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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CNGR ADVANCED MATERIAL CO., LTD., MORGAN STANLEY ASIA LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of CNGR Advanced Material Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-171, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and 30 June 2025, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-171, forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 7 November 2025 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024, and 30 June 2025, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants

Hong Kong

7 November 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial information of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	30,343,742	34,273,223	40,222,890	20,086,186	21,322,547
Cost of sales		(26,963,139)	(29,696,767)	(35,380,773)	(17,517,858)	(18,780,024)
Gross profit		3,380,603	4,576,456	4,842,117	2,568,328	2,542,523
Other income and gains ...	5	636,747	901,809	733,599	368,718	267,119
Selling and marketing expenses		(56,277)	(86,695)	(111,487)	(50,134)	(48,043)
Administrative expenses ..		(686,513)	(999,593)	(1,156,896)	(570,950)	(636,726)
Research and development costs		(929,164)	(1,055,686)	(1,109,313)	(450,535)	(544,764)
Other expenses		(112,843)	(98,221)	(188,393)	(68,386)	(238,587)
Finance costs	7	(538,914)	(841,226)	(1,037,366)	(495,398)	(521,081)
Share of profits and losses of:						
Joint ventures		133	(17,951)	39,701	19,836	3,673
Associates		(782)	2,006	10,582	(12,133)	2,939
PROFIT BEFORE TAX ..	6	1,692,990	2,380,899	2,022,544	1,309,346	827,053
Income tax expense	10	(153,564)	(280,410)	(234,789)	(153,514)	(121,403)
PROFIT FOR THE YEAR/PERIOD		<u>1,539,426</u>	<u>2,100,489</u>	<u>1,787,755</u>	<u>1,155,832</u>	<u>705,650</u>
Profit attributable to:						
Owners of the parent		1,548,644	1,947,559	1,467,224	863,235	735,192
Non-controlling interests		(9,218)	152,930	320,531	292,597	(29,542)
		<u>1,539,426</u>	<u>2,100,489</u>	<u>1,787,755</u>	<u>1,155,832</u>	<u>705,650</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12					
Basic and diluted (RMB)		<u>1.80</u>	<u>2.09</u>	<u>1.58</u>	<u>0.93</u>	<u>0.79</u>

APPENDIX I
ACCOUNTANTS' REPORT
I HISTORICAL FINANCIAL INFORMATION (continued)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
<i>Notes</i>					
OTHER COMPREHENSIVE (LOSS)/INCOME					
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:					
Equity investments designated at fair value through other comprehensive (loss)/income:					
Changes in fair value	(119,709)	59,199	(315,482)	(169,841)	52,735
Income tax effect	35,741	(25,987)	49,812	26,676	(8,500)
	(83,968)	33,212	(265,670)	(143,165)	44,235
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(83,968)	33,212	(265,670)	(143,165)	44,235
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	112,639	173,075	141,250	184,292	(27,068)
Cash flow hedge	(63,036)	63,036	–	–	(21,133)
Share of other comprehensive income/(loss) of joint ventures	–	3,598	(2,350)	(3,616)	65
Share of other comprehensive (loss)/income of associates	(3,326)	301	(18,048)	(18,672)	8,861
	46,277	240,010	120,852	162,004	(39,275)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	46,277	240,010	120,852	162,004	(39,275)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX	(37,691)	273,222	(144,818)	18,839	4,960
TOTAL COMPREHENSIVE INCOME FOR THE YEAR . . .	1,501,735	2,373,711	1,642,937	1,174,671	710,610
Total comprehensive income attributable to:					
Owners of the parent	1,511,384	2,206,195	1,317,127	879,875	746,052
Non-controlling interests	(9,649)	167,516	325,810	294,796	(35,442)
	1,501,735	2,373,711	1,642,937	1,174,671	710,610

APPENDIX I
ACCOUNTANTS' REPORT
I HISTORICAL FINANCIAL INFORMATION (continued)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	14,796,535	24,074,798	28,993,391	29,996,544
Right-of-use assets	20(a)	1,082,317	1,649,401	1,647,515	1,725,631
Goodwill	15	1,325,781	1,348,262	1,424,799	1,418,893
Other intangible assets	14	15,931	30,468	648,696	1,272,075
Investments in joint ventures	16	206,290	1,978,467	2,354,322	2,382,782
Investments in associates	17	63,732	197,215	1,707,361	1,760,375
Equity investments designated at fair value through other comprehensive income . . .	18	497,669	836,989	521,960	571,267
Financial assets at fair value through profit or loss	19	300,000	—	28,000	28,000
Deferred tax assets	21	69,826	48,296	121,595	107,727
Other non-current assets	22	2,754,475	1,880,421	1,729,108	1,506,060
Total non-current assets		21,112,556	32,044,317	39,176,747	40,769,354
CURRENT ASSETS					
Inventories	23	9,620,205	7,929,073	9,826,364	10,226,751
Trade and bills receivables	24	5,077,452	5,139,838	5,105,812	5,659,409
Prepayments, deposits and other receivables	25	2,639,591	5,335,833	5,436,560	6,226,233
Derivative financial instruments	29	4,247	122,462	148,554	133,275
Pledged deposits	26	2,269,615	1,041,977	1,105,032	900,791
Financial assets at fair value through profit or loss	19	—	—	2,012,154	1,133,019
Cash and cash equivalents	26	12,979,249	10,397,466	10,083,956	9,645,273
Total current assets		32,590,359	29,966,649	33,718,432	33,924,751
CURRENT LIABILITIES					
Trade and bills payables	27	8,722,936	8,593,538	10,249,416	13,100,673
Other payables and accruals	28	967,036	1,375,971	1,992,824	1,691,925
Derivative financial instruments	29	459,526	1,655	100,497	15,539
Interest-bearing bank borrowings	30	7,328,377	6,360,841	10,539,073	10,551,047
Bonds payable	31	—	—	1,024,764	1,021,076
Lease liabilities	20(b)	18,394	10,565	18,893	15,808
Tax payable		94,392	139,631	114,000	91,244
Total current liabilities		17,590,661	16,482,201	24,039,467	26,487,312
NET CURRENT ASSETS		14,999,698	13,484,448	9,678,965	7,437,439
TOTAL ASSETS LESS CURRENT LIABILITIES					
		36,112,254	45,528,765	48,855,712	48,206,793

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

		As at December 31,			As at June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Bonds payable	31	1,687,387	1,720,373	725,077	723,366
Convertible bonds	32	—	—	99,010	125,663
Interest-bearing bank borrowings	30	12,605,894	13,832,291	15,787,651	15,590,166
Lease liabilities	20(b)	8,727	8,605	25,824	15,435
Deferred income	33	425,091	367,190	391,653	381,088
Deferred tax liabilities	21	132,127	152,818	215,403	214,704
Other non-current liabilities	34	908,894	1,523,795	2,122,527	1,726,776
Total non-current liabilities		15,768,120	17,605,072	19,367,145	18,777,198
Net assets		20,344,134	27,923,693	29,488,567	29,429,595
EQUITY					
Equity attributable to owners of the parent					
Share capital	35	670,634	669,824	937,090	938,029
Treasury shares	35	(255,486)	(339,854)	(504,094)	(952,238)
Reserves	37	16,107,791	19,497,452	19,707,756	20,353,995
		16,522,939	19,827,422	20,140,752	20,339,786
Non-controlling interests		3,821,195	8,096,271	9,347,815	9,089,809
Total equity		20,344,134	27,923,693	29,488,567	29,429,595

Attributable to owners of the parent

Others represent the impacts of translation of the non-controlling interests initially recognized for business combinations of foreign operations.

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other reserve*	Special reserve—safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	670,634	(255,486)	12,879,172	431,607	108,359	(147,004)	6,003	185,647	2,644,007	16,522,939	3,821,195	20,344,134
Profit for the year	—	—	—	—	—	—	—	—	1,947,559	1,947,559	152,930	2,100,489
Other comprehensive loss for the year:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	33,212	—	—	—	33,212	—	33,212
Cash flow hedges, net of tax	—	—	—	—	—	63,036	—	—	—	63,036	—	63,036
Share of other comprehensive income of joint ventures	—	—	—	—	2,156	—	—	—	—	2,156	1,442	3,598
Share of other comprehensive income of associates	—	—	—	—	301	—	—	—	—	301	—	301
Exchange differences on translation of foreign operations	—	—	—	—	159,931	—	—	—	—	159,931	13,144	173,075
Total comprehensive income for the year	—	—	—	—	162,388	96,248	—	—	1,947,559	2,206,195	167,516	2,373,711
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,407,447	1,407,447
Capital contribution of non-controlling shareholders	—	—	1,226,738	—	—	—	—	—	—	1,226,738	3,191,836	4,418,574
Acquisition of non-controlling interests	—	—	87,436	—	—	—	—	—	—	87,436	(417,132)	(329,696)
Dividends	—	—	—	—	—	—	—	—	(172,679)	(172,679)	—	(172,679)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(78,353)	(78,353)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—
Repurchase and cancellation of shares (note 35)	(810)	(129,232)	(50,972)	—	—	—	—	—	43,925	43,925	—	43,925
Share-based payment (note 36)	—	44,864	—	49,018	—	—	—	—	—	(181,014)	—	(181,014)
Safety fund (note 37)	—	—	—	—	—	—	995	—	(995)	93,882	2,846	96,728
Appropriation to statutory reserve	—	—	—	—	—	—	—	102,554	(102,554)	—	916	916
As at December 31, 2023	669,824	(339,854)	14,142,374	480,625	270,747	(50,756)	6,998	288,201	4,359,263	19,827,422	8,096,271	27,923,693

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Attributable to owners of the parent												
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other comprehensive income*	Special reserve—safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	669,824	(339,854)	14,142,374	480,625	270,747	(50,756)	6,998	288,201	4,359,263	19,827,422	8,096,271	27,923,693
Profit for the year	—	—	—	—	—	—	—	—	1,467,224	1,467,224	320,531	1,787,755
Other comprehensive loss for the year:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	(265,670)	—	—	—	(265,670)	—	(265,670)
Share of other comprehensive income of joint ventures	—	—	—	—	—	(1,880)	—	—	—	(1,880)	(470)	(2,350)
Share of other comprehensive income of associates	—	—	—	—	—	(18,048)	—	—	—	(18,048)	—	(18,048)
Exchange differences on translation of foreign operations	—	—	—	—	135,501	—	—	—	—	135,501	5,749	141,250
Total comprehensive income for the year	—	—	—	—	135,501	(285,598)	—	—	1,467,224	1,317,127	325,810	1,642,937
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	415,871	415,871
Capital contribution of non-controlling shareholders	—	—	652,704	—	—	—	—	—	—	652,704	1,685,738	2,338,442
Acquisition of non-controlling interests	—	—	(512,603)	—	—	—	—	—	—	(512,603)	(991,947)	(1,504,550)
Dividends	266,376	—	(266,376)	—	—	—	—	—	(1,031,136)	(1,031,136)	—	(1,031,136)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(265,151)	(265,151)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(1,986)	—	—	1,986	—	—	—
Issue of shares	2,526	—	50,927	—	—	—	—	—	—	53,453	—	53,453
Repurchase and cancellation of shares (note 35)	(1,636)	(164,240)	(73,160)	—	—	—	—	—	—	(239,036)	—	(239,036)
Share-based payment (note 36)	—	—	—	72,821	—	—	—	—	—	72,821	7,120	79,941
Safety fund (note 37)	—	—	—	—	—	—	315	—	(315)	—	233	233
Appropriation to statutory reserve	—	—	—	—	—	—	—	97,233	(97,233)	—	—	—
Other**	—	—	—	—	—	—	—	—	—	—	73,870	73,870
As at December 31, 2024	937,090	(504,094)	13,993,866	553,446	406,248	(338,340)	7,313	385,434	4,699,789	20,140,752	9,347,815	29,488,567

