line with the downward trend of the prevailing market price during the same period.

On the other hand, our raw materials costs are also largely affected by the benchmark metal price, while profitability of our new energy battery materials is partially influenced by the difference in the discount rates applied to (i) the cost of sourcing metal raw materials, and (ii) the metal price used to price our finished products. As a result of the pricing mechanism discussed above, the fluctuation in prices of raw materials could be effectively reflected on the selling prices of our products and the raw material costs we procured. In particular, while a decrease in the benchmark price may result in a decrease in our revenue, our profitability may not necessarily decrease in tandem as our raw material cost would also decrease. For example, despite the decrease in selling prices of our new energy battery materials during the Track Record Period, the overall gross profit margin of our new energy battery materials increased from 11.7% in 2022 to 17.7% in 2024. In addition, to better reflect the underlying profitability of our new energy battery materials, we use gross profit per ton, a metric calculated by dividing gross profit from sales of new energy battery materials by the total volume (in metric tons) sold during the year.

Similarly, the profitability of our new energy metal, mainly nickel products, is impacted by the difference in discount rates applied to (i) the cost of sourcing metal ores and (ii) the pricing of our metal products.

The following sensitivity analysis illustrates the effects of hypothetical fluctuations in nickel on our gross profit for the periods indicated, assuming all other factors affecting our profitability had remained unchanged.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	<i>(in RMB thousands)</i>			
Change in nickel prices				
+/- 5%	+/-10,579	+/-117,184	+/-268,579	+/-209,454
+/- 10%	+/-21,158	+/-234,367	+/-537,157	+/-418,908
+/- 15%	+/-31,736	+/-351,551	+/-805,736	+/-628,361

Our vertically integrated operations

We began as a pCAM specialist and have since evolved into a vertically-integrated global operation, spanning from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling. As we have further expanded our operations to integrate upstream resources, we are capable of self supplying nickel and a portion of cobalt raw materials for production of our new energy battery materials from our upstream smelting and refinery production facilities. As of June 30, 2025, we achieved a nickel primary smelting capacity of 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025.

We have been able to benefit from favorable difference in the discount rates applied to (i) the cost of sourcing metal raw materials and (ii) the metal price used to price our finished products, largely due to such integration efforts, which have allowed us to shift from sourcing high-purity metals or metal intermediates,

FINANCIAL INFORMATION

to metal ores that generally had a higher discount rate, and capture more value generated through processing metals within our integrated supply chain. Typically, the larger difference in discount rates we enjoyed along the industry value chain, the more value we may generate through processing metals within our supply chain, which can directly affect our profitability and results of operations.

Our grip on nickel resources and processing capabilities ensures supply chain security during shortages while maximizing profitability. Specifically, our integrated model gives us the flexibility to sell nickel intermediates, such as nickel matte and NPI, as nickel products, to the broader markets or utilize them as raw materials for manufacturing our new energy battery materials, depending on market conditions, price fluctuation and market demand of new energy battery materials and new energy metal products. When it is more economical to source alternative nickel materials for our new energy battery materials production, we sell those nickel products and buy such raw materials in the market to optimize our cost structure. In particular, we have the flexibility to choose to procure raw materials from external sources when selling nickel products generate more profit than the incremental profit from using them as raw materials in our production process. The new energy products we sell and the raw materials we use are different types of nickel products with different production processes as detailed in “—Production.” As such, the profitability can be different as a result of the difference in prices and production costs.

Product mix

Our financial performance is affected by product mix, as our prices and gross profit margins vary across our product categories.

The gross margins of our new energy metal products are generally lower than those of our new energy battery materials, reflecting the value derived from our R&D and manufacturing efforts on new energy battery materials. Additionally, our nickel-based materials have higher gross margin than other categories of new energy battery materials, primarily due to the benefit from our integrated model. Similarly, among the nickel-based materials, advanced products with higher nickel content generally have a higher gross profit margin. The mix of new energy battery materials relative to new energy metal products is influenced by the supply and demand dynamics for each.

Our R&D capabilities and operational efficiency

Our ability to capitalize on vast end market opportunities depends on our ability to maintain and expand relationships with existing customers, as well as penetrate new markets and attract new customers. This, in turn, is dependent on our R&D capabilities to advance technologies and production techniques, enabling us to develop products tailored to our existing and new customers’ needs in the end markets. We have integrated our R&D efforts with our customers to ensure our developments align with both their current and future battery technologies. This integrated R&D approach creates high switching costs for our customers and strong barriers to replication.

Additionally, our success will depend on our ability to continuously optimize operational efficiency, and to enhance our competitive advantage. Our operations are vertically integrated, and our ability to continuously improve operational efficiency is crucial to the success of our business. By optimizing our processes across the entire value chain, we can reduce costs, improve product quality, and accelerate production timelines, all of which directly impact our results of operations. We increase efficiency across all business functions through the adoption of advanced automation and digitalization technologies, including robotics, IoT and AI.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS effective

FINANCIAL INFORMATION

for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by us in the preparation of our historical financial information throughout the Track Record Period.

Our historical financial information has been prepared under the historical cost convention, except for derivative financial instruments and certain other non-current financial assets which have been measured at fair value.

See note 2.1 to “Appendix I — Accountants’ Report” to this Prospectus.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 2.3 to “Appendix I — Accountants’ Report” to this Prospectus sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See note 3 to “Appendix I – Accountants’ Report.”

RESULTS OF OPERATIONS

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
	(unaudited)									
Revenue	30,343,742	100.0%	34,273,223	100.0%	40,222,890	100.0%	20,086,186	100.0%	21,322,547	100.0%
Cost of sales	(26,963,139)	(88.9)%	(29,696,767)	(86.6)%	(35,380,773)	(88.0)%	(17,517,858)	(87.2)%	(18,780,024)	(88.1)%
Gross profit	3,380,603	11.1%	4,576,456	13.4%	4,842,117	12.0%	2,568,328	12.8%	2,542,523	11.9%
Other income and gains	636,747	2.1%	901,809	2.6%	733,599	1.8%	368,718	1.8%	267,119	1.3%
Selling and marketing expenses	(56,277)	(0.2)%	(86,695)	(0.3)%	(111,487)	(0.3)%	(50,134)	(0.2)%	(48,043)	(0.2)%
Administrative expenses	(686,513)	(2.3)%	(999,593)	(2.9)%	(1,156,896)	(2.9)%	(570,950)	(2.8)%	(636,726)	(3.0)%
Research and development costs	(929,164)	(3.1)%	(1,055,686)	(3.1)%	(1,109,313)	(2.8)%	(450,535)	(2.2)%	(544,764)	(2.6)%
Other expenses	(112,843)	(0.4)%	(98,221)	(0.3)%	(188,393)	(0.5)%	(68,386)	(0.3)%	(238,587)	(1.1)%
Finance costs	(538,914)	(1.8)%	(841,226)	(2.5)%	(1,037,366)	(2.6)%	(495,398)	(2.5)%	(521,081)	(2.4)%
Share of profits and losses of:										
Joint ventures ...	133	0.0%	(17,951)	(0.1)%	39,701	0.1%	19,836	0.1%	3,673	0.0%
Associates	(782)	0.0%	2,006	0.0%	10,582	0.0%	(12,133)	(0.1)%	2,939	0.0%
Profit before tax	1,692,990	5.6%	2,380,899	6.9%	2,022,544	5.0%	1,309,346	6.5%	827,053	3.9%
Income tax expense ..	(153,564)	(0.5)%	(280,410)	(0.8)%	(234,789)	(0.6)%	(153,514)	(0.8)%	(121,403)	(0.6)%
Profit for the year/period	1,539,426	5.1%	2,100,489	6.1%	1,787,755	4.4%	1,155,832	5.8%	705,650	3.3%

FINANCIAL INFORMATION

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
	(unaudited)									
Profit attributable to:										
Owners of the parent	1,548,644	5.1%	1,947,559	5.7%	1,467,224	3.6%	863,235	4.3%	735,192	3.4%
Non-controlling interests	(9,218)	0.0%	152,930	0.4%	320,531	0.8%	292,597	1.5%	(29,542)	(0.1)%

NON-IFRS MEASURES

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

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
<i>(in RMB thousands, except for percentages)</i> <i>(unaudited)</i>					
Profit for the year/period	1,539,426	2,100,489	1,787,755	1,155,832	705,650
adjusted for:					
Interest income	(89,933)	(218,289)	(221,627)	(104,159)	(79,019)
Income tax expense	153,564	280,410	234,789	153,514	121,403
Finance costs	538,914	841,226	1,037,366	495,398	521,081
Depreciation and amortization	536,013	899,844	1,444,696	642,185	1,018,875
EBITDA (Non-IFRS Measure)	2,677,984	3,903,680	4,282,979	2,342,770	2,287,990
<i>EBITDA margin (Non-IFRS Measure)</i>	<i>8.8%</i>	<i>11.4%</i>	<i>10.6%</i>	<i>11.7%</i>	<i>10.7%</i>

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record 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, (iii) metals trading, (iv) resales of raw materials, and (v) others, which mainly include revenue from contract manufacturing services. See “Business – Our Business and Products.”

FINANCIAL INFORMATION

By products

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

		Year Ended December 31,						Six Months Ended June 30,			
		2022		2023		2024		2024		2025	
		(in RMB thousands, except for percentages)									
		(unaudited)									
New energy battery materials											
Nickel-based materials . . .	24,627,656	81.2%	21,733,466	63.4%	16,163,302	40.2%	8,830,575	44.0%	7,490,866	35.1%	
Cobalt-based materials . . .	3,194,732	10.5%	2,957,722	8.6%	2,244,581	5.6%	1,078,274	5.4%	1,451,943	6.8%	
Phosphorus-based materials . . .	661	0.0%	327,722	1.0%	679,644	1.7%	246,692	1.2%	670,075	3.1%	
pCAM . . .	661	0.0%	327,722	1.0%	679,610	1.7%	246,692	1.2%	669,947	3.1%	
CAM	—	—	—	—	34	0.0%	—	0.0%	128	0.0%	
Other innovative materials ⁽¹⁾ . .	—	—	—	—	9,869	0.0%	2,922	0.0%	19,368	0.1%	
Sub-total	27,823,049	91.7%	25,018,910	73.0%	19,097,396	47.5%	10,158,463	50.6%	9,632,252	45.2%	
New energy metal products	—	—	3,388,015	9.9%	13,483,103	33.5%	6,439,175	32.1%	9,272,895	43.5%	
Metals trading	9,881	0.0%	749,037	2.2%	4,355,858	10.8%	1,969,857	9.8%	546,540	2.6%	
Resales of raw materials	1,888,469	6.2%	4,011,372	11.7%	1,829,391	4.5%	836,199	4.2%	1,249,179	5.9%	
Others ⁽²⁾	622,342	2.1%	1,105,889	3.2%	1,457,142	3.6%	682,493	3.4%	621,681	2.9%	
Total	30,343,742	100.0%	34,273,223	100.0%	40,222,890	100.0%	20,086,186	100.0%	21,322,547	100.0%	

Note:

- (1) Other innovative materials mainly include sodium-based and manganese-based pCAM.
(2) Others mainly include revenue from contract manufacturing services.

During the Track Record Period, substantially all of our new energy battery materials are pCAM, with all nickel-based and cobalt-based materials being pCAM.

The table below sets forth the sales volume and average selling price of the main categories of our new energy battery materials and the nickel products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Sales volume ⁽¹⁾ Ton'000	Average selling price ⁽²⁾ RMB'000/ton	Sales volume Ton'000	Average selling price ⁽²⁾ RMB'000/ton	Sales volume Ton'000	Average selling price ⁽²⁾ RMB'000/ton	Sales volume Ton'000	Average selling price ⁽²⁾ RMB'000/ton	Sales volume Ton'000	Average selling price ⁽²⁾ RMB'000/ton
New energy battery materials										
Nickel-based materials	200.0	123.1	211.3	102.9	194.9	82.9	101.2	87.3	97.8	76.6
Cobalt-based materials	9.7	327.9	19.0	155.8	21.1	106.6	9.5	113.7	11.7	124.3
Phosphorus-based materials	0.1	14.3	31.9	10.3	77.9	8.7	28.2	8.8	73.0	9.2
New energy metal products										
Nickel products ⁽³⁾	—	—	30.6	109.8	124.6	102.2	59.2	104.0	89.8	93.9
Metals trading										
Electrolytic nickel	0.1	166.5	2.9	124.2	26.4	118.2	14.8	122.6	1.9	112.7

FINANCIAL INFORMATION

Note:

- (1) Excluding the volume from our contract manufacturing services, revenue from which is recorded under “others” in our revenue.
- (2) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year, which represented the average price at which our products were sold to our customers.
- (3) The sales volume of nickel products was calculated based on the metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte, high grade nickel matte, and other nickel products, such as electrolytic nickel.

During the Track Record Period, we generated a majority of our revenue from the sales of new energy battery materials and new energy metal products, which accounted for over 80% of our total revenue during each year of 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025. Our revenue from sales of nickel-based materials during the Track Record Period decreased, primarily due to the decrease in selling prices as a result of the decrease in nickel prices. Our revenue from sales of cobalt-based materials decreased from 2022 to 2024, primarily due to the decrease in selling prices as a result of the decrease in cobalt price, while our revenue from sales of cobalt-based materials increased from the six months ended June 30, 2024 to the six months ended June 30, 2025, primarily due to the increase in cobalt prices. We started to generate revenue from new energy metals in 2023, which increased in 2024 with the expansion of our nickel production.

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. During the Track Record Period, we sold our products to customers with places of registration in 22 countries or regions in aggregate.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
	(unaudited)									
Mainland China	20,124,343	66.3%	20,200,092	58.9%	22,339,155	55.5%	10,961,315	54.6%	10,538,496	49.4%
Overseas	10,219,399	33.7%	14,073,131	41.1%	17,883,735	44.5%	9,124,871	45.4%	10,784,051	50.6%
South Korea	4,603,070	15.2%	6,962,064	20.3%	5,197,928	12.9%	2,948,612	14.7%	2,066,557	9.7%
the Netherlands	4,662,696	15.4%	3,458,181	10.1%	176,866	0.4%	176,339	0.9%	—	—
Singapore	289,223	1.0%	224,527	0.7%	2,883,438	7.2%	1,439,692	7.2%	1,476,789	6.9%
Indonesia	12,180	0.0%	1,383,876	4.0%	3,774,712	9.4%	1,749,464	8.7%	1,588,753	7.5%
United States	5,044	0.0%	57,510	0.2%	1,151,151	2.9%	769,652	3.8%	1,626,226	7.6%
Hong Kong	—	—	555,973	1.6%	2,292,402	5.7%	671,949	3.3%	2,175,620	10.2%
Others ⁽¹⁾	647,185	2.1%	1,431,000	4.2%	2,407,238	6.0%	1,369,162	6.8%	1,850,107	8.7%
Total	30,343,742	100.0%	34,273,223	100.0%	40,222,890	100.0%	20,086,186	100.0%	21,322,547	100.0%

Note:

- (1) Mainly include the Switzerland, United Kingdom and Luxembourg.

During the Track Record Period, a majority of our revenue was from Mainland China, while the revenue contribution from overseas continuously increased primarily due to our continuous efforts in penetrating overseas markets and improvement of global presence. As a result of our globalization strategy, we expect that the overseas market will continue to account for a substantial portion of our total revenue in the future.

In particular, the revenue from sales to customers of South Korea decreased from RMB6,962.1 million in 2023 to RMB5,197.9 million in 2024, and further decreased from RMB2,948.6 million in the six months ended June 30, 2024 to RMB2,066.6 million in the six months ended June 30, 2025. The revenue contribution from those customers decreased from 20.3% in 2023 to 12.9% in 2024, which further decreased from 14.7% in the six months ended June 30, 2024 and 9.7% in the six months ended June 30, 2025. Such decrease was

FINANCIAL INFORMATION

primarily due to the decrease in selling prices of nickel prices as a result of the decrease in nickel price and the decrease in sales volume of nickel-based materials in South Korea, and the increase in our total revenue primarily attributable to the increase in revenue from sales of new energy metal products.

The revenue from sales to customers with place of registration in the Netherlands decreased from RMB3,458.2 million in 2023 to RMB176.9 million in 2024, and further decreased from RMB176.3 million in the six months ended June 30, 2024 to nil in the six months ended June 30, 2025, primarily due to the fact that the Customer A changed its transaction entities for part of the orders from its subsidiaries in the Netherlands to the United States in 2024 and the six months ended June 30, 2025.

The revenue from sales to customers of Singapore increased from RMB224.5 million in 2023 to RMB2,883.4 million in 2024, with revenue contribution increased from 0.7% in 2023 to 7.2% in 2024, primarily due to the significant increase in sales of new energy metal products to customers with places of registration in Singapore. We started to produce nickel products in Indonesia since 2023, and several of our customers for these nickel products are registered in Singapore.

The revenue from sales to customers with place of registration in Indonesia increased from RMB12.2 million in 2022 to RMB3,774.7 million in 2024, with revenue contribution increasing from 0.0% in 2022 to 9.4% in 2024, primarily due to the increase in our sales of new energy metal products in Indonesia as we started our production of nickel products in Indonesia since 2023.

The revenue from sales to customers with place of registration in the United States increased from RMB57.5 million in 2023 to RMB1,151.2 million in 2024, and further increased from RMB769.7 million in the six months ended June 30, 2024 to RMB1,626.2 million in the six months ended June 30, 2025. The revenue contribution from those customers increased from 0.2% in 2023 to 2.9% in 2024, and further increased from 3.8% in the six months ended June 30, 2024 to 7.6% in the six months ended June 30, 2025. Such increase was primarily due to the fact that the Customer A changed its transaction entities for part of the orders from its subsidiaries in the Netherlands and Shanghai to the United States in 2024 and the six months ended June 30, 2025.

The revenue from sales to customers with place of registration in Hong Kong increased from nil in 2022 to RMB2,292.4 million in 2024, and further increased from RMB671.9 million in the six months ended June 30, 2024 to RMB2,175.6 million in the six months ended June 30, 2025, primarily due to the increase in our sales of new energy metal products to customers with place of registration in Hong Kong. We started to produce nickel products in Indonesia since 2023, and several of our customers for these nickel products are registered in Hong Kong.

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,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
	(unaudited)									
Raw materials . . .	25,286,442	93.8%	26,791,120	90.2%	29,647,385	83.8%	14,936,613	85.2%	14,542,891	77.4%
Manufacturing costs and others	1,365,823	5.1%	2,501,073	8.4%	4,946,355	14.0%	2,219,742	12.7%	3,733,167	19.9%
Labor	310,874	1.1%	404,574	1.4%	787,033	2.2%	361,503	2.1%	503,966	2.7%
Total	26,963,139	100.0%	29,696,767	100.0%	35,380,773	100.0%	17,517,858	100.0%	18,780,024	100.0%

FINANCIAL INFORMATION

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

Gross profit and gross profit margin

By products

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

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
(in RMB thousands, except for percentages)										
(unaudited)										
New energy battery materials										
Nickel-based materials	3,070,332	12.5%	3,772,716	17.4%	3,209,255	19.9%	1,625,101	18.4%	1,334,942	17.8%
Cobalt-based materials	182,548	5.7%	243,331	8.2%	238,618	10.6%	96,465	8.9%	375,877	25.9%
Phosphorus-based materials	70	10.6%	(26,932)	(8.2)%	(70,902)	(10.4)%	(4,122)	(1.7)%	(70,199)	(10.5)%
pCAM	70	10.6%	(26,932)	(8.2)%	(70,910)	(10.4)%	(4,122)	(1.7)%	(70,231)	(10.5)%
CAM	—	—	—	—	8	23.6%	—	—	32	24.9%
Other innovative materials	—	—	—	—	(2,110)	(21.4)%	446	15.3%	(9,072)	(46.8)%
Sub-total	3,252,950	11.7%	3,989,115	15.9%	3,374,861	17.7%	1,717,890	16.9%	1,631,548	16.9%
New energy metal products	—	—	301,192	8.9%	1,016,899	7.5%	676,018	10.5%	690,171	7.4%
Metals trading	143	1.4%	1,125	0.2%	37,916	0.9%	837	0.0%	13,557	2.5%
Resales of raw materials	49,694	2.6%	154,782	3.9%	89,231	5.0%	1,446	0.2%	29,276	2.3%
Others	77,816	12.5%	130,241	11.8%	323,210	22.3%	172,137	25.3%	177,971	28.6%
Total	3,380,603	11.1%	4,576,456	13.4%	4,842,117	12.0%	2,568,328	12.8%	2,542,523	11.9%
Gross profit per ton⁽¹⁾										
Nickel-based materials	15.3		17.9		16.5		16.1		13.6	
Cobalt-based materials	18.7		12.8		11.3		10.2		32.2	

Note:

(1) calculated by dividing gross profit from sales of new energy battery materials by the total volume (in metric tons) sold during the year.

During the Track Record Period, our gross profit margin was primarily affected by our product mix and raw material prices. Notably, the gross profit margin for our nickel-based materials improved from 12.5% in 2022 to 17.4% in 2023, while gross profit per ton increased from approximately RMB15,300 to RMB17,900. This increase in gross profit per ton was mainly driven by the lower cost per ton. Such decrease in cost was resulted from the more favorable difference in the discount rates applied to (i) the cost of sourcing metal raw materials and (ii) the metal price used to price our finished products, which reflects the value we created through processing metals within our integrated supply chain, supported by the commencement of our nickel production. Typically, the larger difference in discount rates we enjoyed along the industry value chain, the more value we may generate through processing metals within our supply chain, which can directly affect our profitability and results of operations. The improvement in gross profit margin in 2023 was a result of the higher gross profit per ton and a decline in the average selling price of our nickel-based materials due to a drop in benchmark nickel prices.

FINANCIAL INFORMATION

In 2024, the gross profit margin for our nickel-based materials further improved to 19.9%, although gross profit per ton declined to approximately RMB16,500. 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. Nevertheless, our gross profit margin improved in 2024 because the average selling price of our nickel-based materials declined at a sharper rate than the decrease in our gross profit per ton due to the value we created through development and manufacturing of nickel-based materials.

During the Track Record Period, the gross profit margin for our cobalt-based materials increased from 5.7% in 2022 to 10.6% in 2024, while the gross profit per ton decreased from approximately RMB18,700 in 2022 to RMB11,300 in 2024. The decrease in gross profit per ton was mainly due to decline in benchmark cobalt prices. Nevertheless our gross profit margin of our cobalt-based materials improved from 2022 to 2024 because the average selling price of our cobalt-based materials declined at a sharper rate than the decrease in our gross profit per ton. The slower decline in gross profit per ton was supported by the value we created through the development and manufacturing of cobalt-based materials.

The gross profit margin for our phosphorus-based materials decreased from 10.6% in 2022 to negative gross profit margin of 8.2% in 2023. Such negative gross profit margin increased from 8.2% in 2023 to 10.4% in 2024. Such decrease in gross profit margin was primarily due to the decrease in selling prices of phosphorus-based materials as affected by intensified competition resulting from the over-supplies in the market, while the raw materials did not decrease to the same extent as compared to the selling prices. Our negative gross profit margin increased from 1.7% in the six months ended June 30, 2024 to 10.5% in the six months ended June 30, 2025, primarily because we recorded less depreciation costs related to the production facilities of phosphorus-based materials in the six months ended June 30, 2024 as those production facilities were still undergoing frequent adjustment before recognized as our assets during that period.

The gross profit margin of new energy metal products decreased in 2024, due to the overall decrease in prevailing market prices of nickel products in 2024, 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,						Six Months Ended June 30,			
	2022	Gross Profit Margin	2023	Gross Profit Margin	2024	Gross Profit Margin	2024	Gross Profit Margin	2025	Gross Profit Margin
	Gross Profit		Gross Profit		Gross Profit		Gross Profit		Gross Profit	
(in RMB thousands, except for percentages)										
(unaudited)										
Mainland										
China . . .	1,817,630	9.0%	2,325,643	11.5%	2,383,233	10.7%	1,328,189	12.1%	1,401,750	13.3%
Overseas ⁽¹⁾ .	1,562,973	15.3%	2,250,813	16.0%	2,458,884	13.7%	1,240,139	13.6%	1,140,773	10.6%
Total	3,380,603	11.1%	4,576,456	13.4%	4,842,117	12.0%	2,568,328	12.8%	2,542,523	11.9%

Note:

(1) Mainly include South Korea, Singapore, Indonesia, the Netherlands 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 Mainland China, primarily because the products demanded by our

FINANCIAL INFORMATION

overseas customers are more advanced and high-end compared to those preferred by domestic customers, who tend to be more cost-sensitive. Therefore, the overall gross profit margin from overseas customers was higher than that of the customers in China from 2022 to 2024, as a greater mix of advanced products, such as high- and ultra-high nickel pCAM, which generally have higher gross profit margin, were sold to our overseas customers. However, the overall gross profit margin from overseas decreased from 13.6% in the six months ended June 30, 2024 to 10.6% in the six months ended June 30, 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 Mainland China increased from 12.1% in the six months ended June 30, 2024 to 13.3% in the six months ended June 30, 2025, primarily due to the increase in gross profit margin for our cobalt-based materials which were mainly sold in Mainland China.

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.

The table below sets forth the breakdown of our selling and marketing expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	<i>(in RMB thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Salaries, compensations and benefits	31,535	56.1%	52,164	60.2%	68,159	61.1%	33,420	66.7%	27,463	57.2%
Consulting fees	8,440	15.0%	6,331	7.3%	12,953	11.6%	2,932	5.8%	4,829	10.1%
Traveling expenses	5,146	9.1%	10,410	12.0%	9,648	8.7%	4,813	9.6%	4,152	8.6%
Business development expenses	2,551	4.5%	9,136	10.5%	6,316	5.7%	3,027	6.0%	3,340	7.0%
Others ⁽¹⁾	8,605	15.3%	8,654	10.0%	14,411	12.9%	5,942	11.9%	8,259	17.2%
Total	56,277	100.0%	86,695	100.0%	111,487	100.0%	50,134	100.0%	48,043	100.0%
<i>As a percentage of total revenue</i>		0.2%		0.3%		0.3%		0.2%		0.2%

Note:

(1) Mainly including other marketing expenses, rentals and depreciation and amortization.

During the Track Record Period, the absolute amount of our selling and marketing expenses increased in line with our continuous business growth. The selling and marketing expenses as a percentage of our total revenue remained relatively stable at 0.2%, 0.3%, 0.3%, 0.2% and 0.2% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

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.

FINANCIAL INFORMATION

The table below sets forth the breakdown of the administrative expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	<i>(in RMB thousands, except for percentages)</i>						<i>(unaudited)</i>			
Salaries, compensations and benefits	365,286	53.2%	542,899	54.3%	540,484	46.7%	299,842	52.5%	311,277	48.9%
Professional service fees	35,933	5.2%	52,913	5.3%	157,854	13.6%	57,549	10.1%	51,960	8.2%
Depreciation and amortization	56,639	8.3%	98,926	9.9%	108,210	9.4%	64,565	11.3%	62,562	9.8%
Traveling, business development and office expenses . . .	41,968	6.1%	68,884	6.9%	104,063	9.0%	38,092	6.7%	43,339	6.8%
Taxes, stamp duties and surcharges	99,853	14.5%	119,866	12.0%	114,339	9.9%	59,380	10.4%	55,264	8.7%
Finance expenses . . .	31,243	4.6%	30,496	3.1%	25,250	2.2%	10,982	1.9%	30,230	4.7%
Others ⁽¹⁾	55,591	8.1%	85,609	8.6%	106,696	9.2%	40,540	7.1%	82,095	12.9%
Total	686,513	100.0%	999,593	100.0%	1,156,896	100.0%	570,950	100.0%	636,726	100.0%
<i>As a percentage of total revenue</i>		2.3%		2.9%		2.9%		2.8%		3.0%

Note:

(1) Mainly including property management fees, training expenses and recruitment expenses.

During the Track Record Period, the absolute amount of our administrative expenses increased in line with our continuous business growth. The administrative expenses as a percentage of our total revenue remained relatively stable at 2.3%, 2.9%, 2.9%, 2.8% and 3.0% in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

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.

The table below sets forth the breakdown of the research and development expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	<i>(in RMB thousands, except for percentages)</i>						<i>(unaudited)</i>			
Salaries, compensations and benefits	166,439	17.9%	249,897	23.7%	412,237	37.2%	146,608	32.5%	260,003	47.7%
Raw materials	691,447	74.4%	725,825	68.8%	588,773	53.1%	250,035	55.5%	234,819	43.1%
Depreciation and amortization	24,314	2.6%	54,622	5.2%	76,697	6.9%	38,492	8.5%	41,932	7.7%
Others ⁽¹⁾	46,964	5.1%	25,342	2.4%	31,606	2.8%	15,400	3.4%	8,010	1.5%
Total	929,164	100.0%	1,055,686	100.0%	1,109,313	100.0%	450,535	100.0%	544,764	100.0%
<i>As a percentage of total revenue . . .</i>		3.1%		3.1%		2.8%		2.2%		2.6%

FINANCIAL INFORMATION

Note:

(1) Mainly including traveling and office expenses.

During the Track Record Period, the absolute amount of our research and development expenses increased as our continuous business grew. The research and development expenses as a percentage of our total revenue remained relatively stable at 3.1%, 3.1%, 2.8%, 2.2% and 2.6% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

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, and electricity cost subsidies, as well as recurring VAT deductions. There are no unfulfilled conditions or contingencies relating to these grants.

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our total other income and gains were RMB636.7 million, RMB901.8 million, RMB733.6 million, RMB368.7 million and RMB267.1 million. During the same years, the government grants we received and recognized in profit or loss were RMB518.2 million, RMB579.7 million, RMB438.0 million, RMB231.5 million and RMB133.1 million, respectively.

Other expenses

Our other expenses primarily include (i) the expenses relating to factoring, and (ii) the expenses unrelated to our operations.

In 2022, 2023, and 2024 and the six months ended June 30, 2024 and 2025, our other expenses amounted to RMB112.8 million, RMB98.2 million, RMB188.4 million, RMB68.4 million and RMB238.6 million, representing 0.3%, 0.3%, 0.5%, 0.3% and 1.1% of our total revenue for the respective periods.

Financial costs

Our financial costs mainly comprise interest on bank and other borrowings, which include bonds payables, interest on lease liabilities and other finance expenses.

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>(in RMB thousands)</i>				
	<i>(unaudited)</i>				
Interest on bank and other borrowings (including bonds payable)	604,162	960,032	1,201,046	532,924	581,249
Interest on lease liabilities	1,561	3,008	2,059	1,011	871
Total interest expenses on financial liabilities not at fair value through profit or loss	605,723	963,040	1,203,105	533,935	582,120
Less: interest capitalized	(77,951)	(179,040)	(192,532)	(51,471)	(70,988)
Subtotal	<u>527,772</u>	<u>784,000</u>	<u>1,010,573</u>	<u>482,464</u>	<u>511,132</u>
Other finance costs	11,142	57,226	26,793	12,934	9,949
Total	<u>538,914</u>	<u>841,226</u>	<u>1,037,366</u>	<u>495,398</u>	<u>521,081</u>

FINANCIAL INFORMATION

During the Track Record Period, the continuous increase in our finance costs was primarily due to the increase in interest-bearing bank borrowings and bonds payable to fund our operations.

Income tax expenses

Our income tax expenses comprise current tax and deferred tax. See note 10 to “Appendix I — Accountants’ Report” to this Prospectus. We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of our Group are domiciled and operate.

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in mainland China was calculated at the statutory tax rate of 25% on the estimated assessable profits during the Track Record Period. Several of our subsidiaries in mainland China qualified as high-tech enterprises, and several subsidiaries’ operations fell within the scope of China’s Western Development Program. Accordingly, they enjoyed a preferential income tax rate of 15% for the Track Record Period. Several subsidiaries in PRC were qualified as small and micro-sized enterprises, which also enjoyed preferential tax rates.

The income tax rate for companies incorporated in Indonesia is generally 22%, except those which are subject to tax concession.

See note 10 to “Appendix I — Accountants’ Report” to this Prospectus.