** Other represents the equity component of convertible bonds issued by FINO Inc. purchased by non-controlling shareholders.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Attributable to owners of the parent												
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other comprehensive income*	Special reserve—safety fund*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	669,824	(339,854)	14,142,374	480,625	270,747	(50,756)	6,998	288,201	4,359,263	19,827,422	8,096,271	27,923,693
Profit for the period (unaudited)	—	—	—	—	—	—	—	—	863,235	863,235	292,597	1,155,832
Other comprehensive loss for the period:												—
Change in fair value of equity investments at fair value through other comprehensive income, net of tax (unaudited)	—	—	—	—	—	(143,165)	—	—	—	(143,165)	—	(143,165)
Share of other comprehensive income of joint ventures (unaudited)	—	—	—	—	(461)	—	—	—	—	(461)	(3,155)	(3,616)
Share of other comprehensive income of associates (unaudited)	—	—	—	—	(18,672)	—	—	—	—	(18,672)	—	(18,672)
Exchange differences on translation of foreign operations (unaudited)	—	—	—	—	178,938	—	—	—	—	178,938	5,354	184,292
Total comprehensive income for the period (unaudited)	—	—	—	—	159,805	(143,165)	—	—	863,235	879,875	294,796	1,174,671
Acquisition of subsidiaries (unaudited)	—	—	—	—	—	—	—	—	—	—	105,871	105,871
Capital contribution of non-controlling shareholders (unaudited)	—	—	117,079	—	—	—	—	—	—	117,079	439,244	556,323
Acquisition of non-controlling interests (unaudited)	—	—	(134,596)	—	—	—	—	—	—	(134,596)	(369,954)	(504,550)
Dividends (unaudited)	266,376	—	(266,376)	—	—	—	—	—	(770,675)	(770,675)	—	(770,675)
Dividends paid to non-controlling interests (unaudited)	—	—	—	—	—	—	—	—	—	—	(214,203)	(214,203)
Share-based payment (unaudited)	—	—	—	50,684	—	—	—	—	—	50,684	5,171	55,855
Repurchase and cancellation of shares (unaudited)	(1,636)	44,500	(73,121)	—	—	—	—	—	—	(30,257)	—	(30,257)
Safety fund (note 37) (unaudited)	—	—	—	—	—	—	(843)	—	—	(843)	(141)	(984)
As at June 30, 2024 (unaudited)	934,564	(295,354)	13,785,360	531,309	430,552	(193,921)	6,155	288,201	4,451,823	19,938,689	8,357,055	28,295,744

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Other comprehensive income*	Special reserve-Statutory		Retained profits*	Total	Non-controlling interests	Total equity
							safety fund*	surplus reserve*				
	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	937,090	(504,094)	13,993,866	553,446	406,248	(338,340)	7,313	385,434	4,699,789	20,140,752	9,347,815	29,488,567
Profit for the period	—	—	—	—	—	—	—	—	735,192	735,192	(29,542)	705,650
Other comprehensive loss for the period:	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	44,235 (16,824)	—	—	—	44,235 (16,824)	—	44,235 (21,133)
Cash flow hedges, net of tax	—	—	—	—	52	—	—	—	—	52	13	65
Share of other comprehensive income of joint ventures	—	—	—	—	8,861	—	—	—	—	8,861	—	8,861
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	—	—	—	—	(25,464)	—	—	—	—	(25,464)	(1,604)	(27,068)
Total comprehensive income for the period	—	—	—	—	(16,551)	27,411	—	—	735,192	746,052	(35,442)	710,610
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—
Capital contribution of non-controlling shareholders	—	—	311,261 (72,193)	—	—	—	—	—	—	311,261 (72,193)	288,739 (184,432)	600,000 (256,625)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	(531)	(531)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	(325,233)	(325,233)	—	(325,233)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(328,504)	(328,504)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(111)	—	—	111	—	—	—
Issue of shares	2,779 (1,840)	—	54,243 (82,244)	—	—	—	—	—	—	57,022 (532,228)	—	57,022 (532,228)
Repurchase and cancellation of shares (note 35)	—	—	—	—	—	—	—	—	—	—	1,395	15,748
Share-based payment (note 36)	—	—	—	14,353	—	—	—	—	—	14,353	769	769
Safety fund (note 37)	—	—	—	—	—	—	2,418	—	(2,418)	—	—	—
As at June 30, 2025	938,029	(952,238)	14,204,933	567,799	389,697	(311,040)	9,731	385,434	5,107,441	20,339,786	9,089,809	29,429,595

* These reserve accounts comprise the consolidated reserves of RMB16,107,791,000, RMB19,497,452,000, and RMB19,707,756,000, RMB19,299,479,000 and RMB 20,353,996,000 in the consolidated statements of financial position as at December 31, 2022, 2023 and 2024, and June 30, 2024 and 2025, respectively.

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

		Year ended December 31,			Six months ended June 30,	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received from related parties		–	14,900	6,852	–	6,150
Dividends received from listed investments		2,293	1,597	2,557	2,554	(656)
Purchases of items of property, plant and equipment		(9,534,743)	(6,914,512)	(6,466,161)	(2,339,712)	(1,535,036)
Proceeds from disposal of items of property, plant and equipment		2,524	3,232	29,409	9,253	38,546
Refund of an advance payment for purchase of land		–	54,000	–	–	–
Additions to other intangible assets	14	(6,191)	(21,739)	(5,822)	(5,552)	(182,838)
Purchases of equity investments in joint ventures and associates		(259,421)	(477,162)	(1,359,818)	(539,554)	(19,923)
Purchases of financial assets at fair value through profit or loss		(872,000)	–	(6,128,000)	(700,000)	(6,974,623)
Withdrawal of financial assets at fair value through profit or loss		572,000	–	4,089,209	700,000	7,853,212
Proceeds from disposal of financial assets at fair value through profit or loss		10,448	–	40,113	795	68,607
Purchases of equity investments designated at fair value through other comprehensive income		(524,029)	–	–	–	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		–	71,052	4,764	–	2,310
Prepayments for equity investments		(257,270)	(490,335)	(117,886)	–	(848,193)
Acquisition of subsidiaries	41	(957,549)	(1,400,552)	(107,743)	(30,384)	(417,709)
Disposal of a subsidiary		–	–	–	–	(1,471)
Advances of loans to joint ventures and associates		–	(468,734)	(727,045)	(374,838)	(809,591)
Repayment of loans to joint ventures and associates		–	–	751,118	274,053	284,728
Placement of pledged time deposits		–	(16,000)	–	–	–
Withdrawal of pledged time deposits . . .		–	–	16,000	–	–
Others		48,540	–	–	(12,680)	–
Net cash flows used in investing activities		(11,775,398)	(9,644,253)	(9,972,453)	(3,016,065)	(2,536,487)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	35	4,562,782	–	53,453	–	57,022
Share issue expenses	35	(34,429)	–	–	–	(21,589)
Proceeds from issue of bonds		1,671,504	–	166,270	–	199,990
New bank loans		24,326,745	13,256,970	15,598,657	10,655,767	8,665,996
New other borrowings		2,380,068	1,710,000	2,983,820	10,000	5,326,918

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loans from non-controlling interests . . .		805,910	415,167	148,205	48,383	29,023
Repayment of loans from non-controlling interests		—	—	(1,077,873)	(545,031)	(100,377)
Repayment of bank loans		(10,759,492)	(12,915,224)	(9,547,809)	(5,685,908)	(8,912,039)
Repayment of bonds payable		—	—	—	—	(200,000)
Repayment of other borrowings		(1,951,333)	(2,823,413)	(310,000)	(310,000)	(2,983,821)
Acquisition of non-controlling interests		—	(329,696)	(1,504,550)	(149,468)	(256,626)
Capital contribution of non-controlling interests		3,335,705	4,418,574	2,338,442	556,323	600,000
Principal portion of lease payments . . .		(15,604)	(18,596)	(24,934)	(13,265)	(14,710)
Dividends paid		(101,753)	(172,679)	(1,031,136)	(770,675)	(325,233)
Dividends paid to non-controlling shareholders		—	(78,353)	(265,151)	(214,203)	(328,504)
Interest paid		(488,336)	(930,375)	(1,315,274)	(414,507)	(425,356)
Loans and bond issuance fees		(49,002)	(37,014)	—	(59,237)	(1,745)
Withdrawal of pledged time deposits related to financing activities		—	272,246	10,000	1,500	79,958
Placement of pledged time deposits related to financing activities		(290,209)	(10,000)	(352,050)	(68,328)	(21,846)
Payment for a sale-leaseback arrangement		(7,367)	(5,492)	—	—	—
Repurchase of shares		—	(232,796)	(313,793)	(107,128)	(621,776)
Others		7,506	—	—	—	—
Net cash flows from financing activities		23,392,695	2,519,319	5,556,277	2,934,223	745,285
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,663,730	(2,739,745)	(473,213)	1,222,691	(315,561)
Cash and cash equivalents at beginning of year		6,337,216	12,979,249	10,397,466	10,397,466	10,083,956
Effect of foreign exchange rate changes, net		(21,697)	157,962	159,703	148,487	(123,122)
Cash and cash equivalents at end of year		12,979,249	10,397,466	10,083,956	11,768,644	9,645,273
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		12,979,249	10,320,342	10,083,956	11,768,644	9,645,273
Non-pledged time deposits with original maturity of less than three months when acquired		—	77,124	—	—	—
Cash and cash equivalents as stated in the statement of financial position . .		12,979,249	10,397,466	10,083,956	11,768,644	9,645,273
Cash and cash equivalents	26	12,979,249	10,397,466	10,083,956	11,768,644	9,645,273

APPENDIX I
ACCOUNTANTS' REPORT
I HISTORICAL FINANCIAL INFORMATION (continued)
STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,679,158	1,638,472	1,546,455	1,436,420
Right-of-use assets	20(a)	90,621	87,927	110,944	104,052
Intangible assets	14	13,135	18,654	17,125	21,753
Investments in subsidiaries	17(i)	16,997,669	17,667,644	18,697,998	19,760,177
Investments in associates	17(ii)	525	—	—	—
Equity investments designated at fair value through other comprehensive income	18	68,408	433,173	283,689	297,164
Financial assets at fair value through profit or loss	19	300,000	—	28,000	28,000
Other non-current assets	22	7,599	10,986	10,504	11,333
Total non-current assets		19,157,115	19,856,856	20,694,715	21,658,899
CURRENT ASSETS					
Inventories	23	2,339,673	1,845,265	1,429,804	1,335,224
Trade and bills receivables	24	2,262,328	1,562,695	2,140,535	1,477,111
Prepayments, deposits and other receivables	25	321,947	2,434,479	2,398,463	4,149,677
Pledged deposits	26	560,784	329,140	235,338	125,700
Cash and cash equivalents	26	1,817,806	764,020	814,734	1,540,577
Financial assets at fair value through profit or loss	19	—	—	—	150,784
Derivative financial instruments	29	—	349	23,925	26,495
Total current assets		7,302,538	6,935,948	7,042,799	8,805,568
CURRENT LIABILITIES					
Trade and bills payables	27	5,002,233	2,402,136	2,581,601	3,106,782
Other payables and accruals	28	2,772,979	4,700,104	4,678,444	6,276,881
Derivative financial instruments	29	3,770	—	—	233
Interest-bearing bank borrowings	30	1,110,725	1,566,486	2,597,356	2,502,106
Lease liabilities	20(b)	1,845	1,703	11,432	9,797
Tax payable (note)		76,754	60,448	—	—
Total current liabilities		8,968,306	8,730,877	9,868,833	11,895,799
NET CURRENT LIABILITIES		(1,665,768)	(1,794,929)	(2,826,034)	(3,090,231)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		17,491,347	18,061,927	17,868,681	18,568,668
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	30	2,996,011	4,289,806	4,415,090	4,860,600
Lease liabilities	20(b)	—	—	13,063	9,000
Deferred income	33	71,329	69,649	57,898	55,808
Deferred tax liabilities	21	66,598	70,322	41,993	33,895
Total non-current liabilities		3,133,938	4,429,777	4,528,044	4,959,303
Net assets		14,357,409	13,632,150	13,340,637	13,609,365
EQUITY					
Share capital	35	670,634	669,824	937,090	938,029
Treasury shares	35	(255,486)	(339,854)	(504,094)	(952,238)
Reserves	37	13,942,261	13,302,180	12,907,641	13,623,574
Total equity		14,357,409	13,632,150	13,340,637	13,609,365

Note: Balance represents corporate income tax payables.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China ("PRC") on September 15, 2014. The Company's A shares are listed on Shenzhen Stock Exchange on December 23, 2020. The registered office of the Company is located at the intersection of No. 2 Avenue and No. 1 Avenue, Dalong Economic Development Zone, Tongren City, Guizhou Province, China.