As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2025 compared to six months ended June 30, 2024

Revenue by product

	Six Months Ended June 30,		
	2024	2025	% Change
	<i>(in RMB thousands, except for percentages)</i>		
	<i>(unaudited)</i>		
New energy battery materials			
Nickel-based materials	8,830,575	7,490,866	(15.2)%
Cobalt-based materials	1,078,274	1,451,943	34.7%
Phosphorus-based materials	246,692	670,075	171.6%
pCAM	246,692	669,947	171.6%
CAM	—	128	—
Other innovative materials	2,922	19,368	562.8%
Sub-total	10,158,463	9,632,252	(5.2)%
New energy metal products	6,439,175	9,272,895	44.0%
Metals trading	1,969,857	546,540	(72.3)%
Resales of raw materials	836,199	1,249,179	49.4%
Others	682,493	621,681	(8.9)%
Total	20,086,186	21,322,547	6.2%

FINANCIAL INFORMATION

Sales volume and average selling prices

	Six Months Ended June 30,			
	2024		2025	
	Sales volume	Average selling price ⁽¹⁾	Sales volume	Average selling price ⁽¹⁾
		RMB'000/ton		RMB'000/ton
	Ton'000		Ton'000	
New energy battery materials				
Nickel-based materials	101.2	87.3	97.8	76.6
Cobalt-based materials	9.5	113.7	11.7	124.3
Phosphorus-based materials	28.2	8.8	73.0	9.2
New energy metal products				
Nickel products	59.2	104.0	89.8	93.9
Metals trading				
Electrolytic nickel	14.8	122.6	1.9	112.7

Our revenue increased by 6.2% from RMB20,086.2 million in the six months ended June 30, 2024 to RMB21,322.5 million in the six months ended June 30, 2025, primarily due to an increase in revenue from sales of new energy metal products, which was partially offset by a decrease in revenue from sales of new energy battery materials and metals trading.

New energy battery materials

Our revenue from new energy battery materials decreased by 5.2% from RMB10,158.5 million for the six months ended June 30, 2024 to RMB9,632.3 million in the six months ended June 30, 2025, primarily due to a 15.2% decrease in revenue from sales of nickel-based materials, which was partially offset by (i) a 34.7% increase in revenue from sales of cobalt-based materials, and (ii) a 171.6% increase in revenue from sales of phosphorus-based materials.

Nickel-based materials

Our revenue from nickel-based materials decreased by 15.2% from RMB8,830.6 million for the six months ended June 30, 2024 to RMB7,490.9 million in the six months ended June 30, 2025, primarily due to a 12.3% decrease in average selling price from RMB87,300 per metric ton in the six months ended June 30, 2024 to RMB76,600 per metric ton in the six months ended June 30, 2025, which was primarily attributable to decrease in nickel prices and was in line with the downward trend in prevailing market price of nickel-based materials during the same period.

Cobalt-based materials

Our revenue from cobalt-based materials increased by 34.7% from RMB1,078.3 million for the six months ended June 30, 2024 to RMB1,451.9 million in the six months ended June 30, 2025, primarily due to (i) a 23.2% increase in sales volume from 9,500 metric ton in the six months ended June 30, 2024 to 11,700 metric ton in the six months ended June 30, 2025, as a result of growth in consumer electronics and robotics industries, and (ii) a 9.3% increase in average selling price of our cobalt-based products from RMB113,700 per metric ton in the six months ended June 30, 2024 to RMB124,300 per metric ton in the six months ended June 30, 2025, which was primarily attributable to the increase in cobalt prices.

Phosphorus-based materials

Our revenue from phosphorus-based materials increased by 171.6% from RMB246.7 million for the six months ended June 30, 2024 to RMB670.1 million in the six months ended June 30, 2025, primarily due

FINANCIAL INFORMATION

to (i) a 158.9% increase in sales volume from 28,200 metric ton in the six months ended June 30, 2024 to 73,000 metric ton in the six months ended June 30, 2025, and (ii) a 4.5% increase in selling prices primarily attributable to the improved product quality.

Other innovative materials

Our revenue from other innovative materials increased by 562.8% from RMB2.9 million for the six months ended June 30, 2024 to RMB19.4 million in the six months ended June 30, 2025, primarily due to an increase in sales of sodium-based materials.

New energy metal products

Our revenue from sales of new energy metal products increased by 44.0% from RMB6,439.2 million in the six months ended June 30, 2024 to RMB9,272.9 million in the six months ended June 30, 2025, primarily due to a 52.0% increase in sales volume of nickel products from 59,200 ton in the six months ended June 30, 2024 to 89,800 ton in six months ended June 30, 2025, which was partially offset by a 9.7% decrease in selling prices as a result of the decreased nickel price in the market.

Metals trading

Our revenue from metals trading decreased by 72.3% from RMB1,969.9 million in the six months ended June 30, 2024 to RMB546.5 million in the six months ended June 30, 2025, primarily due to a significant decrease in sales volume of electrolytic nickel from 14,800 ton in the six months ended June 30, 2024 to 1,900 ton in the six months ended June 30, 2025. The decline in sales volume was primarily due to the fewer trading opportunities to earn price differentials on metal commodities, as identified through our ongoing assessment of market conditions and price fluctuations in the six months ended June 30, 2025. The actual trading volumes in any given year may fluctuate based on prevailing market dynamics and may not always meet the targets previously established. Nevertheless, we will continue to closely monitor market developments and trading opportunities, and will adjust our trading strategies as appropriate in response to future market conditions.

Resales of raw materials

Our revenue from resales of raw materials increased by 49.4% from RMB836.2 million in the six months ended June 30, 2024 to RMB1,249.2 million in the six months ended June 30, 2025, primarily due to the increased sales volume of previously procured raw materials to optimize our inventory level.

Others

Our revenue from others decreased by 8.9% from RMB682.5 million in the six months ended June 30, 2024 to RMB621.7 million for the six months ended June 30, 2025, primarily due to a decreased in revenue from contract manufacturing and sales of by-products of our production processes.

Cost of Sales

	Six Months Ended June 30,		
	2024	2025	% Change
	<i>(in RMB thousands, except for percentages)</i>		
	<i>(unaudited)</i>		
Raw materials	14,936,613	14,542,891	(2.6)%
Manufacturing costs and others	2,219,742	3,733,167	68.2%
Labor	361,503	503,966	39.4%
Total	17,517,858	18,780,024	7.2%
<i>as % of total revenue</i>	<i>87.2%</i>	<i>88.1%</i>	

FINANCIAL INFORMATION

Our cost of sales increased by 7.2% from RMB17,517.9 million in the six months ended June 30, 2024 to RMB18,780.0 million in the six months ended June 30, 2025, primarily due to a 68.2% increase in manufacturing costs and others and a 39.4% increase in labor costs driven by increase in sales volume of new energy metal products, which was partially offset by a 2.6% decrease in raw materials due to the decrease in nickel price.

Gross Profit and Gross Profit Margin

	Six Months Ended June 30,				% Change
	2024		2025		
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	
	(in RMB thousands, except for percentages)				
	(unaudited)				
New energy battery materials					
Nickel-based materials	1,625,101	18.4%	1,334,942	17.8%	(17.9)%
Cobalt-based materials	96,465	8.9%	375,877	25.9%	289.7%
Phosphorus-based materials	(4,122)	(1.7)%	(70,199)	(10.5)%	1,603.0%
pCAM	(4,122)	(1.7)%	(70,231)	(10.5)%	1,603.8%
CAM	—	—	32	24.9%	N/A
Other innovative materials	446	15.3%	(9,072)	(46.8)%	(2,134.1)%
Sub-total	1,717,890	16.9%	1,631,548	16.9%	(5.0)%
New energy metal products	676,019	10.5%	690,171	7.4%	2.1%
Metals trading	837	0.0%	13,557	2.5%	1,520.5%
Resales of raw materials	1,446	0.3%	29,276	2.3%	1,924.6%
Others	172,137	25.3%	177,971	28.6%	3.4%
Total	2,568,328	12.8%	2,542,523	11.9%	(1.0)%
Gross profit per ton					
Nickel-based materials	16.1		13.6		(15.5)%
Cobalt-based materials	10.2		32.2		215.7%

Our gross profit decreased by 1.0% from RMB2,568.3 million in the six months ended June 30, 2024 to RMB2,542.5 million in the six months ended June 30, 2025, primarily due to a decrease in gross profit from sales of new energy battery materials, which was partially offset by an increase in gross profit from sales of new energy metal products. Our gross profit margin decreased from 12.8% in the six months ended June 30, 2024 to 11.9% in the six months ended June 30, 2025, primarily due to the increase in revenue contribution from new energy metal products, which have lower gross profit margin as compared to our new energy battery materials, and the decrease in gross profit margin of new energy metal products.

New energy battery materials

Our gross profit from new energy battery materials decreased by 5.0% from RMB1,717.9 million in the six months ended June 30, 2024 to RMB1,631.5 million in the six months ended June 30, 2025, primarily due to a 17.9% decrease in gross profit from nickel-based materials, which was partially offset by a 289.7% increase in gross profit from cobalt-based materials. Our gross profit margin from new energy battery materials remained stable at 16.9% in the six months ended June 30, 2024 and 2025, respectively.

Nickel-based materials

Our gross profit from nickel-based materials decreased by 17.9% from RMB1,625.1 million in the six months ended June 30, 2024 to RMB1,334.9 million in the six months ended June 30, 2025, primarily due

FINANCIAL INFORMATION

to a 15.2% decrease in revenue from RMB8,830.6 million in the six months ended June 30, 2024 to RMB7,490.9 million in the six months ended June 30, 2025, while the gross profit margin remained relatively stable at 18.4% and 17.8% during the same periods. The gross profit per ton decreased from RMB16,100 in the six months ended June 30, 2024 to 13,600 in the six months ended June 30, 2025. Such decrease in gross profit margin and gross profit per ton was primarily due to the decrease in the benchmark price of nickel while the difference in the discounts rates remained at similar level.

Cobalt-based materials

Our gross profit from cobalt-based materials increased by 289.7% from RMB96.5 million in the six months ended June 30, 2024 to RMB375.9 million in the six months ended June 30, 2025, primarily due to (i) a 34.7% increase in revenue from sales of cobalt-based materials, and (ii) an increase in gross profit margin from 8.9% in the six months ended June 30, 2024 to 25.9% in the six months ended June 30, 2025. The gross profit per ton increased from RMB10,200 in the six months ended June 30, 2024 to RMB32,200 in the six months ended June 30, 2025. Such increase in gross profit margin and gross profit per ton for our cobalt-based materials was primarily due to (i) an increase in selling prices of cobalt-based materials as a result of the increased benchmark price of cobalt which was primarily attributable to the increase in cobalt prices resulting from supply disruptions caused by the export suspension of a major cobalt-producing country since February 2025, and (ii) the use of raw materials that were procured earlier at lower prices when cobalt prices were lower.

Phosphorus-based materials

Our gross loss from phosphorus-based materials increased from RMB4.1 million in the six months ended June 30, 2024 to RMB70.2 million in the six months ended June 30, 2025, which was primarily due to (i) a 171.6% increase in revenue from sales of phosphorus-based materials, and (ii) an increase in negative gross profit margin from 1.7% to 10.5%. Such increase in negative gross profit margin for our phosphorus-based materials was primarily due to the fact that we recorded less depreciation costs related to the production facilities of phosphorus-based materials in the six months ended June 30, 2024 as those production facilities were still undergoing frequent adjustment before being recognized as our assets during that period, and had been subsequently recognized as our assets in the six months ended June 30, 2025.

Other innovative materials

We recorded gross loss from other innovative materials of RMB9.1 million with negative gross profit margin of 46.8% in the six months ended June 30, 2025, while we recorded gross profit of RMB0.4 million with gross profit margin of 15.3% in the six months ended June 30, 2024. Such change was primarily due to those products are still in the R&D and trial production phase.

New energy metal products

Our gross profit from new energy metal increased by 2.1% from RMB676.0 million in the six months ended June 30, 2024 to RMB690.2 million in the six months ended June 30, 2025, primarily due to a 44.0% increase in revenue from sales of new energy metal products, which was partially offset by a decrease in gross profit margin from 10.5% to 7.4% during the same period. Such decrease in gross profit margin was primarily due to the continuous decrease in the nickel prices.

Metals trading

Our gross profit from metals trading increased significantly from RMB0.1 million in the six months ended June 30, 2024 to RMB13.6 million in the six months ended June 30, 2025, primarily due to the increased gross profit margin from 0.0% to 2.5% during the same periods as we adopted a more cautious approach to conduct metals trading.

FINANCIAL INFORMATION

Resales of raw materials

Our gross profit from resales of raw materials increased by 1,924.4% from RMB1.4 million in the six months ended June 30, 2024 to RMB29.3 million in the six months ended June 30, 2025, primarily due to (i) an increase in revenue from resales of raw materials from RMB836.2 million in the six months ended June 30, 2024 to RMB1,249.2 million in the six months ended June 30, 2025, and (ii) an increase in gross profit margin from 0.3% to 2.3% during the same periods. Such change in gross profit margin was primarily due to the fact that the resale of raw materials serves as an adjustment and supplement to daily production and procurement plans, with its gross profit margin varying alongside market conditions.

Others

Our gross profit from others increased by 3.4% from RMB172.1 million in the six months ended June 30, 2024 to RMB178.0 million in the six months ended June 30, 2025. Our gross profit margin from others increased from 25.3% in the six months ended June 30, 2024 to 28.6% in the six months ended June 30, 2025, primarily due to the increase in revenue from providing thermal coal processing services to Weda Bay Industry Park, which were of a relatively higher gross profit margin.

Selling and marketing expenses

	Six Months Ended June 30		
	2024	2025	% Change
	<i>(in RMB thousands, except for percentages)</i>		
	<i>(unaudited)</i>		
Selling and marketing expenses	50,134	48,043	(4.2)%
as % of total revenue	0.2%	0.2%	

Our selling and marketing expenses decreased by 4.2% from RMB50.1 million in the six months ended June 30, 2024 to RMB48.0 million in the six months ended June 30, 2025, primarily due to a decrease in salaries, compensations and benefits of RMB6.0 million, primarily attributable to the decrease in bonus and decrease in selling and marketing personnel, which was partially offset by an increase in consulting fees and others of RMB1.9 million, primarily attributable to an increase in rental expenses and conference expenses. The selling and marketing expenses as a percentage of our total revenue remained stable at 0.2% in the six months ended June 30, 2024 and 2025.

Administrative expenses

	<u>Six Months Ended June 30,</u>		
	<u>2024</u>	<u>2025</u>	<u>% Change</u>
	<i>(in RMB thousands, except for percentages)</i>		
	<i>(unaudited)</i>		
Administrative expenses	570,950	636,726	11.5%
as % of total revenue	2.8%	3.0%	

Our administrative expenses increased by 11.5% from RMB571.0 million in the six months ended June 30, 2024 to RMB636.7 million in the six months ended June 30, 2025, primarily due to (i) an increase in salaries, compensations and benefits of RMB11.4 million, primarily attributable to an increase in administrative personnel, and (ii) an increase on others of RMB41.6 million, primarily attributable to the property management and insurance fees for the production facilities that were put into operation in the six months ended June 30, 2025. The administrative expenses as a percentage of our total revenue remained relatively stable at 2.8% and 3.0% in the six months ended June 30, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Research and development expenses

	Six Months Ended June 30,		
	2024	2025	% Change
	<i>(in RMB thousands, except for percentages)</i>		
	<i>(unaudited)</i>		
Research and development expenses	450,535	544,764	20.9%
as % of total revenue	2.2%	2.6%	

Our research and development expenses increased by 20.9% from RMB450.5 million in the six months ended June 30, 2024 to RMB544.8 million in the six months ended June 30, 2025, primarily due to an increase in salaries, compensations and benefits of RMB113.4 million, primarily attributable to an increase in number of R&D personnel, which was partially offset by a decrease in raw materials of RMB15.2 million primarily attributable to the decrease in nickel prices. As such, the R&D expenses as a percentage of our total revenue increased from 2.2% in the six months ended June 30, 2024 to 2.6% in the six months ended June 30, 2024 and 2025, respectively.

Other income and gains

Other income and gains decreased by 27.6% from RMB368.7 million in the six months ended June 30, 2024 to RMB267.1 million in the six months ended June 30, 2025, primarily due to a decrease in government grants of RMB98.4 million. Most of the government grants we received were non-recurring, leading to year-over-year fluctuations.