The Company and its subsidiaries are principally engaged in research, development, production, processing and sale of new materials, batteries and new energy. In the opinion of the directors, the Company's immediate and ultimate shareholder are Hunan Zhongwei Holding Group Company Limited ("湖南中偉控股集團有限公司"), a company incorporated in the PRC and controlled by Mr. Deng Weiming and Ms. Wu Xiaoge.

As at June 30, 2025, the Company's principal subsidiaries are set out below:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Hunan Zhongwei New Energy Technology Company Limited ("湖南中偉新能源 科技有限公司")* (note (a))	PRC /Mainland China	RMB4,816,631,300	75.78	–	Manufacturing of metal materials, cathode active material (CAM) recursors, the raw materials or precursor compounds used to produce the cathode materials for batteries ("pCAM")
Hunan Zhongwei Zhengyuan New Material Trading Company Limited ("湖南中偉正源新 材料貿易有限公 司")* (note (a))	PRC /Mainland China	RMB1,700,000,000	100.00	–	Trading of metal materials and pCAM
Guangxi Zhongwei New Energy Technology Company Limited ("廣西中偉新能源 科技有限公司")* (note (a))	PRC /Mainland China	RMB6,373,273,943	76.88	–	Manufacturing of metal materials and pCAM
CNGR Hong Kong Material Science & Technology Co., Ltd. (note (b))	Hong Kong	HKD3,700,000,000	100.00	–	Investment holding

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Zoomwe Hong Kong New Energy Technology Co., Ltd. (note (b))	Hong Kong	HKD650,000,000	–	100.00	Investment holding
Guizhou Zhongwei New Material Company Limited (“貴州中偉新材料貿易有限公司”)*(note (a))	PRC /Mainland China	RMB950,000,000	100.00	–	Trading of metal materials and pCAM
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited (“貴州中偉資源循環產業發展有限公司”)*(note (a))	PRC /Mainland China	RMB721,380,000	55.45	21.61	Recycling and circular utilization of waste batteries, metals, and other resources
Guizhou Zhongwei Xinyang Energy Storage Technology Company Limited (“貴州中偉興陽儲能科技有限公司”)*(note (a))	PRC /Mainland China	RMB3,125,000,000	–	52.00	Production of iron phosphorus-based pCAM
PT Nadesico Nickel Industry (note (c))	Indonesia	IDR4,245,600,000,000	–	60.00	Production of metal materials
PT Zhongtsing New Energy (note (d) (e))	Indonesia	IDR1,994,604,000,000	–	70.00	Production of metal materials
PT Debonair Nickel Indonesia (note (d) (e))	Indonesia	IDR1,403,752,000,000	–	50.10	Production of metal materials

* The English names of the entities registered in PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English name.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**1. CORPORATE INFORMATION (continued)**

Notes:

- (a) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Baker Tilly China Certified Public Accountants, certified public accountants registered in the PRC. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under PRC GAAP were audited by Ernst & Young Hua Ming Changsha Branch, certified public accountants registered in the PRC.
- (b) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared under Hong Kong Financial Reporting Standards ("HKFRSs") were audited by Rich Moral CPA Limited registered in Hong Kong. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under HKFRSs were audited by Ernst & Young registered in Hong Kong.
- (c) The statutory financial statements of these entities for the years ended December 31, 2023 prepared under Indonesian Financial Accounting Standards ("SAK") were audited by Kantor Akuntan Publik Tanuwijaya registered in Indonesia. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under SAK were audited by Purwantono, Sungkoro & Surja registered in Indonesia.
- (d) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared under SAK were audited by Kosasih, Nurdian, Mulyadi, Tjahjo & Rekan Registered Public Accountants and Moore Certified Public Accountants registered in Indonesia respectively. The statutory financial statements of these entities for the years ended December 31, 2024 prepared under SAK were audited by Purwantono, Sungkoro & Surja registered in Indonesia.
- (e) Shares of these subsidiaries are pledged for the Group's interest-bearing bank loans.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally have operation activities. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments and certain other financial assets and liabilities which have been measured at fair value.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Annual improvements to IFRSs Accounting Standards —	
Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

The Group is in the process of making a detailed assessment of the impact of these revised IFRSs upon initial application. So far, the Group considers that these revised IFRSs may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and disclosures.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Subsidiaries (continued)

involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Historical Financial Information of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable.

Investments in an associate and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Investments in an associate and joint ventures (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Business combinations and goodwill (continued)

held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31,. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial instruments at fair value through other comprehensive income and fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realized in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17%-5.00%
Leasehold improvements	Within its beneficial period or stipulated period
Machinery	5.94%-10.00%
Vehicles	11.88%-25.00%
Office devices and others	19.00%-33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Other intangible assets (other than goodwill) (continued)

The amortisation of mining rights is based on the units-of production method. Exploration rights are not amortised until mining commences and are amortised in accordance with the units-of-production method after they are transferred to mining rights.

The remaining intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

<u>Category</u>	<u>Estimated useful lives</u>
Software	5-10 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Exploration expenditure is recognised as other non-current assets exploration and development costs at the net amount of cost less impairment. Exploration expenditure includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities. Such expenditures may be capitalised when the mineral properties are reasonably determined to be commercially available and recognised as intangible assets after obtaining mining rights, which will be amortised under the units-of-production method. If any construction is abandoned in the development phase or belongs to the productive exploration, all costs shall be written off and recognised in profit or loss for the current period.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Leases (continued)*Group as a lessee (continued)*

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1-3 years
Machinery	1-3 years
Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Leases (continued)*Group as a lessee (continued)*

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statements of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Investments and other financial assets (continued)*Initial recognition and measurement (continued)*

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statements of profit or loss and comprehensive income. Dividends are recognized as other income in the consolidated statements of profit or loss and comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Investments and other financial assets (continued)*Financial assets at fair value through profit or loss (continued)*

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Impairment of financial assets (continued)*General approach (continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, financial liabilities at fair value through profit or loss, interest-bearing bank and other borrowings, bonds payable and financial liabilities included in other non-current liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, interest-bearing loans and other liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as commodity futures, commodity options and cross currency swaps, to hedge its commodity price risk and foreign currency risk, respectively. 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 commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognized in profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Derivative financial instruments and hedge accounting (continued)*Initial recognition and subsequent measurement (continued)*

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

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

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

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Derivative financial instruments and hedge accounting (continued)*Fair value hedges*

The change in the fair value of a hedging instrument is recognized in the consolidated statement of profit or loss and other comprehensive income as cost of sales. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the consolidated statement of profit or loss and other comprehensive income as cost of sales.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortised fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss. The changes in the fair value of the hedging instrument are also recognized in profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments and released to profit or loss.

Revenue recognition*Revenue from contracts with customers*

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Revenue recognition (continued)*Revenue from contracts with customers (continued)*

benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of industrial products

Revenue from the sale of industrial products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Some contracts for the sale of industrial products provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Share-based payments

The Company operates a Share-Based Payments scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Other employee benefits*Pension scheme*

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Foreign currencies (continued)

currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**Judgments*Business model*

The classification of financial assets at initial recognition depends on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise evaluation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contractual cash flows, the Group is required to analyse and exercise judgement in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

Characteristics of contractual cash flows

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets. Judgement is required to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, including the judgement on whether there is any significantly different from the benchmark cash flows when assessing modifications to the time value of money.

Derecognition of financial assets

Where the Group has transferred the right to receive cash flow arising from an asset but has not transferred or has retained substantially all risks and rewards associated with such asset, or has not transferred the controlling right in such asset, such asset shall be recognised and accounted for so long as the Group continues to be involved in such asset. If the Group has not transferred or has retained substantially all risks and rewards associated with the asset or transferred the controlling right in the asset, the exercise of significant judgment is often required, and estimations need to be made as to the extent of the Group's continuing involvement in the asset.

Principal/agent

When the Group obtains control of trade goods from a third party and then transfers them to the customer, the Group is entitled to determine the transaction price of the trade goods on its own. The Group controls the trade goods before they are transferred to the customer. Thus, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled from the customer. The amount is the net amount of the gross consideration received or receivable after paying the other party the consideration received in exchange for the goods to be provided by that party or determined by the agreed upon amount or proportion of commissions, etc.

Whether constitutes a "Business"

The Group determines whether the acquired combination of business activities or assets in a business combination constitutes a business by assessing whether the acquired asset portfolio possesses input, processing, and output capabilities, and can independently calculate its costs or generated revenue. In 2024, the Group's wholly-owned subsidiary, Singapore CNGR Zhongxin New Energy Pte., Ltd. acquired 92.73% equity in PT Multi Usaha Sejahta ("MUS"). MUS has no substantive business operations, with its core assets consisting of 55.00% equity in PT Harum Sukses Mining ("HSM") and 55.01% equity in PT Bumi

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**Judgments (continued)*Whether constitutes a “Business” (continued)*

Halteng Mining (“BHM”). HSM holds two nickel mining projects, while BHM owns one nickel mining project. The Group concluded that MUS did not constitute a business because, at the time of acquisition, its nickel mines remained unexploited and still required further supplementary exploration and development plan verification, lacking processing procedures and output capabilities.

In 2025, the Group’s wholly-owned subsidiary, Netherlands Tontru Lithium Energy Technology B.V.(荷蘭通楚鋰能源科技有限公司) and Netherlands Hontru Lithium Energy Technology B.V.(荷蘭宏卓鋰能源科技有限公司) acquired 100% equity in Wintru S.R.L. Wintru S.R.L has no substantive business operations, which core asset is Jama Salt Lake Lithium Mine Project. The Group concluded that Wintru S.R.L did not constitute a business because, at the time of acquisition, its ore mines remained unexploited and still required further supplementary exploration and development plan verification, lacking processing procedures and output capabilities.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at the end of each of the Relevant Periods were RMB1,325,781,000, RMB1,348,262,000, RMB1,424,799,000, and RMB1,418,893,000, respectively. Further details are given in note 15 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**Estimation uncertainty (continued)*Provision for expected credit losses on trade receivables (continued)*

conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 24 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Exploration expenditure

After determining the capitalisation amount of exploration expenditures, the Group will regularly evaluate the exploration results. If the reviewed geological exploration report shows that there are no prospecting results or no economically recoverable reserves, or that the economic benefits of mining cannot be achieved and further exploration is unnecessary due to low grade and difficulties in mining and processing, the exploration and development costs previously collected will be expensed and included in the profit and loss for the current period in a lump sum.