Other expenses

Other expenses increased by 248.9% from RMB68.4 million in the six months ended June 30, 2024 to RMB238.6 million in the six months ended June 30, 2025, primarily due to an increase in exchange losses mainly caused by the fluctuation in exchange rates of US dollar.

Financial costs

Our financial costs increased by 5.2% from RMB495.4 million for the six months ended June 30, 2024 to RMB521.1 million for the six months ended June 30, 2025, primarily due to an increase in interest on bank and other borrowings of RMB48.3 million primarily attributable to the increase in the amount of borrowings for the expanding our production facilities.

Profit for the period

As a result of the foregoing, our profit for the period decreased by 38.9% from RMB1,155.8 million for the six months ended June 30, 2024 to RMB705.7 million for the six months ended June 30, 2025.

2024 compared to 2023

Revenue by product

	Year Ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
New energy battery materials			
Nickel-based materials	21,733,466	16,163,302	(25.6)%
Cobalt-based materials	2,957,722	2,244,581	(24.1)%

FINANCIAL INFORMATION

	Year Ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Phosphorus-based materials	327,722	679,644	107.4%
pCAM	327,722	679,610	107.4%
CAM	–	34	N/A
Other innovative materials	–	9,869	
Sub-total	25,018,910	19,097,396	(23.7)%
New energy metal products	3,388,015	13,483,103	298.0%
Metals trading	749,037	4,355,858	481.5%
Resales of raw materials	4,011,372	1,829,391	(54.4)%
Others	1,105,889	1,457,142	31.8%
Total	34,273,223	40,222,890	17.4%

Sales volume and average selling prices

	Year Ended December 31,			
	2023		2024	
	Sales volume	Average selling price ⁽¹⁾	Sales volume	Average selling price ⁽¹⁾
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials				
Nickel-based materials	211.3	102.9	194.9	82.9
Cobalt-based materials	19.0	155.8	21.1	106.6
Phosphorus-based materials	31.9	10.3	77.9	8.7
New energy metal products				
Nickel products	30.6	109.8	124.6	102.2
Metals trading				
Electrolytic nickel	2.9	124.2	26.4	118.2

Our revenue increased by 17.4% from RMB34,273.2 million in 2023 to RMB40,222.9 million in 2024, primarily due to an increase in revenue from sales of new energy metal products, which was partially offset by a decrease in revenue from sales of nickel-based materials and cobalt-based materials.

New energy battery materials

Our revenue from new energy battery materials decreased by 23.7% from RMB25,018.9 million in 2023 to RMB19,097.4 million in 2024, primarily due to (i) a 25.6% decrease in revenue from sales of nickel based materials, and (ii) a 24.1% decrease in revenue from sales of cobalt-based materials.

Nickel-based materials

Our revenue from nickel-based materials decreased by 25.6% from RMB21,733.5 million in 2023 to RMB16,163.3 million in 2024, primarily due to (i) a 19.4% decrease in average selling price from RMB102,900 per metric ton in 2023 to RMB82,900 per metric ton in 2024, which was primarily attributable to decreases in nickel and cobalt prices and was in line with the downward trend in prevailing market price of nickel-based materials during the same period. The average selling price of our nickel-based materials in 2024 was higher than the market price of nickel-based pCAM in 2024, RMB68,600 per metric ton, primarily due to the higher portion in sales of high- and ultra-high nickel products than the industry level, which generally had higher selling prices than mid-nickel products. Nevertheless, as an offsetting factor, revenue from higher-priced high- and ultra-high nickel products as a percentage of nickel-based

FINANCIAL INFORMATION

materials revenue increased from 68% in 2023 to 77% in 2024, primarily due to its greater penetration into premium EV battery market; and (ii) a 7.8% decrease in its sales volume from approximately 211,300 metric tons in 2023 to approximately 194,900 metric tons in 2024 as a result of the intensified competition in overseas markets for the gradual adoption of LFP batteries in the mass market EV, which was in line with the market trend. According to Frost & Sullivan, the global shipment volume of nickel-based pCAM decreased from 968,300 tons in 2023 to 961,500 tons in 2024.

Cobalt-based materials

Our revenue from cobalt-based materials decreased by 24.1% from RMB2,957.7 million in 2023 to RMB2,244.6 million in 2024, primarily due to a 31.5% decrease in average selling price of our cobalt-based products from RMB155,800 per metric ton in 2023 to RMB106,600 per metric ton in 2024 primarily as a result of the decrease in cobalt price. Such decrease in selling price was in line with the downward trend in prevailing market price of cobalt-based materials during the same period. Such decrease in selling prices of our cobalt-based materials was partially offset by a 10.9% increase in its sales volume from approximately 19,000 metric tons in 2023 to approximately 21,100 metric tons in 2024 as a result of growth in consumer electronics and robotics industries. Such increase in sales volume was in line with the upward trend of the global shipment volume of cobalt-based pCAM during the same period.

Phosphorus-based materials

Our revenue from phosphorus-based materials increased by 107.4% from RMB327.7 million in 2023 to RMB679.6 million in 2024, primarily due to a 143.9% increase in sales volume from approximately 31,900 metric tons in 2023 to approximately 77,900 metric tons in 2024 as we ramped up production of LFP pCAM launched in 2022 and started production of LFP to capture the growth in demand for LFP batteries. Such increase was partially offset by a 15% decrease in average selling price from RMB10,300 per metric ton in 2023 to RMB8,700 per metric ton in 2024, due to industry-wide supply and demand dynamics as a result of over-supply of LFP and LFP pCAM in the market during such period.

Other innovative materials

We recorded revenue from sales of other innovative materials of RMB9.9 million in 2024 mainly including sales of sodium-based materials.

New energy metal products

Our revenue from sales of new energy metal products increased by 298.0% from RMB3,388.0 million in 2023 to RMB13,483.1 million in 2024, primarily due to a 307.2% increase in sales volume of new energy metal products, as we strategically sold more nickel products to the broader market amid the expansion of our nickel production, enabled by the flexibility of our integrated operation and more economical sourcing of alternative raw materials.

Metals trading

Our revenue from metals trading increased by 481.5% from RMB749.0 million in 2023 to RMB4,355.9 million in 2024, primarily due to the increase in trading volume of nickel products from 2,900 ton in 2023 to 26,400 ton in 2024, as we leveraged our expertise to scale our metals trading business to increase our profit.

Resales of raw materials

Our revenue from resales of raw materials decreased by 54.4% from RMB4,011.4 million in 2023 to RMB1,829.4 million in 2024. Such decrease was primarily due to the decrease in the sales volume of our externally sourced nickel raw materials in 2024, as we have sold a large amount of such externally sourced materials in 2023 to optimize our inventory level.

FINANCIAL INFORMATION

Others

Our revenue from others increased by 31.8% from RMB1,105.9 million in 2023 to RMB1,457.1 million in 2024, primarily due to an increase in sales of by products and revenue from providing thermal coal processing services to Weda Bay industry park.

Cost of Sales

	Year Ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Raw materials	26,791,120	29,647,385	10.7%
Manufacturing costs and others	2,501,073	4,946,355	97.8%
Labor	404,574	787,033	94.5%
Total	29,696,767	35,380,773	19.1%
<i>as % of total revenue</i>	<i>86.6%</i>	<i>88.0%</i>	

Our cost of sales increased by 19.1% from RMB29,696.8 million in 2023 to RMB35,380.8 million in 2024, primarily due to a 10.7% increase in raw materials and a 97.8% increase in manufacturing costs and others, driven by increase in sales volume of new energy metal products in 2024.

Gross Profit and Gross Profit Margin

	Year Ended December 31,				
	2023		2024		% Change
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	
	(in RMB thousands, except for percentages)				
New energy battery materials					
Nickel-based materials	3,772,716	17.4%	3,209,255	19.9%	(14.9)%
Cobalt-based materials	243,331	8.2%	238,618	10.6%	(1.9)%
Phosphorus-based materials	(26,932)	(8.2)%	(70,902)	(10.4)%	163.3%
pCAM	(26,932)	(8.2)%	(70,910)	(10.4)%	163.3%
CAM	—	—	8	23.6%	N/A
Other innovative materials	—	—	(2,110)	(21.4)%	N/A
Sub-total	3,989,115	15.9%	3,374,861	17.7%	(15.4)%
New energy metal products	301,192	8.9%	1,016,899	7.5%	237.6%
Metals trading	1,125	0.2%	37,916	0.9%	3,270.3%
Resales of raw materials	154,782	3.9%	89,231	5.0%	(42.4)%
Others	130,241	11.8%	323,210	22.3%	148.2%
Total	4,576,456	13.4%	4,842,117	12.0%	5.8%
Gross profit per ton					
Nickel-based materials	17.9		16.5		(7.8)%
Cobalt-based materials	12.8		11.3		(11.5)%

Our gross profit increased by 5.8% from RMB4,576.5 million in 2023 to RMB4,842.1 million in 2024, primarily due to an increase in gross profit from sales of new energy metal products, which was partially offset by a decrease in gross profit from sales of new energy battery materials. Our gross profit margin

FINANCIAL INFORMATION

decreased from 13.4% in 2023 to 12.0% in 2024, primarily due to the significant increase in revenue contribution from new energy metal products, which have lower gross profit margin as compared to our new energy battery materials.

New energy battery materials

Our gross profit from new energy battery materials decreased by 15.4% from RMB3,989.1 million in 2023 to RMB3,374.9 million in 2024, primarily due to (i) a 14.9% decrease in gross profit from sales of nickel-based materials, and (ii) a 1.9% decrease in gross profit from sales of cobalt-based materials. Our gross profit margin from new energy battery materials increased from 15.9% in 2023 to 17.7% in 2024.

Nickel-based materials

Our gross profit from nickel-based materials decreased by 14.9% from RMB3,772.7 million in 2023 to RMB3,209.3 million in 2024, primarily due to a 7.8% decrease in sales volume and a 19.4% decrease in average selling price. The gross profit margin for our nickel-based materials further improved to 19.9% in 2024 from 17.4% in 2023, although gross profit per ton declined to approximately RMB16,500 in 2024 from RMB17,900 in 2023.

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. Nevertheless, our gross profit margin improved in 2024 because the cost per ton decreased at a sharper rate than the decrease in our average selling price, benefiting from the value we created through development and manufacturing of nickel-based materials.

Cobalt-based materials

Our gross profit from cobalt-based materials decreased by 1.9% from RMB243.3 million in 2023 to RMB238.6 million in 2024, primarily due to a 31.5% decrease in average selling price of our cobalt-based materials, which was partially offset by a 10.9% increase in its sales volume. Our gross profit margin from sales of cobalt-based materials remained relatively stable at 8.2% and 10.6% in 2023 and 2024, respectively.

The gross profit per ton for cobalt-based materials decreased to approximately RMB11,300 in 2024 from RMB12,800 in 2023, primarily due to the decrease in cobalt price. Nevertheless, our gross profit margin improved in 2024 because the cost per ton decreased at a sharper rate than the decrease in our average selling price. The slower decline in gross profit per ton was supported by the value we created through the development and manufacturing of cobalt-based materials.

Phosphorus-based materials

We recorded gross loss of RMB26.9 million with negative gross profit margin of 8.2% from phosphorus-based materials in 2023, which turned into gross loss of RMB70.9 million with negative gross margin of 10.4% in 2024, primarily attributable to a decrease in average selling price as a result of the intensified market competition resulted from the industry-wide, due to industry-wide over-supply of LFP and LFP pCAM, while the raw material costs did not decrease to the same extent during such period, which was line with the industry trending according to the Frost & Sullivan.

Other innovative materials

We recorded gross loss of RMB2.1 million in 2024 from sales of our other innovative materials, mainly include sodium-based materials, primarily due to that the sodium-based materials were at trial production stage in 2024 with relatively higher unit labor and manufacturing costs.

FINANCIAL INFORMATION

New energy metal products

Our gross profit from new energy metal products increased by 237.6% from RMB301.2 million in 2023 to RMB1,016.9 million in 2024, primarily due to a 307.2% increase in sales volume of nickel products. Our gross profit margin from sales of new energy metal products decreased from 8.9% in 2023 to 7.5% in 2024, primarily due to the overall decrease in prevailing market prices of nickel products in 2024, while sourcing costs remained high due to mining production quotas, which restrained the supply of lateritic nickel ores.

Metals trading

Our gross profit from metals trading increase significantly from RMB1.1 million in 2023 to RMB37.9 million in 2024, primarily attributable to an increase in trading volume of nickel products from 2,900 ton in 2023 to 26,400 ton in 2024, as well as an increase in gross profit margin from 0.2% in 2023 to 0.9% in 2024. The increase in gross profit margin from metals trading was benefited from our deep industry insights gained over years in relation to the price fluctuation in new energy metal market.

Resales of raw materials

Our gross profit from resales of raw materials decreased by 42.4% from RMB154.8 million in 2023 to RMB89.2 million in 2024, primarily due to the decrease in sales volume of our externally procured nickel raw materials. Our gross profit margin from resales of raw materials remained relatively stable at 3.9% in 2023 to 5.0% in 2024.

Others

Our gross profit from others increased by 148.2% from RMB130.2 million in 2023 to RMB323.2 million in 2024, primarily due to (i) an increase in revenue from others from RMB1,105.9 million in 2023 to RMB1,457.1 million in 2024, and (ii) an increase in gross profit from 11.8% in 2023 to 22.3% in 2024. Such increase in gross profit margin was primarily due to the increase in revenue contribution from our thermal coal processing services to Weda Bay industry park in Indonesia in 2024, which was of higher gross profit margin.

Selling and marketing expenses

	Year Ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Selling and marketing expenses	86,695	111,487	28.6%
as % of total revenue	0.3%	0.3%	

Our selling and marketing expenses increased by 28.6% from RMB86.7 million in the year ended December 31, 2023 to RMB111.5 million in the year ended December 31, 2024, primarily due to (i) an increase in salaries, compensations and benefits of RMB16.0 million, which was primarily attributable to an increase in the number of selling and marketing employees for the business development in overseas markets, and (ii) an increase in consulting fees of RMB6.6 million for enhanced product promotion activities for our business expansion in overseas markets. The selling and marketing expenses as a percentage of our total revenue remained stable at 0.3% in 2023 and 2024.

Administrative expenses

	Year Ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Administrative expenses	999,593	1,156,896	15.7%
as % of total revenue	2.9%	2.9%	

FINANCIAL INFORMATION

Our administrative expenses increased by 15.74% from RMB999.6 million in the year ended December 31, 2023 to RMB1,156.9 million in the year ended December 31, 2024, primarily due to (i) an increase in professional service fees of RMB104.9 million, primarily related to consultation fees for our overseas business expansion through overseas investments and acquisitions, as well as initiatives to extend into the upstream of the industry and (ii) an increase in traveling, business development and office expense of RMB35.2 million, primarily due to expansion of overseas operations. The administrative expenses as a percentage of our total revenue remained relatively stable at 2.9% in 2023 and 2024.

Research and development expenses

	Year Ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Research and development expenses	1,055,686	1,109,313	5.1%
as % of total revenue	3.1%	2.8%	

Our research and development expenses increased by 5.1% from RMB1,055.7 million in the year ended December 31, 2023 to RMB1,109.3 million in the year ended December 31, 2024, primarily due to an increase in salaries, compensations and benefits of RMB162.3 million, which was primarily attributable to an increase in number and average salaries of research and development employees, as we continued to strengthen our R&D capabilities, which was partially offset by a decrease in costs of materials by RMB137.1 million primarily attributable to the decrease in raw material prices and reduced raw material usage through optimization of R&D processes. The R&D expenses as a percentage of our total revenue remained relatively stable at 3.1% and 2.8% in 2023 and 2024, respectively.

Other income and gains

Other income and gains decreased by 18.7% from RMB901.8 million in 2023 to RMB733.6 million in 2024, primarily due to a decrease in government grants of RMB141.7 million. Most of the government grants we received were non-recurring, leading to year-over-year fluctuations.

Other expenses

Other expenses increased by 91.8% from RMB98.2 million in 2023 to RMB188.4 million in 2024, primarily due to an increase in factoring expenses.