Proved mineral reserves

Proved mineral reserves are estimated based on professional knowledge, experience and industry practice. Generally, the estimated mineral reserve volume based on probing and estimation may not be very accurate. The estimation is updated in accordance with new technologies and new information. Any changes in estimation will have impacts on amounts of mining assets' depreciation and mining rights' amortisation using the units-of-production method, on the stripping ratio which was used in the capitalisation of stripping costs, and on each of transaction prices of the metals streaming business, etc. This may result in changes of or impacts on the Group's development and operation plan, and hence the Group's operation and performance.

Contingent liability

For the possible obligations arising from past transactions or events which existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or present obligations arising from past transactions or events where the likelihood of an outflow of resources is remote or the liabilities cannot be measured reliably, such as legal proceedings, arbitration, claims, disputes, external guarantees, etc., the Group will estimate whether it is required to be disclosed or recognised in the financial statements for the current period based on legal advice and the probability of future occurrence.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

Revenue is attributed to geographical areas based on the locations of customers. Revenues by geographical segment based on the locations of customers for each of the Relevant Periods are presented as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Geographical market					
Mainland China	20,124,343	20,200,092	22,339,155	10,961,315	10,538,496
Outside Mainland China . .	10,219,399	14,073,131	17,883,735	9,124,871	10,784,051
Total	<u>30,343,742</u>	<u>34,273,223</u>	<u>40,222,890</u>	<u>20,086,186</u>	<u>21,322,547</u>

(b) Non-current assets

	Year ended December 31,			
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Geographical market				
Mainland China	16,519,671	14,278,527	14,091,315	14,476,264
Outside Mainland China	3,725,390	16,880,505	24,413,877	25,586,096
Total	<u>20,245,061</u>	<u>31,159,032</u>	<u>38,505,192</u>	<u>40,062,360</u>

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

Information about major customers

Revenue from major customers each individually amounting to 10% or more of the Group's revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	5,513,001	4,524,503	N/A	N/A	N/A
Customer B	3,510,885	3,550,358	N/A	N/A	N/A
Customer C	<u>3,474,635</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers	30,343,742	34,272,585	40,204,859	20,085,316	21,297,333
Revenue from other sources					
rental income	—	638	18,031	870	25,214
Total	<u>30,343,742</u>	<u>34,273,223</u>	<u>40,222,890</u>	<u>20,086,186</u>	<u>21,322,547</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of goods or services					
New energy battery materials					
Nickel-based materials	24,627,656	21,733,466	16,163,302	8,830,575	7,490,866
Cobalt-based materials	3,194,732	2,957,722	2,244,581	1,078,274	1,451,943
Phosphorus-based materials	661	327,722	679,644	246,692	670,075
Other innovative materials ..	—	—	9,869	2,922	19,368
Sub-total	<u>27,823,049</u>	<u>25,018,910</u>	<u>19,097,396</u>	<u>10,158,463</u>	<u>9,632,252</u>
New energy metal products	—	3,388,015	13,483,103	6,439,175	9,272,895
Others	<u>2,520,693</u>	<u>5,866,298</u>	<u>7,642,391</u>	<u>3,488,548</u>	<u>2,417,400</u>
Total	<u>30,343,742</u>	<u>34,273,223</u>	<u>40,222,890</u>	<u>20,086,186</u>	<u>21,322,547</u>
Geographical market					
Mainland China	20,124,343	20,200,092	22,339,155	10,961,315	10,538,496
Outside Mainland China	<u>10,219,399</u>	<u>14,073,131</u>	<u>17,883,735</u>	<u>9,124,871</u>	<u>10,784,051</u>
Total	<u>30,343,742</u>	<u>34,273,223</u>	<u>40,222,890</u>	<u>20,086,186</u>	<u>21,322,547</u>
Timing of revenue recognition					
Goods transferred at a point in time	30,343,742	34,272,585	40,204,859	20,085,316	21,218,447
Services transferred over time	—	638	18,031	870	104,100
Total	<u>30,343,742</u>	<u>34,273,223</u>	<u>40,222,890</u>	<u>20,086,186</u>	<u>21,322,547</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognized in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of these years:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	

Revenue recognized that was included in
contract liabilities at beginning of year:

Sale of industrial products	18,194	86,424	169,248	169,248	586,567
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No revenue recognized during the Relevant Periods related to performance obligations that were satisfied in prior years.

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of industrial products

For domestic industrial products sales, the performance obligation is satisfied upon obtaining the delivery receipt after the customer's acceptance. For export industrial products sales, the Group fulfills its performance obligation upon obtaining the bill of lading after arranging for a third-party logistics provider to ship the goods to the port, load them onto the vessel, and complete customs clearance for export. For raw materials settled based on the contract amount, the Group fulfills its performance obligation upon obtaining the delivery receipt after the customer's acceptance. For raw materials settled based on the actual detection results of metal content, the Group fulfills its performance obligation upon obtaining the settlement statement confirmed by both parties.

The payment is generally due within 30 to 60 days from delivery, except for new customers, whereby payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Contracts with quotational period pricing exposures

For certain sales arrangements, sales price is determined on a provisional basis at the date of sale as the final sales price is based on the average quoted market prices related to a subsequent period (the "quotational period") which normally is a period from a predetermined date in the preceding month to a predetermined date in the month of shipment on board (provisionally priced sales). Revenue on such provisionally priced sales is recognized based on the estimated fair value of the total consideration receivable. The total amount of the final sale price adjustment in the Relevant Periods was immaterial.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Consignment Processing services

The main service provided by the group is the processing of precursor materials. Upon completion of the processing, the service obligation is fulfilled once the Group obtains the delivery receipt after the customer's acceptance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31/June 30 are as follows.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts expected to be recognized as revenue:				
Within one year	1,301,751	1,199,379	1,024,879	1,716,854

An analysis of other income and gains is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other income					
Bank and other borrowings interest income	89,933	218,289	221,627	104,159	79,019
Dividend income from equity investments at fair value through other comprehensive income (note 18)	2,293	1,597	2,557	2,557	1,329
Government grants*	518,203	579,679	437,982	231,453	133,093
Total other income	610,429	799,565	662,166	338,169	213,441
Gains					
Foreign exchange differences, net	—	47,090	—	17,800	—
Gains on financial instruments	8,712	35,564	67,625	6,382	48,990
Gain on disposal of a long-term equity investment	—	166	—	—	—
Others	17,606	19,424	3,808	6,367	4,688
Total gains	26,318	102,244	71,433	30,549	53,678
Total other income and gains	636,747	901,809	733,599	368,718	267,119

* Government grants mainly represent incentives received from local governments for the purpose of compensation on research and development contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. PROFIT BEFORE TAX

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

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold***		26,840,245	29,493,466	35,330,654	17,521,362	18,713,684
Cost of services provided***		-	623	16,022	865	25,699
Depreciation of property, plant and equipment		497,535	843,589	1,391,610	636,780	983,677
Depreciation of right-of-use assets		33,952	49,053	43,810	27,180	30,041
Amortisation of other intangible assets	14	4,526	7,202	9,276	21,686	5,157
Research and development costs:						
Current year expenditure		929,164	1,055,686	1,109,313	450,535	544,764
Lease payments not included in the measurement of lease liabilities	20(c)	6,214	8,747	21,951	6,761	8,674
Employee benefit expenses (excluding directors' and chief executive's remuneration:						
Wages, salaries and other Allowances		518,651	839,009	940,385	435,440	525,196
Equity-settled share-base payment expense****		67,741	43,962	48,862	30,677	13,264
Pension scheme contributions (defined contribution scheme)		15,169	26,119	28,056	14,296	15,912
Less: Amount capitalised		41,480	77,950	16,803	6,611	42,883
Total		560,081	831,140	1,000,500	473,802	511,489
Foreign exchange differences, net		21,694	-	34,118	-	108,511
Impairment of financial assets, net:						
Impairment of trade receivables, net*	24	6,116	(10,341)	9,151	11,721	20,977
Impairment of financial assets included in prepayments, deposits and other receivables, net*		(935)	26,622	6,881	1,724	15,091
Total		5,181	16,281	16,032	13,445	36,068
Loss on derecognition of financial assets measured at amortised cost*		80,354	59,292	80,087	41,463	66,332
Loss on disposal of items of property, plant and equipment*		2,922	15,965	12,073	333	21,541
Impairment of other non-current assets*		-	-	18,635	-	-
Impairment of construction in progress*		-	-	11,663	-	-
Write-down of inventories to net realisable value		122,894	202,678	34,097	(4,369)	40,641

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. PROFIT BEFORE TAX (continued)

* These amounts were included in “Other expenses” in the consolidated statements of profit or loss and other comprehensive income.

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

*** The cost of inventories sold and cost of services provided includes RMB794,501,000, RMB1,137,162,000, RMB1,259,981,000 for the year end 2022, 2023, 2024, and RMB690,492,000, RMB897,216,000 for six months ended June 30, 2024, 2025 relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets during the Relevant Periods, which are also included in the respective total amounts disclosed above for each type of expenses.

**** The amounts were included in the share-based payment expenses set out in note 36 (d). The amounts excluded: (i) The share-based payment expenses granted to the directors and chief executive set out in note 8. (ii) The share-based payment expenses recorded in cost of sales.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank and other borrowings (including bonds payable)	604,547	960,033	1,201,046	532,924	581,249
Interest on lease liabilities	1,176	3,007	2,059	1,011	871
Total interest expense on financial liabilities	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	527,772	784,000	1,010,573	482,464	511,132
Other finance costs	11,142	57,226	26,793	12,934	9,949
Total	538,914	841,226	1,037,366	495,398	521,081

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees:	210	255	270	135	135
Other emoluments:					
Salaries, bonuses, allowances and					
benefits in kind	4,592	10,688	10,082	4,895	4,223
Performance related bonuses	3,978	7,932	9,704	2,131	2,705
Share-based payment	3,996	10,887	15,464	13,857	534
Pension scheme contributions	88	172	131	67	61
Subtotal	12,654	29,679	35,381	20,950	7,523
Total	12,864	29,934	35,651	21,085	7,658

During the Relevant Periods, certain directors were granted share-based payments, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the Historical Financial Information. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Mr. Cao Yue ⁽³⁾	70	85	90	45	45
Mr. Li Wei ⁽³⁾	70	85	90	45	45
Mr. Liu Fangyang ⁽¹⁾	70	85	2	2	–
Mr. Jiang Liangxing ⁽²⁾	–	–	88	43	45
Total	210	255	270	135	135

⁽¹⁾ Resigned on January 9, 2024

⁽²⁾ Appointed on January 9, 2024

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors (continued)

- (3) Mr. Cao Yue and Mr. Li Wei were resigned in 2025, effective from the date on which the appointment of new independent directors becomes effective. Mr. Cao Feng and Mr. Hong Yuan were appointed as the independent non-executive directors of the Company on October 15, 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, supervisors and the chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
December 31, 2022						
Executive directors:						
Mr. Deng Weiming*	—	1,178	1,134	—	14	2,326
Mr. Tao Wu	—	993	896	2,363	13	4,265
Ms. Wu Xiaoge	—	920	878	—	14	1,812
Mr. Ge Xinyu	—	—	—	—	—	—
Subtotal	—	3,091	2,908	2,363	41	8,403
Supervisors:						
Mr. He Qizhong	—	396	162	507	14	1,079
Mr. Cai Rongxi	—	—	—	—	—	—
Mr. Wang Zhenghao	—	—	—	—	—	—
Mr. Li Dexiang	—	—	—	—	—	—
Mr. Huang Xing	—	490	485	330	14	1,319
Mr. Wang Yiqiao	—	387	311	576	9	1,283
Mr. Zeng Gaojun	—	228	112	220	10	570
Subtotal	—	1,501	1,070	1,633	47	4,251
Total	—	4,592	3,978	3,996	88	12,654