Financial costs

Our financial costs increased by 23.3% from RMB841.2 million in 2023 to RMB1,037.4 million in 2024, primarily due to an increase in interest on bank and other borrowings as a result of higher level of our interest-bearing bank borrowings.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 14.9% from RMB2,100.5 million in 2023 to RMB1,787.8 million in 2024.

FINANCIAL INFORMATION

2023 compared to 2022

Revenue by product

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
New energy battery materials			
Nickel-based materials	24,627,656	21,733,466	(11.8)%
Cobalt-based materials	3,194,732	2,957,722	(7.4)%
Phosphorus-based materials	661	327,722	49,479.7%
pCAM	661	327,722	49,479.7%
CAM	—	—	N/A
Other innovative materials	—	—	N/A
Sub-total	27,823,049	25,018,910	(10.1)%
New energy metal products	—	3,388,015	N/A
Metals trading	9,881	749,037	7,480.6%
Resales of raw materials	1,888,469	4,011,372	112.4%
Others	622,342	1,105,889	77.7%
Total	30,343,742	34,273,223	12.9%

Sales volume and average selling prices

	Year Ended December 31,			
	2022		2023	
	Sales volume	Average selling price ⁽¹⁾	Sales volume	Average selling price ⁽¹⁾
	Ton'000	RMB'000/ton	Ton'000	RMB'000/ton
New energy battery materials				
Nickel-based materials	200.0	123.1	211.3	102.9
Cobalt-based materials	9.7	327.9	19.0	155.8
Phosphorus-based materials	0.1	14.3	31.9	10.3
New energy metal products				
Nickel products	—	—	30.6	109.8
Metals trading				
Electrolytic nickel	0.1	166.5	2.9	124.2

Note:

(1) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year, which represented the average price at which our products were sold to our customers.

Our revenue increased by 12.9% from RMB30,343.7 million in 2022 to RMB34,273.2 million in 2023, primarily due to revenue from sales of new energy metal products, which were not present in 2022, partially offset by a decrease in revenue from sales of new energy battery materials.

New energy battery materials

Our revenue from new energy battery materials decreased by 10.1% from RMB27,823.0 million in 2022 to RMB25,018.9 million in 2023, primarily due to (i) a 11.8% decrease in revenue from sales of nickel-based materials, and (ii) a 7.4% decrease cobalt-based materials, which was partially offset by a significant increase in revenue from sales of phosphorus-based materials.

FINANCIAL INFORMATION

Nickel-based materials

Our revenue from nickel-based materials decreased by 11.8% from RMB24,627.7 million in 2022 to RMB21,733.5 million in 2023, primarily due to a 16.5% decrease in average selling price from RMB123,100 per metric ton in 2022 to RMB102,900 per metric ton in 2023, which was primarily attributable to a decrease in nickel and cobalt prices and was in line with the downward trend in prevailing market price of nickel-based materials during the same period. The average selling prices of our nickel-based materials in 2022 and 2023 were slightly lower than the average industry price primarily due to the competitive prices we offered to the market, which was in turn benefited from our ability to utilize nickel matte and MHP to produce nickel-based materials instead of relying on external procured nickel sulfate. Such decrease was partially offset by a 5.6% increase in sales volume from approximately 200,000 metric tons in 2022 to approximately 211,300 metric tons in 2023. Despite the downward trend in global shipment of nickel-based materials from 1,006,000 metric ton in 2022 to 968,300 metric ton in 2023, our sales volume of nickel-based materials increased primarily due to our continuous efforts in promotion of our products and the relatively stable customer base.

Cobalt-based materials

Our revenue from cobalt-based materials decreased by 7.4% from RMB3,194.7 million in 2022 to RMB2,957.7 million in 2023, primarily due to a 52.5% decrease in average selling price from RMB327,900 per metric tons in 2022 to RMB155,800 per metric ton in 2023 of our cobalt-based materials, which was primarily attributable to a decrease in cobalt price and was in line with the downward trend in prevailing market price of nickel-based materials during the same period. Such decrease was partially offset by a 94.9% increase in sales volume from approximately 9,700 metric tons in 2022 to approximately 19,000 metric tons in 2023, primarily due to the launch and customer adoption of new high-voltage products and growth in consumer electronics industry.

Phosphorus-based materials

Our revenue from phosphorus-based materials increased significantly from RMB0.7 million in 2022 to RMB327.7 million in 2023, primarily due to the increase in sales volume from approximately 50 metric tons in 2022 to approximately 31,900 metric tons in 2023 as we realized commercial production of pCAM launched in 2022 to capture growth in installation of LFP batteries. Such increase was partially offset by a 28.3% decrease in average selling price from RMB14,300 per metric ton in 2022 to RMB10,300 per metric ton in 2023, due to industry-wide supply and demand dynamics as a result of over-supply of LFP and LFP pCAM in the market during such period.

New energy metal products

We started to offer new energy metal products in 2023 to the broader market amid commencement of our nickel production in Indonesia, as sourcing raw materials in the market became more economical due to the market dynamics. Our revenue from new energy metal products was RMB3,388.0 million, which accounted for 9.9% of our total revenue during the same year.

Metals Trading

Our revenue from metals trading increase significantly from RMB9.9 million in 2022 to RMB749.0 million in 2023, primarily due to a significant increase in trading volume from 100 ton in 2022 to 2,900 ton in 2023, as we leveraged our expertise to scale our metals trading business to increase our profit.

Resales of raw materials

Our revenue from resales of raw materials increased by 112.4% from RMB1,888.5 million in 2022 to RMB4,011.4 million in the 2023, primarily due to an increase in resales of externally sourced nickel raw materials, as we leveraged our nickel production capabilities to maintain an optimal inventory level.

FINANCIAL INFORMATION

Others

Our revenue from others increased by 77.7% from RMB622.3 million in 2022 to RMB1,105.9 million in 2023, primarily due to an increase in sales of by products and revenue from providing thermal coal processing services to Weda Bay industry park. Benefiting from our strategic relationship with the Weda Bay industry park, Weda Bay industry park engaged us to process thermal coal since 2023 in view of the large energy demand in the industry park.

Cost of Sales

	Year Ended December 31,		
	2022	2023	% Change
<i>(in RMB thousands, except for percentages)</i>			
Raw materials	25,286,442	26,791,120	6.0%
Manufacturing costs	1,365,823	2,501,073	83.1%
Labor	310,874	404,574	30.1%
Total	26,963,139	29,696,767	10.1%
<i>as % of total revenue</i>	<i>88.9%</i>	<i>86.6%</i>	

Our cost of sales increased by 10.1% from RMB26,963.1 million in 2022 to RMB29,696.8 million 2023, primarily due to a 6.0% increase in raw materials and a 83.1% increase in manufacturing costs and others, driven by the increase in sales volume of our cobalt-based materials and new energy metal products.

Gross Profit and Gross Profit Margin

	Year Ended December 31,				% Change
	2022		2023		
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	
	(in RMB thousands, except for percentages)				
New energy battery materials					
Nickel-based materials	3,070,332	12.5%	3,772,716	17.4%	22.9%
Cobalt-based materials	182,548	5.7%	243,331	8.2%	33.3%
Phosphorus-based materials	70	10.6%	(26,932)	(8.2)%	N/A
pCAM	70	10.6%	(26,932)	(8.2)%	N/A
CAM	—	—	—	—	—
Other innovative materials	—	—	—	—	—
Sub-total	3,252,950	11.7%	3,989,115	15.9%	22.6%
New energy metal products	—	—	301,192	8.9%	N/A
Metals trading	143	1.4%	1,125	0.2%	686.7%
Resales of raw materials	49,694	2.6%	154,782	3.9%	211.5%
Others	77,816	12.5%	130,241	11.8%	67.4%
Total	3,380,603	11.1%	4,576,456	13.4%	35.4%
Gross profit per ton					
Nickel-based materials	15.3		17.9		16.3%
Cobalt-based materials	18.7		12.8		(31.6)%

Our gross profit increased by 35.4% from RMB3,380.6 million in 2022 to RMB4,576.5 million in 2023, primarily due to an increase in gross profit from sales of new energy battery materials and the

FINANCIAL INFORMATION

addition of gross profit we recorded from sales of new energy metal products. Our gross profit margin increased from 11.1% in 2022 to 13.4% in 2023, primarily due to the increase in gross profit from sales of new energy battery materials.

New energy battery materials

Our gross profit from new energy battery materials increased by 22.6% from RMB3,253.0 million in 2022 to RMB3,989.1 million in 2023, primarily due to an increase in gross profit from sales of nickel-based materials. Our gross profit margin from sales of new energy battery materials increased from 11.7% in 2022 to 15.9% in 2023, primarily due to an increase in gross profit margin from sale of nickel-based materials and cobalt-based materials.

Nickel-based materials

Our gross profit from nickel-based materials increased by 22.9% from RMB3,070.3 million in 2022 to RMB3,772.7 million in 2023, primarily due to (i) a 5.7% increase in sales volume from approximately 200,000 metric tons in 2022 to approximately 211,300 metric tons in 2023, and (ii) an increase in gross profit margin from sales of nickel-based materials. Our gross profit margin for sales of nickel-based materials increased from 12.5% in 2022 to 17.4% in 2023, and gross profit per ton increased from approximately RMB15,300 to RMB17,900. This increase in gross profit per ton and gross profit margin was mainly driven by the lower cost per ton benefited from the value we created through processing metals within our integrated supply chain, supported by the commencement of our nickel production.

Cobalt-based materials

Our gross profit from cobalt-based materials increased by 33.3% from RMB182.5 million in 2022 to RMB243.3 million in 2023, primarily attributable to a 95.9% increase in sales volume from approximately 9,700 metric tons in 2022 to approximately 19,000 metric tons in 2023, which was partially offset by a 52.5% decrease in average selling price for the decrease in cobalt price. Our gross profit margin for sales of cobalt-based materials increased from 5.7% in 2022 to 8.2% in 2023.

The gross profit per ton for cobalt-based materials decreased to approximately RMB12,800 in 2023 from RMB18,700 in 2022, primarily due to the decrease in cobalt price. Nevertheless, our gross profit margin improved in 2023 because the cost per ton decreased at a sharper rate than the decrease in our average selling price. The slower decline in gross profit per ton was supported by the value we created through the development and manufacturing of cobalt-based materials.

Phosphorus-based materials

Our gross profit from phosphorus-based materials increased significantly from RMB0.1 million in 2022 to negative gross profit RMB26.9 million in 2023, primarily attributable to our increase in sales volume of phosphorus-based materials as we increased production of LFP pCAM in 2023. Our gross profit margin from phosphorus-based materials decreased from 10.6% in 2022 to negative gross profit margin of 8.2% in 2023, primarily due to a decrease in average selling price. Such decrease was primarily due to industry-wide over-supply of LFP and LFP pCAM in the market, while the raw material costs did not decrease to the same extent during such period, which was line with the industry trending according to the Frost & Sullivan.

New energy metal products

In 2023, we recorded gross profit from sales of new energy metal products of RMB301.2 million, with gross profit margin of 8.9%.

FINANCIAL INFORMATION

Metals Trading

Our gross profit from metals trading increased significantly from RMB0.1 million in 2022 to RMB1.1 million in 2023, primarily due to a significant increase in trading volume from 100 ton in 2022 to 2,900 ton in 2023, as we leveraged our expertise to scale our metals trading business to increase our profit. We recorded gross profit margin of 1.4% and 0.2% in 2022 and 2023 for the metals trading, respectively.

Resales of raw materials

Our gross profit from resales of raw materials increased by 211.5% from RMB49.7 million in 2022 to RMB154.8 million in 2023, primarily due to (i) an increase in revenue from resales of raw materials of RMB1,888.5 million in 2022 to RMB4,011.4 million in 2023, and (ii) an increase in gross profit margin from 2.6% in 2022 to 3.9% in 2023. Such change in gross profit margin was primarily due to the fact that the resale of raw materials serves as an adjustment and supplement to daily production and procurement plans, with its gross profit margin varying alongside market conditions.

Others

Our gross profit from others increased by 67.4% from RMB77.8 million in 2022 to RMB130.2 million in 2023, primarily due to (i) an increase in revenue from others from RMB622.3 million in 2022 to RMB1,105.9 million in 2023, and (ii) the gross profit margin remained relatively stable at 12.5% and 11.8% during the same periods.

Selling and marketing expenses

	Year Ended December 31,		
	2022	2023	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Selling and marketing expenses	56,277	86,695	54.1%
as % of total revenue	0.2%	0.3%	

Our selling and marketing expenses increased by 54.1% from RMB56.3 million in the year ended December 31, 2022 to RMB86.7 million in the year ended December 31, 2023, primarily due to an increase in salaries, compensations and benefits of RMB20.6 million, which was primarily attributable to an increase in selling and marketing employees for the business development in overseas regions. The selling and marketing expenses as a percentage of our total revenue remained relatively stable at 0.2% and 0.3% in 2022 and 2023, respectively.

Administrative expenses

	Year Ended December 31,		
	2022	2023	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Administrative expenses	686,513	999,593	45.6%
as % of total revenue	2.3%	2.9%	

Our administrative expenses increased by 45.6% from RMB686.5 million in the year ended December 31, 2022 to RMB999.6 million in the year ended December 31, 2023, primarily due to (i) an increase in salaries, compensation and benefits of RMB177.6 million, which was primarily attributable to an increase in administrative employees, and (ii) an increase in depreciation and amortization of RMB42.3 million, due to expansion of our overseas operations. As such, the administrative expenses as a percentage of our total revenue increased from 2.3% in 2022 to 2.9% in 2023.

FINANCIAL INFORMATION

Research and development expenses

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
Research and development expenses	929,164	1,055,686	13.6%
as % of total revenue	3.1%	3.1%	

Our research and development expenses increased by 13.6% from RMB929.2 million in the year ended December 31, 2022 to RMB1,055.7 million in the year ended December 31, 2023, primarily due to an increase in salaries, compensations and benefits of RMB83.5 million, which was primarily attributable to an increase in research and development employees.

Other income and gains

Other income and gains increased by 41.6% from RMB636.7 million in the year ended December 31, 2022 to RMB901.8 million in the year ended December 31, 2023, primarily due to (i) an increase in bank interest income of RMB128.4 million which was primarily attributable to more bank deposits and optimized cash management, and (ii) an increase in government grants of RMB61.5 million.

Other expenses

Other expenses decreased by 13.0% from RMB112.8 million in the year ended December 31, 2022 to RMB98.2 million in the year ended December 31, 2023, primarily due to the decrease in expenses in relation to factoring.

Financial costs

Our financial costs increased from RMB538.9 million in 2022 to RMB841.2 million in 2023, primarily due to an increase in interest on bank and other borrowings.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB1,539.4 million in 2022 to RMB2,100.5 million in 2023.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities, proceeds from issuing of bonds and banking facilities. As of June 30, 2025 and September 30, 2025, we had cash and cash equivalents of RMB9,645.3 million and RMB8,273.7 million, respectively.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from our operating activities, bank facilities and net proceeds from the Global Offering.

Taking into account the net proceeds from the Global Offering and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this Prospectus.

FINANCIAL INFORMATION

Net current assets

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30
	2022	2023	2024	2025	2025
	(in RMB thousands)				(unaudited)
Current assets:					
Inventories	9,620,205	7,929,073	9,826,364	10,226,751	11,140,724
Trade and bills receivables	5,077,452	5,139,838	5,105,812	5,659,409	6,091,655
Prepayments, deposits and other receivables	2,639,591	5,335,833	5,436,560	6,226,233	6,791,500
Derivative financial instruments	4,247	122,462	148,554	133,275	45,886
Financial assets at fair value through profit or loss	—	—	2,012,154	1,133,019	1,270,858
Pledged deposits and restricted cash	2,269,615	1,041,977	1,105,032	900,791	1,078,725
Cash and cash equivalents	12,979,249	10,397,466	10,083,956	9,645,273	8,273,668
Total current assets	32,590,359	29,966,649	33,718,432	33,924,751	34,693,016
Current liabilities:					
Trade and bills payables	8,722,936	8,593,538	10,249,416	13,100,673	13,464,644
Derivative financial instruments	459,526	1,655	100,497	15,539	6,792
Interest-bearing bank borrowings	7,328,377	6,360,841	10,539,073	10,551,047	12,046,140
Bonds payable	—	—	1,024,764	1,021,076	—
Other payables and accruals	967,036	1,375,971	1,992,824	1,691,925	2,044,072
Tax payables	94,392	139,631	114,000	91,244	125,592
Lease liabilities	18,394	10,565	18,893	15,808	7,979
Total current liabilities	17,590,661	16,482,201	24,039,467	26,487,312	27,695,219
Net current assets	14,999,698	13,484,448	9,678,965	7,437,439	6,997,797

Comparison between September 30, 2025 and June 30, 2025

Our net current assets decreased from RMB7,437.4 million as of June 30, 2025 to RMB6,997.8 million as of September 30, 2025, primarily due to an increase in current liabilities, mainly including (i) an increase in interest-bearing bank borrowings of RMB1,494.1 million, which was partially offset by a decrease in bonds payables of RMB1,021.1 million primarily due to the repayment of bonds.