* Chief executive

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
December 31, 2023						
Executive directors:						
Mr. Deng Weiming*	—	1,572	960	—	14	2,546
Mr. Tao Wu	—	1,279	960	2,100	14	4,353
Mr. Li Weihua ⁽²⁾	—	830	960	2,016	14	3,820
Mr. Liao Hengxing ⁽²⁾	—	1,230	660	1,512	14	3,416
Mr. Liu Xingguo ⁽²⁾	—	773	660	1,630	16	3,079
Mr. Deng Jing ⁽²⁾	—	300	—	—	—	300
Mr. Ge Xinyu ⁽¹⁾	—	—	—	—	—	—
Ms. Wu Xiaoge ⁽¹⁾	—	938	960	—	14	1,912
Subtotal	—	6,922	5,160	7,258	86	19,426
Supervisors:						
Ms. Yin Guizhen ⁽²⁾	—	780	660	1,648	14	3,102
Mr. He Qizhong ⁽¹⁾	—	393	260	624	14	1,291
Mr. Huang Xing ⁽¹⁾	—	441	640	437	14	1,532
Mr. Cai Rongxi ⁽¹⁾	—	—	—	—	—	—
Mr. Wang Zhenghao ⁽¹⁾ . . .	—	—	—	—	—	—
Mr. Li Dexiang ⁽¹⁾	—	—	—	—	—	—
Mr. Dai Zufu ⁽²⁾	—	980	462	—	14	1,456
Mr. Wang Yiqiao ⁽¹⁾	—	445	271	669	10	1,395
Mr. Chen Weixiang ⁽²⁾ . . .	—	472	357	(23)	10	816
Mr. Zeng Gaojun ⁽¹⁾	—	255	122	274	10	661
Subtotal	—	3,766	2,772	3,629	86	10,253
Total	—	10,688	7,932	10,887	172	29,679

* Chief executive

⁽¹⁾ Resigned on March 30, 2023⁽²⁾ Appointed on March 30, 2023

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
December 31, 2024						
Executive directors:						
Mr. Deng Weiming*	—	1,875	1,572	—	15	3,462
Mr. Tao Wu	—	1,125	2,044	3,551	15	6,735
Mr. Liao Hengxing	—	1,350	1,045	2,617	15	5,027
Mr. Li Weihua	—	1,158	1,165	3,396	15	5,734
Mr. Deng Jing	—	375	—	—	—	375
Mr. Liu Xingguo	—	1,017	1,184	2,737	15	4,953
Subtotal	—	6,900	7,010	12,301	75	26,286
Supervisors:						
Ms. Yin Guizhen	—	923	1,218	3,009	15	5,165
Mr. Dai Zufu ⁽¹⁾	—	1,177	539	—	15	1,731
Mr. Zhou Wenxing ⁽²⁾	—	624	507	154	15	1,300
Mr. Chen Weixiang	—	458	430	—	11	899
Subtotal	—	3,182	2,694	3,163	56	9,095
Total	—	10,082	9,704	15,464	131	35,381

* Chief executive

⁽¹⁾ Resigned on September 30, 2024⁽²⁾ Appointed on September 30, 2024

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended June 30, 2024 (unaudited)						
Executive directors:						
Mr. Deng Weiming*	—	937	612	—	8	1,557
Mr. Tao Wu	—	564	705	3,166	8	4,443
Mr. Liao Hengxing	—	689	127	2,318	7	3,141
Mr. Li Weihua	—	576	205	3,011	8	3,800
Mr. Deng Jing	—	361	—	—	6	367
Mr. Liu Xingguo	—	513	224	2,353	8	3,098
Subtotal	—	3,640	1,873	10,848	45	16,406
Supervisors:						
Ms. Yin Guizhen	—	463	258	3,009	8	3,738
Mr. Dai Zufu	—	585	—	—	8	593
Mr. Chen Weixiang	—	207	—	—	6	213
Subtotal	—	1,255	258	3,009	22	4,544
Total	—	4,895	2,131	13,857	67	20,950

* Chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended June 30, 2025						
Executive directors:						
Mr. Deng Weiming*	—	831	1,238	—	8	2,077
Mr. Tao Wu	—	571	56	190	8	825
Mr. Liao Hengxing	—	710	100	148	8	966
Mr. Li Weihua	—	597	417	190	8	1,212
Mr. Liu Xingguo	—	537	680	190	8	1,415
Subtotal	—	3,246	2,491	718	40	6,495

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, supervisors and the chief executive (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Supervisors:						
Ms. Yin Guizhen	–	439	207	–	5	651
Mr. Zhou Wenxing	–	323	–	(184)	8	147
Mr. Chen Weixiang	–	215	7	–	8	230
Subtotal	–	977	214	(184)	21	1,028
Total	–	4,223	2,705	534	61	7,523

* Chief executive

There was no arrangement under which directors waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2022, 2023, 2024, and six months ended June 30, 2024 and June 30, 2025 included 1 director, 5 directors, 5 directors, 5 directors and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year ended December 31, 2022, 2023, 2024, and six months ended June 30, 2024 and June 30, 2025 of the remaining 4, nil, nil, nil and 3 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind	3,057	–	–	–	3,581
Performance related bonuses	2,489	–	–	–	1,195
Share-based payment	8,666	–	–	–	351
Pension scheme contributions	57	–	–	–	311
Total	14,269	–	–	–	5,438

(unaudited)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
HK\$1,500,000 to HK\$2,000,000	—	—	—	—	2
HK\$2,000,000 to HK\$2,500,000	—	—	—	—	1
HK\$3,500,000 to HK\$4,000,000	1	—	—	—	—
HK\$4,000,000 to HK\$4,500,000	3	—	—	—	—
Total	4	—	—	—	3
	=	=	=	=	=

During the Relevant Period, share options were granted to non-director and non-chief executive highest paid employees in respect of his services to the Group, further details of which are included in the disclosures in note 36 to the Historical Financial Information. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

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

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income except for certain subsidiaries which enjoy a preferential income tax rate.

- (a) On December 19, 2022, the Company was accredited as a "High and New Technology Enterprise" ("HNTE") and was entitled to a preferential CIT rate of 15% for the Relevant Periods. Certain subsidiaries of the Company were also recognized as HNTEs, and the effective periods are as follows:

Name	Effective period
Hunan Zhongwei New Energy Technology Company Limited ("湖南中偉新能源科技有限公司")*	2021-2026
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited ("貴州中偉資源循環產業發展有限公司")	2022-2025
Hunan Zhongwei Intelligent Manufacturing Co., Ltd. ("湖南中偉智能製造有限公司")	2023-2025
Guizhou Zhongwei Xinyang Energy Storage Technology Company Limited ("貴州中偉興陽儲能科技有限公司")	2024-2026

- * The qualification as a HNTE and the entitlement to a preferential tax rate of 15% from 2024 and beyond were subject to extension.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

- (b) According to the tax regulations related to the Western Region Development Policy, the applicable income tax rate is 15%, including Guangxi Zhongwei New Energy Technology Company Limited, Guizhou Zhongwei New Material Trade Company Limited (“貴州中偉新材料貿易有限公司”) and Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited (“貴州中偉興陽儲能科技有限公司”), and such tax concession was started on January 1, 2021, will expire on December 31, 2030.
- (c) According to the Notice of the People's Government of Guangxi Zhuang Autonomous Region on Issuing Supporting Policies for Promoting the High-quality Development of China (Guangxi) Pilot Free Trade Zone (“《廣西壯族自治區人民政府關於印發促進中國（廣西）自由貿易試驗區高品質發展支持政策的通知》”), Guangxi Zhongwei New Energy Technology Co., Ltd. also enjoys the applicable income tax rate is 9% for the Relevant Periods.
- (d) Several subsidiaries in PRC were qualified as small and micro-sized enterprises, which enjoyed a corporate income tax incentive as follows:

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Policies for the Income Tax of Small and Micro Enterprises and Individual Industrial and Commercial Households (“《財政部、稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》”), the annual taxable income of small and micro-sized enterprises not exceeding RMB1 million is reduced by 25% of the taxable income and subject to enterprise income tax at a rate of 20%. According to the “Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises” (“《財政部、稅務總局關於進一步實施小微企業所得稅優惠政策的公告》”), for small and micro-sized enterprises with an annual taxable income exceeding the annual taxable income of small and micro-profit enterprises exceeding RMB1 million but not exceeding RMB3 million shall be deducted by 25% from the taxable income and subject to enterprise income tax at a rate of 20%.

- (e) According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (“《中華人民共和國企業所得稅法》”) and State Council Order No.512 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of (“中華人民共和國企業所得稅法實施條例》（國務院令第512號）”), if the enterprise purchases and actually uses the specially-purposed equipment for environment protection, energy and water saving and safety production included in the list since January 1, 2018, 10% of the invested amounts for the specially-purposed equipment can be used to deduct the taxable amount; if it is not enough to deduct the enterprise's taxable amount, it can be carried forward to the subsequent years, but the period shall not exceed 5 taxpaying years.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 8.25% or 16.5% on the estimated assessable profits for the Relevant Periods.

Indonesia

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

- (a) PT Debonair Nickel Indonesia, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the seventh year, and the corporate income tax is halved from the eighth to the ninth year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

- (b) PT Jade Bay Metal Industry, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the seventh year, and the corporate income tax is halved from the eighth to the ninth year.
- (c) PT Nadesico Nickel Industry, a subsidiary of the Company, has been granted a corporate income tax exemption by the Ministry of Finance of Indonesia. The sales of nickel metal products are exempt from corporate income tax from the first year to the fifteenth year, and the corporate income tax is halved from the sixteenth to the seventeenth year.
- (d) PT Zhongtsing New Energy, a subsidiary of the Company, has obtained the enterprise income tax exemption document issued by the Ministry of Finance of Indonesia. The sales of nickel metal products, of which the enterprise income tax is exempted from the first year to the seventh year for the first-phase project, and the corporate income tax is halved from the eighth to the ninth year. The sales is exempt from corporate income tax from the first year to the eighth year, and the enterprise income tax is halved from the ninth year to the tenth year for the second phase of the project.

Additional deduction for research and development expense

According to the announcement of the Ministry of Finance and the State Administration of Taxation on further improving the policy of pre-tax deduction of R&D expenses (No.7 in 2023), if the R&D expenses actually incurred in the R&D activities of enterprises do not form intangible assets and are included in the current profits and losses, on the basis of actual deduction according to regulations, from January 1, 2023, 100% of the actual amount incurred will be additionally deducted before tax; Intangible assets are amortized at 200% of the cost of intangible assets before tax from January 1, 2023.