Comparison between June 30, 2025 and December 31, 2024

Our net current assets decreased from RMB9,679.0 million as of December 31, 2024 to RMB7,437.4 million as of June 30, 2025, primarily due to an increase in total current liabilities, mainly including (i) an increase in trade and bills payables of RMB2,851.3 million and (ii) an increase in interest bearing bank borrowings of RMB12.0 million. Such increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase in prepayments, deposits and other receivables of RMB789.7 million, (ii) an increase in trade and bills receivables of RMB553.6 million and (iii) an increase in inventories of RMB400.4 million. See “— Selected Balance Sheet Items” for further details.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB13,484.4 million as of December 31, 2023 to RMB9,679.0 million as of December 31, 2024, primarily due to an increase in total current liabilities,

FINANCIAL INFORMATION

mainly including (i) an increase in trade and bills payable of RMB1,655.9 million, (ii) an increase in interest-bearing bank borrowings of RMB4,178.2 million for capital expenditure and operational purposes, and (iii) an increase in bonds payables of RMB1,024.8 million. Such increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase in inventories of RMB1,897.3 million, and (ii) an increase in financial assets at fair value through profit or loss of RMB2,012.2 million. See “ — Selected Balance Sheet Items” for further details.

Comparison between December 31, 2023 and December 31, 2022

Our net current assets decreased from RMB14,999.7 million as of December 31, 2022 to RMB13,484.4 million as of December 31, 2023, primarily due to a decrease in total current assets, mainly including (i) a decrease in inventories of RMB1,691.1 million primarily, (ii) a decrease in pledged deposits of RMB1,227.6 million, primarily attributable to the decrease in deposits for the bills, and (iii) a decrease in cash and cash equivalents of RMB2,581.8 million primarily attributable to less cash generated from financing activities, which was partially offset by an increase in prepayments, deposits and other receivables of RMB2,696.2 million. Such decrease in total current assets was partially offset by a decrease in total current liabilities, mainly including (i) a decrease in trade and bills payables of RMB129.4 million, (ii) a decrease in derivative financial instructions of RMB457.9 million, and (iii) a decrease in interest-bearing bank borrowings of RMB967.5 million primarily attributable to repayments, which was partially offset by an increase in other payables and accruals of RMB408.9 million. See “ — Selected Balance Sheet Items” for further details.

SELECTED BALANCE SHEET ITEMS

Inventories

Our inventories include finished goods, raw materials and goods in transit. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(in RMB thousands)</i>			
Raw materials	3,565,356	4,260,057	4,622,549	4,837,524
Work in progress	2,546,575	1,794,045	2,802,259	3,258,627
Finished goods	3,282,594	1,776,956	1,833,106	2,014,640
Goods in transit	225,680	98,015	568,450	115,960
Total	9,620,205	7,929,073	9,826,364	10,226,751

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

Our inventories decreased from RMB9,620.2 million as of December 31, 2022 to RMB7,929.1 million as of December 31, 2023, primarily due to a decrease in work in process of RMB752.5 million and a decrease in finished goods of RMB1,505.6 million primarily attributable to (i) a decrease in prices of direct raw materials such as nickel and cobalt, which in turn resulted in a decrease in prices of our finished products such as nickel-based materials and cobalt-based materials, and (ii) improved inventory management. Such decrease was partially offset by an increase in raw materials of RMB694.7 million primarily attributable to our expansion into upstream industry value chain in 2023.

Our inventories increased from RMB7,929.1 million as of December 31, 2023 to RMB9,826.4 million as of December 31, 2024, primarily due to an increase in work in progress of RMB1,008.2 million, primarily attributable to the continued build-out of our upstream expansion to ramp up production capacity in 2024, which resulted in a higher volume of work-in-progress at the end of 2024.

FINANCIAL INFORMATION

Our inventories increased from RMB9,826.4 million as of December 31, 2024 to RMB10,226.8 million as of June 30, 2025, primarily due to an increase in work in progress of RMB456.4 million and finished goods of RMB181.5 million, primarily attributable to our expanded production capacity.

Turnover days

The table below sets forth the turnover days of our inventories for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Overall inventory turnover days ⁽¹⁾	98	109	92	96

Note:

(1) Inventory turnover days for each year/period equals the average of the beginning and ending balances of inventory for that period divided by cost of sales for that year/period and multiplied by 365 days for the year ended December 31, and 180 days for the six months ended June 30.

Our inventory turnover days increased from 98 days in 2022 to 109 days in 2023, primarily as we expanded upstream, which resulted in longer production cycle. Our inventory turnover days decreased from 109 days in 2023 to 92 days in 2024, primarily due to (i) our continuous improvement of inventory management based on our order forecast and production plan, and (ii) an increase in portion of inventories for new energy metal and metal products for trading in 2023 and 2024, which generally have a faster inventory turnover rate as compared to our new energy battery materials which involved longer production processes. Our inventory turnover days increased from 92 days in 2024 to 96 days for the six months ended June 30, 2025, primarily due to the decrease in transaction volume of our metals trading.

Subsequent utilization

As of September 30, 2025, 84.9% of our total inventories as of June 30, 2025 or RMB8,677.5 million, were utilized or sold.

Aging analysis

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(in RMB thousands)</i>			
Within three months	9,436,346	7,059,995	8,676,357	8,371,588
Four to six months	196,879	499,483	644,005	1,305,961
Seven to twelve months	67,772	417,775	277,590	272,576
Over one year	24,308	77,533	266,639	318,593
Total	9,725,305	8,054,786	9,864,591	10,268,718

The inventories aging within three months accounted for a substantial majority of our total inventories, being 97.0%, 87.6%, 88.0% and 81.5% as of December 31, 2022, 2023 and 2024 and June 30, 2025. We believe that sufficient provision has been made to the inventories.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recorded provision for impairment losses of our inventories of RMB105.1 million, RMB125.7 million, RMB38.2 million and RMB42.0 million, respectively.

FINANCIAL INFORMATION

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. See note 24 to “Appendix I — Accountants’ Report.”

The table below sets forth the breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(in RMB thousands)</i>			
Trade receivables	4,491,262	3,797,813	4,384,307	5,241,214
Bills receivables	641,264	1,386,945	773,085	490,170
Less: impairment	(55,074)	(44,920)	(51,580)	(71,975)
Total	<u>5,077,452</u>	<u>5,139,838</u>	<u>5,105,812</u>	<u>5,659,409</u>

Our trade and bills receivables remained relatively stable at RMB5,077.5 million, RMB5,139.8 million and RMB5,105.8 million as of December 31, 2022, 2023 and 2024, respectively. Our trade and bills receivables increased from RMB5,105.8 million as of December 31, 2024 to RMB5,659.4 million as of June 30, 2025, primarily due to an increase in trade receivables of RMB856.9 million, primarily attributable to the increase in our sales of new energy metal products.

During the Track Record Period, we were engaged in certain factoring arrangements with domestic commercial banks or other qualified institutions. Under such arrangement, we, as the seller, transferred a portion of our trade receivables arising from the sale of goods to the commercial banks or other qualified institutions, which then provided factoring payments to us based on the eligible receivables acquired. Such factoring arrangements can reduce our cost of trade receivable management, shorten the collection period, accelerate capital turnover, improve the efficiency of fund utilization, enable timely cash recovery and enhance both the asset-liability structure and operating cash flow. In 2023, 2024 and the six months ended June 30, 2025, we factored trade receivables of RMB453.9 million, RMB1,347.7 million and RMB0.8 million, respectively.

Aging analysis and impairment

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(in RMB thousands)</i>			
Within 3 months	4,246,148	3,649,669	4,171,727	4,798,869
4 to 12 months	189,363	102,213	156,272	357,629
1 to 2 years	603	635	4,682	10,753
2 to 3 years	74	376	46	1,988
Total	<u>4,436,188</u>	<u>3,752,893</u>	<u>4,332,727</u>	<u>5,169,239</u>

FINANCIAL INFORMATION

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our allowance for impairment of trade receivables remained relatively stable as well at RMB55.1 million, RMB44.9 million, RMB51.6 million and RMB72.0 million, respectively.

Turnover Days

The table below sets forth the turnover days of our trade and bills receivables for the periods indicated.

	<u>Year Ended December 31,</u>			<u>Six Months Ended June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Trade and bills receivables turnover days ⁽¹⁾	62	54	46	45

Note:

- (1) Trade and bill receivables turnover days for each year/period equals the average of the beginning and ending balances of trade and bills receivables for that year/period divided by revenue for that period and multiplied by 365 days for the year ended December 31, and 180 days for the six months ended June 30.

Our trade and bills receivables turnover days decreased from 62 days in 2022 to 54 days in 2023, and further decreased to 46 days in 2024, primarily due to an increase in sales of new energy metal products and metals trading, for which we generally receive prepayment from customers in advance of or upon shipment. Our trade and bills turnover days remained relatively stable at 45 days for the six months ended June 30, 2025

Subsequent settlement

As of September 30, 2025, 88.3% of our total trade and bills receivables as of June 30, 2025, or RMB4,995.3 million, were settled.

Prepayments, 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.

The table below sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	<u>As of December 31,</u>			<u>As of June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>(in RMB thousands)</i>			
Prepayments	823,642	1,921,202	1,800,338	2,030,219
Deposits and other receivables	107,935	728,157	750,963	1,225,096
Tax recoverable	1,712,704	2,717,992	2,924,047	3,004,489
Listing expenses	—	—	—	21,105
Less: Impairment allowance	(4,690)	(31,518)	(38,788)	(54,676)
Total	<u>2,639,591</u>	<u>5,335,833</u>	<u>5,436,560</u>	<u>6,226,233</u>

FINANCIAL INFORMATION

Our prepayments, deposits and other receivables increased from RMB2,639.6 million as of December 31, 2022 to RMB5,335.8 million as of December 31, 2023, primarily due to (i) an increase in prepayments of RMB1,097.6 million primarily attributable to an increase in procurement of nickel intermediates, which typically require prepayment, (ii) an increase in deposits and other receivables of RMB620.2 million primarily attributable to an increase in loans to our affiliates for establishment of overseas production bases, and (iii) an increase in tax recoverable of RMB1,005.3 million primarily attributable to an increase in input tax associated with our construction and establishment of overseas production bases.

Our prepayments, deposits and other receivables remained relatively stable at RMB5,335.8 million and RMB5,436.6 million as of December 31, 2023 and 2024, respectively.

Our prepayments, deposits and other receivables increased from RMB5,436.6 million as of December 31, 2024 to RMB6,226.2 million as of June 30, 2025, primarily due to (i) an increase in prepayments of RMB229.9 million, primarily attributable to an increase in procurement of raw materials, and (ii) an increase in deposits and other receivables of RMB474.1 million primarily attributable to an increase in loans to our affiliates for establishment of overseas production bases.

Subsequent utilization

As of September 30, 2025, 62.4% of our prepayment, deposits and other receivables as of June 30, 2025, or RMB3,887.1 million, were utilized.

Financial assets at fair value through profit or loss

The table below sets forth our current portion of financial assets at fair value through profit or loss, which mainly include cash management products, as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	<i>(in RMB thousands)</i>			2025
Current portion:				
Financial assets at fair value through profit or				
loss	–	–	2,012,154	1,133,019

As of December 31, 2024, we had current portion of financial assets at fair value through profit or loss, which consisted of structured deposits of RMB2,012.2 million. Our financial assets at fair value through profit or loss decreased from RMB2,012.2 million as of December 31, 2024 to RMB1,133.0 million as of June 30, 2025, primarily due to the redemption of our cash management products. We form our portfolio of financial assets with the view of achieving (i) a relatively low level of risk, (ii) good liquidity and (iii) an enhanced yield. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment, and the expected returns and potential risks of such investment.

We have also established internal policy to safeguard our exposure to investment risks in connection with the purchase of cash management products. Such measures include that: (i) our investment amount limit in financial assets shall be approved by the Boards, which will authorize chairman of the Board or other authorized persons to enter into relevant contracts and deal with relevant matters; (ii) we will strictly adhere to the principle of prudent investment and select low-risk investment products. Our financial department responsible for implementation will closely monitor and analyze the investment directions and progress of financial products in real-time. If any factors are identified or anticipated that may affect the

FINANCIAL INFORMATION

returns of financial products, our financial department will promptly report to our management and take appropriate protective measures to minimize investment risks and ensure the security of funds; and (iii) the use of financial investment funds shall be subject to daily supervision by the internal audit department, which will conduct periodic audits and verifications of fund usage as needed.

After Listing, we intend to continue our investments in the financial assets strictly in accordance with our internal policies and measures and the requirements under Chapter 14 of the Listing Rules.

Property, plant and equipment

The table below sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(in RMB thousands)</i>			
Buildings	3,442,538	5,281,312	8,400,069	8,428,761
Leasehold improvements	23,979	14,703	21,246	50,720
Machinery	4,376,068	8,246,983	14,791,327	14,836,661
Vehicles	192,551	223,527	337,344	371,481
Office devices and others	103,921	230,645	226,248	226,712
Construction in progress	6,657,478	10,077,628	5,217,157	6,082,209
Total	14,796,535	24,074,798	28,993,391	29,996,544

Our property, plant and equipment increased from RMB14,796.5 million as of December 31, 2022 to RMB24,074.8 million as of December 31, 2023, primarily due to an increase in buildings of RMB1,838.8 million, an increase in machinery of RMB3,870.9 million and an increase in construction in progress of RMB3,420.2 million, primarily attributable to our continuous expansion of our production bases in 2023.

Our property, plant and equipment increased from RMB24,074.8 million as of December 31, 2023 to RMB28,993.4 million as of December 31, 2024, primarily due to an increase in buildings of RMB3,118.8 million and an increase in machinery of RMB6,544.3 million primarily attributable to our continuous expansion of our production bases, which was partially offset by a decrease in construction in progress of RMB4,860.5 million, as we finished construction of certain production bases in 2024.

Our property, plant and equipment increased from RMB28,993.4 million as of December 31, 2024 to RMB29,996.5 million as of June 30, 2025, primarily due to an increase in construction in progress of RMB865.1 million primarily attributable to our continuous expansion of our overseas production bases in the six months ended June 30, 2025.

Goodwill

The table below sets forth the movement of our goodwill as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(in RMB thousands)</i>			
At beginning of year				
Cost	—	1,325,781	1,348,262	1,424,799
Accumulated impairment	—	—	—	—
Net carrying amount	—	1,325,781	1,348,262	1,424,799

FINANCIAL INFORMATION

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(in RMB thousands)</i>			
Net of accumulated impairment	–	1,325,781	1,348,262	1,424,799
Acquisition of subsidiaries	1,283,731	–	55,932	–
Exchange realignment	42,050	22,481	20,605	(5,906)
At end of year	<u>1,325,781</u>	<u>1,348,262</u>	<u>1,424,799</u>	<u>1,418,893</u>

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recorded goodwill of RMB1,325.8 million, RMB1,348.3 million, RMB1,424.8 million and RMB1,418.9 million, respectively.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the PT Debonair Nickel Indonesia cash-generating unit, PT Jade Bay Metal Industry cash-generating unit and FINO Inc. cash-generating unit. See note 15 to “Appendix I — Accountants’ Report.”