Corporate income tax in other jurisdictions:

<u>Name</u>	<u>Tax rate</u>
The Company	15.00%
Hunan Zhongwei New Energy Technology Company Limited (“湖南中偉新能源科技有限公司”)	15.00%
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited (“貴州中偉資源循環產業發展有限公司”)	15.00%
Hunan Zhongwei Intelligent Manufacturing Co., Ltd. (“湖南中偉智能製造有限公司”) ...	15.00%
Guangxi Zhongwei New Energy Technology Company Limited (“廣西中偉新能源科技有限公司”)	9.00%
Guangxi CNGR Zhengyuan Trading Co., Ltd. (廣西中偉正源貿易有限公司)	9.00%
Guizhou Zhongwei New Material Company Limited (“貴州中偉新材料貿易有限公司”) ...	15.00%
Guizhou Zhongwei Xinyang Energy Storage Technology Company Limited (“貴州中偉興陽儲能科技有限公司”)	15.00%
CNGR Hong Kong Material Science & Technology Co., Ltd. and other companies registered in Hong Kong	8.25%, 16.50%
Debonair Holdings Private Limited and other companies domiciled in Singapore	17.00%
PT Zhongtsing New Energy and other companies domiciled in Indonesia	22.00%
CNGR Zimbabwe New Energy Technology Co. (Private) Limited	25.75%
CNGR Morocco New Energy Technology	34.00%
CNGR Europe New Energy Technology GmbH	31.925%
CNGR Japan New Energy Technology Co., Ltd	34.59%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

<u>Name</u>	<u>Tax rate</u>
CNGR Luxembourg New Energy Technology S.À R.L.	21.73%
CNGR Netherlands New Energy Technology B.V. and other companies domiciled in the Netherlands	25.80%
KINO Energy Solutions Co.,Ltd and other companies domiciled in Korea	26.40%
Wintru S.R.L and other companies domiciled in Argentina	35.00%
Subsidiaries other than the above	25.00%

OECD Pillar Two model rules

The Group is within the scope of the Pillar Two model rules released by the Organization for Economic Co-operation and Development (“OECD”). The Pillar Two legislation had become effective in certain jurisdictions on January 1, 2024 during the Relevant Periods. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion (“GloBE”) effective tax rate in each jurisdiction and the 15% minimum rate. The Group management’s assessment indicates that the quantitative impact of the Pillar Two legislation is insignificant to the Group.

The income tax expense of the Group for the Relevant Periods is analyzed as follows:

	<u>Year ended December 31,</u>			<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Current	193,797	263,904	195,691	111,617	116,876
Deferred (note 21)	(40,233)	16,506	39,098	41,897	4,527
Total tax charge for the year ...	<u>153,564</u>	<u>280,410</u>	<u>234,789</u>	<u>153,514</u>	<u>121,403</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	<u>Year ended December 31,</u>			<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Profit before tax	<u>1,692,990</u>	<u>2,380,899</u>	<u>2,022,544</u>	<u>1,309,346</u>	<u>827,053</u>
Tax at the applicable PRC enterprise income tax rate	253,949	357,135	303,382	196,402	124,058
Adjustment for different tax rates of certain companies	22,160	107,916	154,260	7,290	(55,227)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX EXPENSE (continued)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Adjustments in respect of current tax of previous periods	1,536	(8,584)	7,014	2,387	2,527
Income not subject to tax	(2,718)	(119,640)	(325,610)	(57,720)	(66,284)
Expenses not deductible for tax	4,799	30,161	8,413	663	9,656
Utilization of previously unrecognized tax losses and temporary differences	–	–	(272)	–	(4,034)
Tax losses and temporary differences not recognized . . .	8,916	25,350	79,198	5,079	130,428
Additional deduction of research and development expenses . . .	(133,000)	(97,487)	(82,253)	(48,737)	(50,443)
Effect of withholding tax from foreign operations	–	22,126	87,794	49,404	29,690
Effect of special equipment on income tax credit	(2,622)	(36,925)	(534)	(1,380)	–
Others	544	358	3,397	126	1,032
Tax charge at the Group's effective tax rate	<u>153,564</u>	<u>280,410</u>	<u>234,789</u>	<u>153,514</u>	<u>121,403</u>

11. DIVIDEND

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
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	772,489	328,451
Dividends of lapsed restricted shares	–	(344)	(1,813)	(1,813)	(3,218)
Total	<u>101,753</u>	<u>172,679</u>	<u>1,031,136</u>	<u>770,676</u>	<u>325,233</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**11. DIVIDEND (continued)**

The final dividends of RMB1.67, RMB2.58, RMB 11.60 per 10 ordinary share (tax inclusive) in respect of the years ended December 31, 2021, 2022 and 2023 were approved by the Annual General Meeting of the Company.

The interim dividend distribution of RMB2.80 per 10 ordinary share in respect of the six months ended June 30, 2024 was approved by the Annual General Meeting of the Company on May 15, 2024 and was subsequently paid on October 15, 2024.

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

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

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 858,782,634, 932,750,067 and 927,362,524 for the year end 2022, 2023 and 2024, 928,870,306 and 930,919,180 for the six months ended June 30, 2024 and 2025, outstanding during the Relevant Periods, as adjusted to reflect the bonus share issue during the Relevant Periods.

In May 2024, the Group issues 4 shares for every 10 shares from capital reserve to all shareholders for a total of 266,375,601 shares in accordance with the announcement of the implementation of the 2023 annual dividend distribution. If the number of issued and outstanding common shares or potential common shares increases as a result of stock dividends, capitalization of capital reserves, stock splits, or decreases as a result of stock consolidation, but does not affect the amount of owner's equity, earnings per share for each of the periods presented should be recalculated on the basis of the adjusted number of shares.

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

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Earnings:					
Profit attributable to					
ordinary equity holders					
of the parent, used in the					
basic earnings per share					
calculation:	1,548,644	1,947,559	1,467,224	863,235	735,192

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Shares:					
Weighted average number of ordinary shares in issue	858,782,634	932,750,067	927,362,524	928,870,306	930,919,180
Effect of dilution – weighted average number of ordinary shares:					
Share options . .	–	556,567	929,328	–	–
Total	<u>858,782,634</u>	<u>933,306,634</u>	<u>928,291,852</u>	<u>928,870,306</u>	<u>930,919,180</u>

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements		Machinery		Vehicles		Office devices and others		Construction in progress		Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2022												
At January 1, 2022												
Cost	1,903,695	23,355	2,893,464	35,900	81,408	2,304,342	7,242,164					
Accumulated depreciation	(106,424)	(5,982)	(375,685)	(8,468)	(25,179)	–	(521,738)					
Net carrying amount	1,797,271	17,373	2,517,779	27,432	56,229	2,304,342	6,720,426					
At January 1, 2022, net of accumulated depreciation	1,797,271	17,373	2,517,779	27,432	56,229	2,304,342	6,720,426					
Additions	–	23,224	22,714	105,699	28,562	7,808,521	7,988,720					
Acquisition of subsidiaries (note 41)	–	–	–	–	–	444,619	444,619					
Transfer from right of use assets (note 20)	–	–	150,254	–	–	–	150,254					
Disposals	–	–	(3,506)	(487)	(1,453)	–	(5,446)					
Depreciation provided during the year	(79,296)	(16,618)	(367,017)	(18,069)	(22,118)	–	(503,118)					
Transfers	1,724,563	–	2,055,797	77,041	42,603	(3,900,004)	–					
Exchange realignment	–	–	47	935	98	–	1,080					
At December 31, 2022, net of accumulated depreciation	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535					
At December 31, 2022:												
Cost	3,628,258	46,579	5,151,409	219,298	150,583	6,674,611	15,870,738					
Accumulated depreciation	(185,720)	(22,600)	(775,341)	(26,747)	(46,662)	(17,133)	(1,074,203)					
Net carrying amount	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535					
December 31, 2023												
At January 1, 2023:												
Cost	3,628,258	46,579	5,151,409	219,298	150,583	6,674,611	15,870,738					
Accumulated depreciation	(185,720)	(22,600)	(775,341)	(26,747)	(46,662)	(17,133)	(1,074,203)					
Net carrying amount	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535					
At January 1, 2023, net of accumulated depreciation	3,442,538	23,979	4,376,068	192,551	103,921	6,657,478	14,796,535					
Additions	11,171	21,330	27,979	40,928	33,824	7,825,739	7,960,971					
Acquisition of subsidiaries (note 41)	–	–	–	–	226	2,202,324	2,202,550					
Disposal	(2,188)	(1,347)	(6,101)	(121)	(10,785)	–	(20,542)					

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings		Leasehold improvements		Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation provided during the year	(155,841)	(29,259)	(631,555)	(37,218)	(43,128)	(43,128)	—	—	(897,001)
Transfers	1,976,977	—	4,460,223	24,367	146,346	146,346	(6,607,913)	—	32,285
Exchange realignment	8,655	—	20,369	3,020	241	241	—	—	—
At December 31, 2023, net of accumulated depreciation	5,281,312	14,703	8,246,983	223,527	230,645	230,645	10,077,628	—	24,074,798
At December 31, 2023:									
Cost	5,622,261	66,562	9,660,753	287,388	318,057	318,057	10,088,047	—	26,043,068
Accumulated depreciation	(340,949)	(51,859)	(1,413,770)	(63,861)	(87,412)	(87,412)	(10,419)	—	(1,968,270)
Net carrying amount	5,281,312	14,703	8,246,983	223,527	230,645	230,645	10,077,628	—	24,074,798
December 31, 2024									
At January 1, 2024:									
Cost	5,622,261	66,562	9,660,753	287,388	318,057	318,057	10,088,047	—	26,043,068
Accumulated depreciation	(340,949)	(51,859)	(1,413,770)	(63,861)	(87,412)	(87,412)	(10,419)	—	(1,968,270)
Net carrying amount	5,281,312	14,703	8,246,983	223,527	230,645	230,645	10,077,628	—	24,074,798
At January 1, 2024, net of accumulated depreciation	5,281,312	14,703	8,246,983	223,527	230,645	230,645	10,077,628	—	24,074,798
Additions	4,189	32,656	45,149	4,296	19,649	19,649	6,110,805	—	6,216,744
Acquisition of subsidiaries (note 41)	56,771	—	—	474	571	571	—	—	57,816
Business combination	55,958	—	—	65	475	475	—	—	56,498
Asset acquisition	813	—	—	409	96	96	—	—	1,318
Disposal	(3,580)	(26,113)	(33,310)	(1,438)	(2,278)	(2,278)	—	—	(40,606)
Depreciation provided during the year	(232,907)	—	(1,018,445)	(53,363)	(61,816)	(61,816)	—	—	(1,392,644)
Impairment provided during the year	—	—	—	—	—	—	(11,408)	—	(11,408)
Transfers	3,285,162	—	7,514,708	161,042	39,395	39,395	(11,000,307)	—	88,691
Exchange realignment	9,122	—	36,242	2,806	82	82	40,439	—	—
At December 31, 2024, net of accumulated depreciation and impairment	8,400,069	21,246	14,791,327	337,344	226,248	226,248	5,217,157	—	28,993,391
At December 31, 2024:									
Cost	8,984,079	99,218	17,224,963	454,714	381,734	381,734	5,228,565	—	32,373,273
Accumulated depreciation and impairment	(584,010)	(77,972)	(2,433,636)	(117,370)	(155,486)	(155,486)	(11,408)	—	(3,379,882)
Net carrying amount	8,400,069	21,246	14,791,327	337,344	226,248	226,248	5,217,157	—	28,993,391

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
June 30, 2025							
At January 1, 2025:							
Cost	8,984,079	99,218	17,224,963	454,714	381,734	5,228,565	32,373,273
Accumulated depreciation and impairment	(584,010)	(77,972)	(2,433,636)	(117,370)	(155,486)	(11,408)	(3,379,882)
Net carrying amount	8,400,069	21,246	14,791,327	337,344	226,248	5,217,157	28,993,391
At January 1, 2025, net of accumulated depreciation and impairment	8,400,069	21,246	14,791,327	337,344	226,248	5,217,157	28,993,391
Additions	8,598	46,071	5,363	2,539	5,118	1,999,526	2,067,215
Acquisition of subsidiaries (note 41)	42,235	—	3,027	—	—	—	45,262
Disposal	(17,587)	(1,179)	(28,141)	(256)	(268)	—	(47,431)
Depreciation provided during the period	(184,519)	(15,418)	(722,643)	(33,491)	(33,522)	—	(989,593)
Transfers	205,606	—	818,906	66,795	29,024	(1,120,330)	1
Exchange realignment	(25,641)	—	(31,178)	(1,450)	112	(14,144)	(72,301)
At June 30, 2025, net of accumulated depreciation	8,428,761	50,720	14,836,661	371,481	226,712	6,082,209	29,996,544
At June 30, 2025:							
Cost	9,199,974	144,110	17,936,423	520,883	418,354	6,082,209	34,301,953
Accumulated depreciation	(771,213)	(93,390)	(3,099,762)	(149,402)	(191,642)	—	(4,305,409)
Net carrying amount	8,428,761	50,720	14,836,661	371,481	226,712	6,082,209	29,996,544