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(in RMB thousands)</i>			
PT Debonair Nickel Indonesia	1,052,997	1,070,853	1,086,834	1,082,329
PT Jade Bay Metal Industry	272,784	277,409	281,549	280,382
FINO Inc.	–	–	56,416	56,182
Total	<u>1,325,781</u>	<u>1,348,262</u>	<u>1,424,799</u>	<u>1,418,893</u>

PT Debonair Nickel Indonesia cash-generating unit

The recoverable amount of the industrial products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 14.48%, 12.70%, 12.36% and 12.63% as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The historical year-over-year growth rate applied in extrapolating the cash flows of the industrial products unit is negative 2.85% from the six months ended June 30, 2024 to the six months ended June 30, 2025. Such negative growth rate was primarily attributable to the decrease trend in price of nickel. The average LME nickel prices in the six months ended June 30, 2025 decreased by 12.2% as compared to that of the corresponding period in 2024. Given that the cash-generating unit started to realise revenue in 2024, the growth rate is not applicable from 2022. to 2024. Senior management of the PT Debonair Nickel Indonesia unit believes that this growth rate is justified, given the new technology internally developed by the Group during the year. We are the pioneer of such technology which has reduced the cost and time of production, and these industrial products qualify for a major product of us.

PT Jade Bay Metal Industry cash-generating unit

In 2023, the recoverable amount of the PT Jade Bay Metal Industry cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 16.15%, 12.95%, 12.85% and 12.52% as at December 31, 2022, 2023 and 2024 and

FINANCIAL INFORMATION

June 30, 2025, respectively. The historical year-over-year growth rate applied in extrapolating the cash flows of the industrial products unit is 6.67% from 2023 to 2024 as the formal production began in 2023 and the period from 2023 to 2024 was still in the capacity ramp-up phase. The historical year-over-year growth rate turned into negative 9.29% from the six months ended June 30, 2024 to the six months ended June 30, 2025, primarily attributable to the decrease trend in price of nickel. The average LME nickel prices in the six months ended June 30, 2025 decreased by 12.2% as compared to that of the corresponding period in 2024. Given that the cash-generating unit started to realise revenue in 2023, the growth rate is not applicable from 2022 to 2023.

Assumptions were used in the value in use calculation of the Debonair Holdings Private Limited and PT Jade Bay Metal Industry cash generating units for December 31, 2022, 2023 and 2024 and June 30, 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, increased for management's expectation of the future market.

Gross margin — The basis used to determine with reference to the average gross margin achieved in the year before the budget year, increased for management's expectation of the future market.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development of industrial products and electronic products industries and discount rates are consistent with external information sources.

Impact of possible changes in key assumptions

PT Debonair Nickel Indonesia cash-generating unit

Impairment review on the goodwill of us has been conducted by management as of December 31, 2022, 2023 and 2024 and June 30, 2025 according to IAS 36 "Impairment of assets". The headroom measured by the excess of the recoverable amount over the carrying amount of the industrial products cash-generating unit was RMB355,728,000, RMB122,414,000, RMB75,421,000 and RMB50,037,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Based on the results of the impairment assessments, no impairment-loss on the goodwill relating to the industrial products cash-generating unit was recognised as at December 31, 2022, 2023 and 2024 and June 30, 2025.

We performed the sensitivity analysis based on the assumption that the compound growth rate of revenue, gross margin and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to 0.27%, 0.08%, 0.05% and 0.01%, gross margin reduced 6.42%, 2.00%, 1.78% and 0.40% or discount rate increased 1.20%, 0.29%, 0.23% and 1.20%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, our Directors believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

FINANCIAL INFORMATION

PT Jade Bay Metal Industry cash-generating unit

Impairment review on the goodwill of the Group has been conducted by management as of December 31, 2022, 2023 and 2024 and June 30, 2025 according to IAS 36 “Impairment of assets”. The headroom measured by the excess of the recoverable amount over the carrying amount of the industrial products cash-generating unit was RMB882,297,000, RMB520,838,000, RMB86,659,000 and RMB72,119,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to the industrial products cash-generating unit was recognised as at December 31, 2022, 2023 and 2024 and June 30, 2025.

We performed the sensitivity analysis based on the assumption that the compound growth rate of revenue, gross margin and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to 1.01%, 0.57%, 0.08% and 0.04%, gross margin reduced 24.25%, 16.65%, 4.50% and 2.50% or discount rate increased 6.77%, 3.03%, 0.59% and 1.30%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the Directors believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

Investment in Joint Ventures

The table below sets forth the investment in joint ventures as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
		<i>(in RMB thousands)</i>		
Share of net assets	206,290	1,978,467	2,354,322	2,382,782
Goodwill on acquisition	—	—	—	—
Total	206,290	1,978,467	2,354,322	2,382,782

Our shareholdings in the joint venture are all held by the Company indirectly. Our investment in joint ventures increased from RMB206.3 million as of December 31, 2022 to RMB1,978.5 million as of December 31, 2023 as we entered into a joint venture agreement with AL MADA to collaborate on establishment of Morocco production base, upon which we held 50.03% of the equity interest. See note 16 to “Appendix I — Accountants’ Report.”

Investment in Subsidiaries and Associates

During the Track Record Period, we have made significant investment in our subsidiaries and associates. Our investment costs in subsidiaries amounted to RMB16,997.7 million, RMB17,667.6 million, RMB18,698.0 million and RMB19,760.2 million in 2022, 2023 and 2024 and the six months ended June 30, 2025. Our investment in associated amounted to RMB63.7 million, RMB197.2 million, RMB1,707.4 million and RMB1,760.4 million as of December 31, 2022, 2023 and 2024 and June 30, 2025. Our investment in associates increased from RMB197.2 million in as of December 31, 2023 to RMB1,707.4 million as of December 31, 2024, primarily due to our investment in nickel mines in Indonesia. See note 17 to “Appendix I — Accountants’ Report.”

FINANCIAL INFORMATION

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.

The table below sets forth our trade and bills payables as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
		<i>(in RMB thousands)</i>		2025
Trade and bills payables	8,722,936	8,593,538	10,249,416	13,100,673

Our trade and bills payable remained relative stable at RMB8,722.9 million and RMB8,593.5 million as of December 31, 2022 and 2023, respectively, which increased to RMB10,249.4 million as of December 31, 2024 and RMB13,100.7 million as June 30, 2025, primarily due to an increase in use of bills payables for raw materials and equipment.

Aging analysis

The table below sets forth the breakdown of the aging analysis of the trade and bills payables.

	As of December 31,			As of
	2022	2023	2024	June 30,
		<i>(in RMB thousands)</i>		2025
Within 1 year	8,513,547	7,952,415	9,359,024	12,102,552
1 to 2 years	186,688	525,766	620,861	709,471
2 to 3 years	5,455	102,405	164,368	157,894
Over 3 years	17,246	12,952	105,163	130,756
Total	8,722,936	8,593,538	10,249,416	13,100,673

Turnover days

The table below sets forth the turnover days for the trade and bills payables for the periods indicated.

	Year Ended December 31,			Six
	2022	2023	2024	Months
				Ended
				June 30,
				2025
Trade and bills payables turnover days ⁽¹⁾	127	106	97	112

Note:

- (1) Trade and bills payables turnover days for each year/period equals the average of the beginning and ending balances of trade and bills payables for that year/period divided by cost of sales for that year/period and multiplied by 365 days for the year ended December 31, and 180 days for the three months ended June 30.

FINANCIAL INFORMATION

Our trade and bills payables turnover days decreased from 127 days in 2022 to 106 days in 2023 and further to 97 days in 2024, primarily due to the increase in procurement of nickel intermediates, the suppliers of which typically require us to make prepayment. Our trade and bills payables turnover days increased from 97 days in 2024 to 112 days for the six months ended June 30, 2025, primarily due to the increase in use of bills to settle with our suppliers.

Subsequent settlement

As of September 30, 2025, 58.4% of our total trade and bills payables as of June 30, 2025, or RMB7,657.1 million, were settled.

Other payables and accruals

The current portion of our other payables and accruals primarily comprises (i) contract liabilities primarily including short-term advances from customers for our products, (ii) payroll and welfare payables, (iii) amounts due to non-controlling shareholders for advances from non-controlling shareholders to our subsidiaries, which is interest-bearing, (iv) other payables, (v) other tax payables, and (vi) other current liabilities mainly for endorsed and unmatured bank bills.

The table below sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(in RMB thousands)</i>			
Contract liabilities	86,424	169,248	586,567	280,635
Payroll and welfare payable	203,713	293,598	343,956	254,909
Amount due to non-controlling shareholders	–	367,708	428,829	216,635
Other payables	438,680	273,832	292,020	394,581
Other tax payables	38,300	58,720	56,711	69,506
Other current liabilities	199,919	212,865	284,741	475,659
Total	967,036	1,375,971	1,992,824	1,691,925

Our other payables and accruals increased from RMB967.0 million as of December 31, 2022 to RMB1,376.0 million as of December 31, 2023, primarily due to an increase in the advances from non-controlling shareholders to our subsidiaries, which was mainly used as capital expenditure and working capital for our production bases under construction. See note 28 to the “Appendix I — Accountants’ Report” to this Prospectus.

Our other payables and accruals increased from RMB1,376.0 million as of December 31, 2023 to RMB1,992.8 million as of December 31, 2024, primarily due to an increase in contract liabilities of RMB417.3 million primarily attributable to an increase in advances from our customers for the new energy metal products.

Our other payables and accruals decreased from RMB1,992.8 million as of December 31, 2024 to RMB1,691.9 million as of June 30, 2025, primarily due to (i) a decrease in contract liabilities of RMB305.9 million primarily attributable to the subsequent settlement with our customers, and (ii) a decrease in amount due to non-controlling shareholders of RMB212.2 million primarily attributable to recognition of a portion of the amount due to non-controlling shareholders as non-current liabilities, as it relates to renewals of advances from those non-controlling shareholders extending beyond one year.

FINANCIAL INFORMATION

Derivative financial instruments

Our derivative financial instruments primarily comprise commodity futures and cross currency swaps, which was mainly for the hedging purpose. See “Business — Inventory Management — Hedging.” The table below sets forth the breakdown of our derivative financial instruments as of dates indicated.

	As of December 31,						As of June 30,	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<i>(in RMB thousands)</i>								
Derivatives financial assets designated as hedging relationships:								
Commodity futures	—	459,526	117,168	—	135,342	—	58,269	—
Derivative financial assets without designated hedging relationships:								
Cross currency swaps . .	4,247	—	5,294	—	13,212	—	19,154	—
Others ⁽¹⁾	—	—	—	1,655	—	100,497	55,852	15,539
Total	4,247	459,526	122,462	1,655	148,554	100,497	133,275	15,539

Note:

(1) Mainly including deferred pricing contract.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the notional value of our hedging instruments amounted to RMB3,507.3 million, RMB6,379.6 million, RMB10,642.6 million and RMB14,341.0 million. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of our hedging instruments and the hedged items are both affected by changes in metal prices, and the impact of price changes is opposite. The fair value of our commodity futures turned into assets of RMB117.2 million as of December 31, 2023 from liabilities of RMB459.5 million as of December 31, 2022, primarily due to the decrease in metal prices, which resulted in unrealized gains on the held futures derivatives position. The fair value of our commodity futures increased from RMB117.2 million as of December 31, 2023 to RMB135.3 million as of December 31, 2024, primarily due to the decrease in metal prices, which resulted in unrealized gains on the held futures derivatives position, which decreased to RMB58.3 million as of June 30, 2025 primarily due to the fact that the metal prices decreased to a lesser extent, which resulted in less unrealizable profit on the held future derivatives position.

Note 29 the “Appendix I — Accountants’ Report” to this Prospectus.

FINANCIAL INFORMATION

CASH FLOWS

The table below sets forth our cash flows for the periods indicated.

	Year Ended December 31,			As of
	2022	2023	2024	June 30,
	(in RMB thousands)			2025
Operating profit before working capital changes	2,878,055	4,169,086	4,334,955	2,346,284
Changes in working capital	(7,688,240)	399,780	(120,126)	(731,011)
Income tax paid	(143,382)	(183,677)	(271,866)	(139,632)
Net cash flows (used in)/from operating activities	(4,953,567)	4,385,189	3,942,963	1,475,641
Net cash flows used in investing activities	(11,775,398)	(9,644,253)	(9,972,453)	(2,536,487)
Net cash flows from financing activities	23,392,695	2,519,319	5,556,277	745,285
Net increase in cash and cash equivalents	6,663,730	(2,739,745)	(473,213)	(315,561)
Cash and cash equivalents at beginning of the year	6,337,216	12,979,249	10,397,466	10,083,956
Effects of foreign exchange rate changes, net	(21,697)	157,962	159,703	(123,122)
Cash and cash equivalents at end of the year ..	12,979,249	10,397,466	10,083,956	9,645,273

Operating activities

In the six months ended June 30, 2025, we had net cash generated from operating activities of RMB1,475.6 million, which was primarily due to our profit before tax of RMB827.1 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) depreciation of property, plant and equipment of RMB1,018.9 million, and (b) finance costs of RMB521.1 million, and (ii) changes in working capital, which primarily comprised (a) an increase in trade and bill receivables of RMB536.9 million, (b) an increase in inventories of RMB441.0 million, which was partially offset by an increase in trade and bills payables of RMB677.5 million.

In 2024, we had net cash generated from operating activities of RMB3,943.0 million, which was primarily due to our profit before tax of RMB2,022.5 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) finance costs of RMB1,037.4 million, and (b) depreciation of property, plant and equipment of RMB1,391.6 million, and (ii) changes in working capital, which primarily comprised (a) an increase in inventories of RMB1,882.2 million, and (b) an increase in trade receivables of RMB185.3 million, which was partially offset by an increase in trade and bills payables of RMB1,047.8 million.

In 2023, we had net cash generated from operating activities of RMB4,385.2 million, which was primarily due to our profit before tax of RMB2,380.9 million, as adjusted for the items including (i) certain non-cash and non-operating items, primarily comprising (a) finance costs of RMB841.2 million, (b) depreciation of property, plant and equipment of RMB843.6 million, and (c) write-down of inventories to net realizable value of RMB202.7 million, and (ii) changes in working capital, which primarily comprised (a) a decrease in inventories of RMB1,488.5 million, (b) a decrease in pledged deposits of RMB971.4 million, (c) an increase in trade and bills payables of RMB1,821.4 million, which was partially offset by (a) an increase in trade receivables of RMB1,853.7 million, and (b) an increase in prepayment and other assets of RMB1,523.7 million.

FINANCIAL INFORMATION

In 2022, we had net cash used in operating activities of RMB4,953.6 million, which primarily due to our profit before tax of RMB1,693.0 million, as adjusted for the items including (i) certain non-cash and non-operating items, primarily comprising (a) finance costs of RMB538.9 million, (b) depreciation of property, plant and equipment of RMB497.5 million, and (c) write-down of inventories to net realizable value of RMB122.9 million, and (ii) changes in working capital, which primarily comprised (a) an increase in inventories of RMB4,883.9 million, primarily to support our business expansion, (b) an increase in trade receivables of RMB1,744.7 million, and (c) an increase in prepayments and other assets of RMB1,116.2 million, which was partially offset by an increase in derivative financial instruments of RMB423.2 million.

Investing activities

In the six months ended June 30, 2025, we had net cash used in investing activities of RMB2,536.5 million, primarily due to (i) purchases of financial assets at fair value through profit or loss of RMB6,974.6 million, (ii) purchases of items of property, plant and equipment of RMB1,535.0 million, (iii) advances of loans to joint ventures and associates of RMB809.6 million, (iv) prepayment for equity investment of RMB848.2 million, and (v) acquisition of subsidiaries of RMB417.7 million, which was partially offset by withdrawal of financial assets at fair value through profit or loss of RMB7,853.2 million.

In 2024, we had net cash used in investing activities of RMB9,972.5 million, primarily due to (i) the purchase of items of property, plant and equipment of RMB6,466.2 million, (ii) purchase of equity investment in joint ventures and associates of RMB1,359.8 million, and (iii) purchase of financial assets at fair value through profit or loss of RMB6,128.0 million.

In 2023, we had net cash used in investing activities of RMB9,644.3 million, primarily due to (i) purchase of items of property, plant and equipment of RMB6,914.5 million, (ii) prepayments for equity investments of RMB490.3 million, (iii) acquisition of subsidiaries of RMB1,400.6 million, and (iv) loans to joint ventures and associates of RMB468.7 million.

In 2022, we had net cash used in investing activities of RMB11,775.4 million, primarily due to (i) purchases of items of property, plant and equipment of RMB9,534.7 million, (ii) acquisition of subsidiaries of RMB957.5 million, and (iii) purchases of equity investments designated at fair value through other comprehensive income of RMB524.0 million.

Financing activities

In the six months ended June 30, 2025, we had net cash generated from financing activities of RMB745.3 million, primarily due to (i) repayment of bank loans of RMB8,912.0 million, (ii) repurchase of shares of RMB621.8 million and (iii) interest paid of RMB425.4 million, partially offset by (i) new bank loans of RMB8,666.0 million, and (ii) capital contribution of non-controlling interests of RMB600.0 million.

In 2024, we had net cash generated from financing activities of RMB5,556.3 million, primarily due to (i) new bank loans of RMB15,598.7 million, (ii) new other borrowing of RMB2,983.8 million and (iii) capital contribution of non-controlling interest of RMB2,338.4 million, partially offset by (i) repayment of bank loans of RMB9,547.8 million, (ii) interest paid of RMB1,315.3 million.

In 2023, we had net cash generated from financing activities of RMB2,519.3 million, primarily due to (i) new bank loans of RMB13,257.0 million, and (ii) capital contribution of non-controlling interests of RMB4,418.6 million, which was partially offset by (i) repayment of bank loans of RMB12,915.2 million, and (ii) repayment of the borrowings of RMB2,823.4 million.

In 2022, we had net cash generated from financing activities of RMB23,392.7 million, primarily due to (i) proceeds from issue of shares of RMB4,562.8 million, (ii) proceeds from issue of bonds of

FINANCIAL INFORMATION

RMB1,671.5 million, (iii) new bank loans of RMB24,326.7 million, (iv) capital contribution of non-controlling interests of RMB3,335.7 million, which was partially offset by (i) repayment of bank loans of RMB10,759.5 million and (ii) repayment of other borrowings of RMB1,951.3 million.

INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	<i>(in RMB thousands)</i>				<i>(unaudited)</i>
Interest-bearing bank borrowings	19,934,271	20,193,132	26,326,724	26,141,213	28,384,677
Bonds payable	1,687,387	1,720,373	1,749,841	1,744,442	710,571
Amount due to non-controlling shareholders	805,910	1,295,315	428,829	467,277	401,716
Convertible bonds	—	—	99,010	125,663	5,566
Lease liabilities	27,121	19,170	44,717	31,243	29,772
Accounts payable for equipment	—	—	845,220	920,640	929,692
Total	22,454,689	23,227,990	29,494,341	29,430,478	30,461,994

Interest-bearing bank borrowings

The table below sets forth our interest-bearing bank borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	<i>(in RMB thousands)</i>				<i>(unaudited)</i>
Current					
Bank loans — secured	6,288,410	3,376,800	3,415,929	4,118,879	5,174,005
Bank loans — unsecured	—	—	70,042	70,038	70,038
Current portion of long term bank loans — unsecured	—	80,000	326,288	608,320	1,317,645
Current portion of long term bank-loans — secured	1,039,967	2,904,041	6,726,814	5,753,810	5,484,452
Sub-total	7,328,377	6,360,841	10,539,073	10,551,047	12,046,140
Non-current					
Bank loans — secured	12,605,894	13,257,291	13,727,651	12,297,949	12,743,358
Bank loans — unsecured	—	575,000	2,060,000	3,292,217	3,595,179
Sub-total	12,605,894	13,832,291	15,787,651	15,590,166	16,338,537
Total	19,934,271	20,193,132	26,326,724	26,141,213	28,384,677

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had interest-bearing bank borrowings with effective interest rate typically ranging from 1.70% to 7.81% of RMB19,934.3 million, RMB20,193.1 million, RMB26,326.7 million and RMB26,141.2 million, respectively. As of September 30,

FINANCIAL INFORMATION

2025, we had interest-bearing bank borrowings of RMB28,384.7 million. 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. Such guarantees provided by related parties is not expected to be fully released before listing. See note 30 to “Appendix I — Accountants’ Report” to this Prospectus.

As of September 30, 2025, we had unutilized banking facilities of RMB49,754.9 million.

Bonds payable

The table below sets forth our bonds payable as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	<i>(in RMB thousands)</i>				<i>(unaudited)</i>
Nominal value of bonds issued during the year	1,671,504	—	—	—	—
At beginning of year:	—	1,687,387	1,720,373	1,749,841	1,749,841
Addition	1,582,478	—	—	199,990	199,990
Interest expense	44,893	92,342	93,865	47,110	65,530
Repayment	(15,697)	(88,006)	(90,071)	(245,239)	(1,294,134)
Exchange realignment	75,713	28,650	25,674	(7,260)	(10,656)
Liability component at the end of the year/period	<u>1,687,387</u>	<u>1,720,373</u>	<u>1,749,841</u>	<u>1,744,442</u>	<u>710,571</u>
Analyzed into:					
Current portion	—	—	1,024,764	1,021,076	—
Non-current portion	1,687,387	1,720,373	725,077	723,366	710,571

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

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	<i>(in RMB thousands)</i>				<i>(unaudited)</i>
Amount due to non-controlling shareholders					
Current portion	—	367,708	428,829	216,635	221,027
Non-current portion	805,910	927,607	—	250,642	180,689
Total	<u>805,910</u>	<u>1,295,315</u>	<u>428,829</u>	<u>467,277</u>	<u>401,716</u>

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, 2022, 2023 and 2024, June 30, 2025 and September 30, 2025, we had amount due to non-controlling shareholders of RMB805.9 million, RMB1,295.3 million,

FINANCIAL INFORMATION

RMB428.8 million, RMB467.3 million and RMB401.7 million, respectively. Such amount due to non-controlling shareholders which were mainly used for capital expenditures and operational purposes is not expected to be fully settled prematurely before listing accordingly to the terms of the relevant agreements.

Convertible bonds

On July 18, 2024, one of our subsidiaries issued a 3.03% KRW70,000,000,000 (equivalent to approximately RMB356.4 million) 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.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	September 30,
			(RMB'000)	2025	2025
					(unaudited)
Nominal value of bonds issued during the year . . .	—	—	166,270	—	—
Equity component . . .	—	—	(73,870)	—	—
At beginning of year/period					
Liability component at the issuance date	—	—	92,400	99,010	99,010
Interest expense	—	—	9,329	10,859	12,184
Interest paid	—	—	—	—	—
Exchange					
Realignment	—	—	(2,719)	15,794	10,901
Converted into shares of the Company . .	—	—	—	—	116,529
Liability component at the end of the year/period,	—	—	99,010	125,663	5,566

FINANCIAL INFORMATION

Lease liabilities

The table below sets forth the lease liabilities as of the dates indicated.

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	September 30,
				2025	2025
	<i>(in RMB thousands)</i>				
Current					<i>(unaudited)</i>
Lease liabilities	18,394	10,565	18,893	15,808	7,979
Non-current					
Lease liabilities	8,727	8,605	25,824	15,435	21,743
Total	<u>27,121</u>	<u>19,170</u>	<u>44,717</u>	<u>31,243</u>	<u>29,722</u>

Our lease liabilities decreased from RMB27.1 million as of December 31, 2022 to RMB19.2 million as of December 31, 2023, primarily due to our payment of rents. Our lease liabilities increased from RMB19.2 million as of December 31, 2023 to RMB44.7 million as of December 31, 2024, primarily due to the new offices we leased as a result of business growth. Our lease liabilities decreased from RMB44.7 million as of December 31, 2024 to RMB31.2 million as of June 30, 2025 and further to RMB29.7 million as of September 30, 2025, primarily due to our repayment of rents.

Accounts payable for equipment

As of June 30, 2025 and September 30, 2025, we recorded accounts payable for equipment of RMB920.6 million and RMB929.7 million. Our accounts payable for engineering equipment was discounted due to its financial attributes. See note 34 to the “Appendix I - Accountants’ Report” to this Prospectus.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, June 30, 2025 and September 30, 2025, and up to the Latest Practicable Date, we did not have any contingent liabilities.

Save as disclosed above, we did not have any other material contingent liabilities as of the Latest Practicable Date for our indebtedness statement. Our Directors confirm that as of the Latest Practicable Date, we had complied with relevant restrictive covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness since September 30, 2025 up to the date of this Prospectus.

FINANCIAL INFORMATION

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure

The table below sets forth the capital expenditure in relation to projects under development for the periods indicated.

	Year Ended December 31,			As of
	2022	2023	2024	June 30,
	(in RMB thousands)			2025
Purchase of items of property, plant and equipment	9,534,743	6,914,512	6,466,161	1,535,036
Purchases of equity investments in joint ventures and associates	259,421	477,162	1,359,818	19,923
Acquisition of subsidiaries	957,549	1,400,552	107,743	417,709
Prepayments for equity investments	257,270	490,335	117,886	848,193
Additions to other intangible assets	6,191	21,739	5,822	182,838
Total capital expenditure	11,015,174	9,304,300	8,057,430	3,003,699

During the Track Record Period, our capital expenditure was primarily for purchase of items of property, plant and equipment.

Capital commitments

The table below sets forth the capital commitments, mainly relating to our projects under development, as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(in RMB thousands)			2025
Capital commitments	2,435,503	2,545,060	1,122,966	2,894,208

KEY FINANCIAL RATIOS

	Year Ended/As of December 31,			Six Months Ended/As of June 30,
	2022	2023	2024	2025
Return on assets ⁽¹⁾	2.9%	3.4%	2.5%	1.9%
Return on equity ⁽²⁾	7.6%	7.5%	6.1%	4.8%
Gearing ratio ⁽³⁾	110.4%	83.2%	97.2%	96.9%
Current ratio ⁽⁴⁾	1.9	1.8	1.4	1.3
Quick ratio ⁽⁵⁾	1.3	1.3	1.0	0.9

Notes:

- (1) Return on assets is calculated based on the total profit for the relevant year/period divided by the ending balance of total assets and multiplied by 100%. For illustrative purpose, return on assets for the six months ended June 30, 2025 is calculated on an annualised basis, and may not represent the ratio for the year of 2025.

FINANCIAL INFORMATION

- (2) Return on equity is calculated based on the total profit for the relevant year/period divided by the ending balance of total equity and multiplied by 100%. For illustrative purpose, return on equity for the six months ended June 30, 2025 is calculated on an annualised basis, and may not represent the ratio for the year of 2025.
- (3) Gearing ratio is calculated based on 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%.
- (4) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year.
- (5) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year.

DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, we have currency exposures from our cash and cash equivalent. Our management considers our exposure to foreign currency risk not significant. See note 46 to "Appendix I — Accountants' Report."

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of the head of credit control. See note 46 to "Appendix I — Accountants' Report."

Liquidity Risk

We monitor our exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. Our policy is that all the borrowings should be approved by the chief financial officer. See note 46 to "Appendix I — Accountants' Report."

Capital Management

The primary objective of our capital management is to ensure that we maintain a strong credit profile and healthy capital ratios in order to support our business and maximize shareholders' value. We manage our capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period. See note 46 to "Appendix I — Accountants' Report."

RELATED PARTY TRANSACTIONS

Related party transactions are set out in note 42 to "Appendix I — Accountants' Report." Our Directors confirm that these transactions were conducted at arm's length basis.

FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

DIVIDEND POLICY

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

	For the Year Ended December 31,			For the six months ended
	2022	2023	2024	June 30,
				2025
	<i>(in RMB thousands)</i>			
Ordinary A Shares				
Interim	—	—	260,460	—
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	101,753	173,023	772,489	328,451
Dividends of lapsed restricted shares	—	(344)	(1,813)	(3,218)
Total	<u>101,753</u>	<u>172,679</u>	<u>1,031,136</u>	<u>325,233</u>

As of the Latest Practicable Date, we had paid these dividends in full.

In April 2025, our Board approved a dividend plan to distribute a total cash dividend of RMB328.5 million from our 2024 profits, which was approved by the annual general meeting of the Company.

According to applicable laws in mainland China and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax until the cumulative amount reaches 50% or more of the Company's registered capital; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting. We may distribute our profits in the form of cash, stock, or a combination of both. The aggregate cash dividend for any three consecutive years shall not be less than 30% of the average distributable profits realized during such three years. We may distribute an interim dividend based on our current operating profits and cash flow situation.

We adopted Shareholder Return Plan for 2024-2026 in 2024. We have strictly implemented this plan, which outlines the decision-making process for setting dividend standards and profit distribution policies, aiming to ensure a stable and consistent approach to profit distribution. After the completion of the Global Offering, future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVE

As of June 30, 2025, we had RMB5,107.4 million of retained profits available for distribution to our shareholders.

DISCLOSURE REQUIRED UNDER RULES 13.13 to 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this Prospectus, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as of June 30, 2025 as if it had taken place on June 30, 2025.

The unaudited pro forma adjusted statement of consolidated net tangible assets of us to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of us had the Global Offering been completed as of June 30, 2025 or any future date. It is prepared based on our consolidated net tangible assets attributable to the owners of the Company as of June 30, 2025 as set out in the Accountants’ Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted statement of consolidated net tangible assets attributable to the owners of the Company does not form part of the Accountants’ Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of the Company as at June 30, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets as at June 30, 2025	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at June 30, 2025	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 4)	(HK\$ equivalent) (Note 4)
Based on an Offer Price of HK\$34.00 per Share	<u>17,648,818</u>	<u>3,132,094</u>	<u>20,780,912</u>	<u>19.94</u>	<u>21.86</u>
Based on an Offer Price of HK\$35.90 per Share	<u>17,648,818</u>	<u>3,309,665</u>	<u>20,958,483</u>	<u>20.11</u>	<u>22.04</u>
Based on an Offer Price of HK\$37.80 per Share	<u>17,648,818</u>	<u>3,487,236</u>	<u>21,136,054</u>	<u>20.28</u>	<u>22.23</u>

Notes:

- (1) The consolidated net tangible assets attributable to owners of the Company as at June 30, 2025 is extracted from “Appendix I-Accountants’ Report”, which is based on the consolidated equity attributable to owners of the Company as of June 30, 2025 of approximately RMB20,339.8 million, less other intangible assets and goodwill of approximately RMB2,691.0 million as of June 30, 2025.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$34.00 per Share, HK\$35.90 per Share or HK\$37.80 per Share, after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.00 to RMB0.91228 prevailing on the Latest Practicable Date.

FINANCIAL INFORMATION

- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 1,042,253,858 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.91228 prevailing on the Latest Practicable Date.
- (5) Save as disclosed above, no adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to June 30, 2025.
- (6) If we paid 2025 interim dividend of RMB2.80 (tax inclusive) per 10 shares for total of 908,195,586 shares, the unaudited pro forma adjusted consolidated net tangible assets per share would be HK\$21.59, HK\$21.77 or HK\$21.95 based on the Offer Price of HK\$34.00 per Share, HK\$35.90 per Share or HK\$37.80 per Share, respectively.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. Our listing expenses are estimated to be approximately RMB103.8 million (including underwriting commission) accounting for 3.0% of the gross proceeds of the Global Offering, assuming that an Offer Price of HK\$35.90 per H Share (being the mid-point of the Offer Price range stated in this Prospectus) and no exercise of the Over-allotment Option. Among our listing expenses, approximately RMB97.7 million is directly attributable to the issuance of Shares and will be charged to equity upon the completion of the Listing, and approximately RMB6.1 million has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The listing expenses we incurred in the Track Record Period and expect to incur would consist of approximately RMB51.2 million underwriting related expenses and fees (including underwriting commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately RMB38.0 million non-underwriting-related expenses and fees including fees for the Joint Sponsors, legal adviser and reporting accountant and approximately RMB14.6 million for other non-underwriting-related fees and expenses. During the Track Record Period, we incurred RMB21.7 million of listing expenses, among which, RMB21.1 million was included in prepayments, other receivables and other assets and will be subsequently charged to our equity upon completion of the Listing and RMB0.6 million was charged to our consolidated statement of comprehensive income.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

Save as disclosed, our Directors confirmed that, up to the date of this Prospectus, there has been no material adverse change in our financial position, trading and prospect since June 30, 2025, and there has been no event since June 30, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus. See "Summary — Recent Development."