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2022							
At January 1, 2022							
Cost	653,617	10,332	1,271,045	7,858	38,130	20,097	2,001,079
Accumulated depreciation	(48,202)	(2,967)	(196,463)	(3,148)	(15,359)	—	(266,139)
Net carrying amount	605,415	7,365	1,074,582	4,710	22,771	20,097	1,734,940
At January 1, 2022, net of accumulated depreciation	605,415	7,365	1,074,582	4,710	22,771	20,097	1,734,940
Additions	—	5,246	2,406	338	1,807	98,067	107,864
Disposals	—	—	(2,812)	(797)	(703)	—	(4,312)
Depreciation provided during the year	(21,828)	(5,444)	(122,174)	(1,295)	(8,593)	—	(159,334)
Transfers	59,269	—	19,790	461	4,082	(83,602)	—
At December 31, 2022, net of accumulated depreciation	642,856	7,167	971,792	3,417	19,364	34,562	1,679,158
At December 31, 2022:							
Cost	712,886	15,578	1,272,502	7,664	42,080	51,695	2,102,405
Accumulated depreciation	(70,030)	(8,411)	(300,710)	(4,247)	(22,716)	(17,133)	(423,247)
Net carrying amount	642,856	7,167	971,792	3,417	19,364	34,562	1,679,158
December 31, 2023							
At January 1, 2023:							
Cost	712,886	15,578	1,272,502	7,664	42,080	51,695	2,102,405
Accumulated depreciation	(70,030)	(8,411)	(300,710)	(4,247)	(22,716)	(17,133)	(423,247)
Net carrying amount	642,856	7,167	971,792	3,417	19,364	34,562	1,679,158

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Buildings improvements		Leasehold improvements		Machinery		Vehicles		Office devices and others		Construction in progress		Total	
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
At January 1, 2023, net of accumulated depreciation	642,856		7,167		971,792		3,417		19,364		34,562		1,679,158	
Additions	862		6,541		592		742		3,538		122,158		134,433	
Disposals	(2,188)		–		(1,747)		(83)		(49)		–		(4,067)	
Depreciation provided during the year	(23,566)		(9,898)		(125,796)		(1,464)		(10,328)		–		(171,052)	
Transfers	17,711		–		44,444		958		9,809		(72,922)		–	
At December 31, 2023, net of accumulated depreciation	635,675		3,810		889,285		3,570		22,334		83,798		1,638,472	
At December 31, 2023:														
Cost	728,456		22,119		1,325,508		8,784		55,088		90,004		2,229,959	
Accumulated depreciation	(92,781)		(18,309)		(436,223)		(5,214)		(32,754)		(6,206)		(591,487)	
Net carrying amount	635,675		3,810		889,285		3,570		22,334		83,798		1,638,472	
December 31, 2024														
At January 1, 2024:														
Cost	728,456		22,119		1,325,508		8,784		55,088		90,004		2,229,959	
Accumulated depreciation	(92,781)		(18,309)		(436,223)		(5,214)		(32,754)		(6,206)		(591,487)	
Net carrying amount	635,675		3,810		889,285		3,570		22,334		83,798		1,638,472	
At January 1, 2024, net of accumulated depreciation	635,675		3,810		889,285		3,570		22,334		83,798		1,638,472	
Additions	3,600		31,071		6,122		774		2,573		59,940		104,080	
Disposals	(11)		–		(449)		(41)		(46)		–		(547)	
Depreciation provided during the year	(24,946)		(29,478)		(128,167)		(1,571)		(11,388)		–		(195,550)	
Transfers	29,375		–		29,953		371		12,872		(72,571)		–	
At December 31, 2024, net of accumulated depreciation	643,693		5,403		796,744		3,103		34,170		71,167		1,554,187	

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Buildings	Leasehold improvements	Machinery	Vehicles	Office devices and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024:							
Cost	761,419	53,190	1,361,021	9,795	69,949	71,167	2,326,541
Accumulated depreciation	(117,726)	(47,787)	(564,277)	(6,692)	(43,604)	—	(780,086)
Net carrying amount	643,693	5,403	796,744	3,103	26,345	71,167	1,546,455
June 30, 2025							
At January 1, 2025:							
Cost	761,419	53,190	1,361,021	9,795	69,949	71,167	2,326,541
Accumulated depreciation	(117,726)	(47,787)	(564,277)	(6,692)	(43,604)	—	(780,086)
Net carrying amount	643,693	5,403	796,744	3,103	26,345	71,167	1,546,455
At January 1, 2025, net of accumulated depreciation	643,693	5,403	796,744	3,103	26,345	71,167	1,546,455
Additions	—	881	230	—	302	20,820	22,233
Disposals	(15,284)	—	(29,275)	(27)	(125)	—	(44,711)
Depreciation provided during the period	(12,823)	(2,773)	(65,644)	(739)	(5,578)	—	(87,557)
Transfers	10,205	—	10,678	257	3,428	(24,568)	—
At June 30, 2025, net of accumulated depreciation	625,791	3,511	712,733	2,594	24,372	67,419	1,436,420
At June 30, 2025:							
Cost	752,004	54,071	1,317,502	9,791	73,261	67,419	2,274,048
Accumulated depreciation	(126,213)	(50,560)	(604,769)	(7,197)	(48,889)	—	(837,628)
Net carrying amount	625,791	3,511	712,733	2,594	24,372	67,419	1,436,420

(a) Certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB574,106,000, RMB2,684,946,000 and RMB 1,927,651,000, and RMB1,547,271,000 as at December 31, 2022, 2023, 2024 and June 30, 2025 respectively, were pledged as securities for bank loan facilities granted to the Group (note 30).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**13. PROPERTY, PLANT AND EQUIPMENT (continued)****The Company (continued)**

- (b) At December 31, 2022, 2023, 2024 and June 30, 2025 the Group had yet to obtain building ownership certificates for certain buildings with a net book value of approximately RMB1,947,803,000, RMB1,928,388,000 and RMB1,060,676,000, and RMB996,697,000 respectively.
- (c) Certain of the Company's buildings with a net carrying amount of approximately RMB31,764,000, RMB114,784,000 and RMB111, 567,000, and RMB109,579,000 as at December 31, 2022, 2023, 2024 and June 30, 2025, respectively, were pledged to secure certain bank loans granted to a subsidiary of the Company (note 30).
- (d) At December 31, 2022, 2023, 2024 and June 30, 2025, the Company had yet to obtain building ownership certificates for certain buildings with a net book value of approximately RMB317,002,000, RMB208,989,000 and RMB 11,232,000, and nil respectively.
- (e) During the Relevant Period, depreciation of property, plant and equipment of RMB497,535,000, RMB843,589,000, RMB1,391,610,000, and RMB983,677,000 were included in the consolidated statements of profit or loss and other comprehensive income, the remaining RMB5,583,000, RMB53,412,000, RMB1,034,000, and RMB5,916,000 were capitalized in construction in progress.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS

The Group

	<u>Mining right</u> <i>RMB'000</i>	<u>Software and others</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
December 31, 2022			
At January 1, 2022:			
Cost	—	19,577	19,577
Accumulated amortization	—	(5,311)	(5,311)
Net carrying amount	—	14,266	14,266
At January 1, 2022, net of accumulated amortization	—	14,266	14,266
Additions	—	6,191	6,191
Amortization provided during the year	—	(4,526)	(4,526)
At December 31, 2022, net of accumulated amortization	—	15,931	15,931
At December 31, 2022:			
Cost	—	25,768	25,768
Accumulated amortization	—	(9,837)	(9,837)
Net carrying amount	—	15,931	15,931
	<u>Mining right</u> <i>RMB'000</i>	<u>Software and others</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
December 31, 2023			
At January 1, 2023:			
Cost	—	25,768	25,768
Accumulated amortization	—	(9,837)	(9,837)
Net carrying amount	—	15,931	15,931
At January 1, 2023, net of accumulated amortization	—	15,931	15,931
Additions	—	21,739	21,739
Amortization provided during the year	—	(7,202)	(7,202)
At December 31, 2023, net of accumulated amortization	—	30,468	30,468

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS (continued)

The Group (continued)

	<u>Mining right</u>	<u>Software and others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2023:			
Cost	—	47,507	47,507
Accumulated amortization	—	(17,039)	(17,039)
Net carrying amount	—	30,468	30,468
	<u>—</u>	<u>30,468</u>	<u>30,468</u>
	<u>—</u>	<u>30,468</u>	<u>30,468</u>
	<u>Mining right</u>	<u>Software and others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2024			
At January 1, 2024:			
Cost	—	47,507	47,507
Accumulated amortization	—	(17,039)	(17,039)
Net carrying amount	—	30,468	30,468
	<u>—</u>	<u>30,468</u>	<u>30,468</u>
	<u>—</u>	<u>30,468</u>	<u>30,468</u>
At January 1, 2024, net of accumulated amortization	—	30,468	30,468
Additions	—	5,822	5,822
Acquisition of subsidiaries (note 41)	610,334	1	610,335
Amortization provided during the year	—	(9,276)	(9,276)
Exchange realignment	11,345	2	11,347
	<u>621,679</u>	<u>27,017</u>	<u>648,696</u>
	<u>621,679</u>	<u>27,017</u>	<u>648,696</u>
At December 31, 2024, net of accumulated amortization	621,679	27,017	648,696
	<u>621,679</u>	<u>27,017</u>	<u>648,696</u>
	<u>621,679</u>	<u>27,017</u>	<u>648,696</u>
At December 31, 2024:			
Cost	621,679	53,332	675,011
Accumulated amortization	—	(26,315)	(26,315)
Net carrying amount	621,679	27,017	648,696
	<u>621,679</u>	<u>27,017</u>	<u>648,696</u>
	<u>621,679</u>	<u>27,017</u>	<u>648,696</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS (continued)

The Group (continued)

	<u>Mining right</u>	<u>Software and others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
June 30, 2025			
At January 1, 2025:			
Cost	621,679	53,332	675,011
Accumulated amortization	<u>—</u>	<u>(26,315)</u>	<u>(26,315)</u>
Net carrying amount	<u>621,679</u>	<u>27,017</u>	<u>648,696</u>
At January 1, 2025, net of accumulated amortization	621,679	27,017	648,696
Additions	63,414	10,298	73,712
Acquisition of subsidiaries (note 41)	572,912	—	572,912
Amortization provided during the period	—	(5,157)	(5,157)
Exchange realignment	<u>(18,092)</u>	<u>4</u>	<u>(18,088)</u>
At June 30, 2025, net of accumulated amortization ...	<u>1,239,913</u>	<u>32,162</u>	<u>1,272,075</u>
At June 30, 2025:			
Cost	1,239,913	63,634	1,303,547
Accumulated amortization	<u>—</u>	<u>(31,472)</u>	<u>(31,472)</u>
Net carrying amount	<u>1,239,913</u>	<u>32,162</u>	<u>1,272,075</u>

The Company

	<u>As at December 31,</u>			<u>As at</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Software				
At beginning of year/period:				
Cost	16,091	21,638	32,734	38,432
Accumulated depreciation	<u>(4,552)</u>	<u>(8,503)</u>	<u>(14,080)</u>	<u>(21,307)</u>
Net carrying amount	<u>11,539</u>	<u>13,135</u>	<u>18,654</u>	<u>17,125</u>
At beginning of year/period, net of accumulated depreciation	11,539	13,135	18,654	17,125
Additions	5,547	11,096	5,698	8,665
Amortization provided during the year/period ...	<u>(3,951)</u>	<u>(5,577)</u>	<u>(7,227)</u>	<u>(4,037)</u>
At end of year/period, net of accumulated depreciation	<u>13,135</u>	<u>18,654</u>	<u>17,125</u>	<u>21,753</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. OTHER INTANGIBLE ASSETS (continued)

The Company (continued)

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
At end of year/period:				RMB'000
Cost	21,638	32,734	38,432	47,097
Accumulated depreciation	(8,503)	(14,080)	(21,307)	(25,344)
Net carrying amount	<u>13,135</u>	<u>18,654</u>	<u>17,125</u>	<u>21,753</u>

15. GOODWILL

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
At beginning of year:				RMB'000
Cost	—	1,325,781	1,348,262	1,424,799
Accumulated impairment	—	—	—	—
Net carrying amount	—	<u>1,325,781</u>	<u>1,348,262</u>	<u>1,424,799</u>
Net of accumulated impairment	—	1,325,781	1,348,262	1,424,799
Acquisition of subsidiaries (note 41)	1,283,731	—	55,932	—
Exchange realignment	<u>42,050</u>	<u>22,481</u>	<u>20,605</u>	<u>(5,906)</u>
At end of year	<u>1,325,781</u>	<u>1,348,262</u>	<u>1,424,799</u>	<u>1,418,893</u>
At end of year:				
Cost	1,325,781	1,348,262	1,424,799	1,418,893
Accumulated impairment	—	—	—	—
Net carrying amount	<u>1,325,781</u>	<u>1,348,262</u>	<u>1,424,799</u>	<u>1,418,893</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- PT Debonair Nickel Indonesia cash-generating unit; and

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

- PT Jade Bay Metal Industry cash-generating unit.
- FINO Inc. cash-generating unit.

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

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
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%, and 12.36%, and 12.63% as at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 0%, 0%, and 0%, and 0% at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. 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. The Group is the pioneer of such technology which has reduced the cost and time of production, and these industrial products qualify for a major product of the Group.

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%, and 12.85%, and 12.52% as at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively and cash flows beyond the five-year period were extrapolated using a growth rate of 0%, 0%, and 0%, and 0% as at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively, which was the same as the long term average growth rate of the electronic products industry.

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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**15. GOODWILL (continued)**Impairment testing of goodwill (continued)*PT Jade Bay Metal Industry cash-generating unit (continued)*

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 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 RMB355,728,000, RMB122,414,000, and 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.

The Group 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 0.27%, 0.08% and 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%, 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, the directors of the Company 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.

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, and 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. GOODWILL (continued)

Impact of possible changes in key assumptions (continued)

PT Jade Bay Metal Industry cash-generating unit (continued)

The Group 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% and 0.08% and 0.04%, Gross margin reduced 24.25%, 16.65% and 4.50% and 2.50% or discount rate increased 6.77%, 3.03%, 0.59%, 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 of the Company 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.

16. INVESTMENTS IN JOINT VENTURES

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	206,290	1,978,467	2,354,322	2,382,782
Goodwill on acquisition	—	—	—	—
Total	<u>206,290</u>	<u>1,978,467</u>	<u>2,354,322</u>	<u>2,382,782</u>

The Group's trade receivable balances and other receivable balances due from the joint ventures are disclosed in note 42 to the Historical Financial Information, respectively.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the joint ventures' profit/(loss) for the year	133	(17,951)	39,701	3,673
Share of the joint ventures' other comprehensive income/(loss)	—	3,598	(2,350)	65
Share of the joint ventures' total comprehensive income/(loss)	133	(14,353)	37,351	3,738
Aggregate carrying amount of the Group's investments in the joint ventures	<u>206,290</u>	<u>1,978,467</u>	<u>2,354,322</u>	<u>2,382,782</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. INVESTMENTS IN JOINT VENTURES (continued)

The Group's shareholdings in the joint venture are all held by the Company indirectly.

17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

17(i). INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	RMB'000
Investment costs:				
Hunan Zhongwei New Energy Technology Company Limited	3,317,284	3,324,042	4,341,227	4,344,589
Hunan Zhongwei Zhengyuan New Material Trading Company Limited	1,703,057	1,703,864	1,704,996	1,705,206
Guizhou Zhongwei Resources Recycling Industrial Development Company Limited	403,199	404,533	406,046	406,353
Guangxi Zhongwei New Energy Technology Company Limited	4,089,314	4,904,842	4,909,060	4,910,118
Guizhou Zhongwei Xingyang Energy Storage Technology Company Limited	977,964	1,631,173	1,635,363	1,635,778
Guizhou Zhongwei New Energy Technology Co., Ltd.* (貴州中偉新能源科技有限公司)	975,000	1,304,696	1,304,696	1,531,323
Hunan Zhongwei Intelligence Manufacturing Co., Ltd.* (湖南中偉智能製造有限公司)	50,582	51,406	51,088	50,292
Guizhou Zhongwei Energy Storage Technology Co., Ltd.* (貴州中偉儲能科技有限公司)	500	1,745	1,745	801,745
Guangxi Zhongwei New Material Technology Co., Ltd.* (廣西中偉新材料科技有限公司)	54,500	54,500	54,500	84,500
Guizhou Zhongwei New Material Company Limited	950,000	950,000	950,000	950,000
CNGR Hong Kong Material Science & Technology Co., Limited	2,920,077	3,170,506	3,171,985	3,172,964
Zoomwe Hong Kong New Energy Technology Co., Ltd.	1,548,883	—	—	—
Singapore CNGR New Energy and Technology Pte., Ltd.	7,309	165,838	165,838	165,838
CNGR Japan New Energy Technology Co., Ltd.	—	75	187	217
PT Zhongwei Eco Energy Indonesia	—	225	609	342
PT Zhongtsing New Energy	—	199	352	391
Guizhou Zhongwei Xingyang Mining Co., Ltd.* (貴州中偉興陽礦業有限公司)	—	—	65	15
CNGR Europe New Energy Technology GmbH ...	—	—	114	173
C&P Advanced Material Technology Co., Ltd. ...	—	—	127	333
Total	16,997,669	17,667,644	18,697,998	19,760,177

* The English names of the entities registered in Mainland China represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English name.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

17(ii). INVESTMENTS IN ASSOCIATES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	63,732	197,215	1,707,361	1,760,375
Goodwill on acquisition	—	—	—	—
Total	<u>63,732</u>	<u>197,215</u>	<u>1,707,361</u>	<u>1,760,375</u>

The Group's trade receivables due from the associate are disclosed in note 42 to the Historical Financial Information.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	525	—	—	—
Goodwill on acquisition	—	—	—	—
Total	<u>525</u>	<u>—</u>	<u>—</u>	<u>—</u>

The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates' (loss)/profit for the year	(782)	2,006	10,582	2,939
Share of the associates' total comprehensive (loss)/income	(3,326)	301	(18,048)	8,861
Share of the associates' total comprehensive (loss)/income	(4,108)	2,307	(7,466)	11,800
Aggregate carrying amount of the Group's investment in the associates	<u>63,732</u>	<u>197,215</u>	<u>1,707,361</u>	<u>1,760,375</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income				
Listed equity investments, at fair value				
Ganzhou Tengyuan Cobalt New Material Co., Ltd.				
(“贛州騰遠鈷業新材料股份有限公司”)	68,408	52,952	60,807	71,446
Rept Battero Energy Co., Ltd. (“瑞浦蘭鈞能源股份有限公司”)	—	380,221	222,882	225,718
SungEel Hitech Co., Ltd.	176,713	134,504	37,433	37,258
CALB Group Co., Ltd. (“中創新航科技集團股份有限公司”)	156,772	164,718	122,991	161,054
Sunwoda Electronic Co., Ltd. (“欣旺達電子股份有限公司”)	95,776	104,594	77,847	75,791
Total	497,669	836,989	521,960	571,267

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income				
Listed equity investments, at fair value				
Ganzhou Tengyuan Cobalt New Material Co., Ltd.				
(“贛州騰遠鈷業新材料股份有限公司”)	68,408	52,952	60,807	71,446
Rept Battero Energy Co., Ltd. (“瑞浦蘭鈞能源股份有限公司”)	—	380,221	222,882	225,718
Total	68,408	433,173	283,689	297,164

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

In December 2023, July 2024 and March 2025, the Group disposed of 128,000 shares, 10,894 shares and 20,000 shares of Sunwoda Electronic Co., Ltd. respectively, as these investments had no substantial

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The Company (continued)

advancement of industrial synergies in the previous periods. The accumulated gains previously recognized in other comprehensive income of RMB43,925,000, RMB1,986,000 and RMB111,000 were all transferred to retained earnings.

During 2022, 2023, 2024, and six months ended June 30, 2025, the Group received dividends of RMB2,293,000, RMB1,242,000 and RMB2,018,000, and RMB673,000, respectively, from Ganzhou Tengyuan Cobalt New Material Co., Ltd.

During 2022, 2023, and 2024, the Group received dividends of nil, RMB355,000, and RMB539,000, respectively, from Sunwoda Electronic Co., Ltd., with an additional RMB656,000 declared by the company during the first half of 2025 but not yet received as of June 30, 2025.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
Current Portion				RMB'000
Structured deposits*	—	—	2,010,872	1,130,775
Others	—	—	1,282	2,244
Subtotal	—	—	2,012,154	1,133,019
Non-Current Portion				
Other unlisted investment, at fair value**	300,000	—	28,000	28,000
Total	300,000	—	2,040,154	1,161,019

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
Current Portion				RMB'000
Structured deposits	—	—	—	150,784
Non-Current Portion				
Other unlisted investments, at fair value	300,000	—	28,000	28,000

* As of December 31, 2024 and June 30, 2025, the Group held structured deposits with a balance of RMB2,010,872,000 and RMB1,130,775,000, acquired using temporarily idle funds to enhance

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Company (continued)

capital utilization efficiency. These structured deposits, with maturities ranging from 1 month to 6 months, are linked to the price performance of foreign exchange rates and others during the observation period and are classified as financial assets at fair value through profit or loss.

** The above unlisted investment was the investment in Rept Battero Energy Co., Ltd., which has been derecognized as financial assets at fair value through profit or loss and recognized as equity investment designated at fair value through other comprehensive income, as the repurchase clause in the shareholders' agreement automatically became void upon investee's listing on the Hong Kong Stock Exchange in December 2023.

In December 2024, the Group invested RMB28,000,000 in Changsha Gongrong Innovation No.1 Equity Investment Fund Partnership (Limited Partnership) (the "Fund"). The Group had no significant impact on the Fund.

20. LEASES

The Group as a lessee

The Group has lease contracts for various items of office building, dormitories, plants and others used in its operations. Leases of office building and plant generally have lease terms between 1 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The Group

The carrying amounts of the right-of-use assets and the movements during the year/period are as follows:

	Buildings	Machine	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2022	18,046	157,704	772,382	948,132
Additions	20,246	—	305,874	326,120
Transfer to fixed assets (note 13)	—	(150,254)	—	(150,254)
Early lease termination	(2,552)	—	—	(2,552)
Depreciation charge	(12,581)	(7,450)	(19,098)	(39,129)
As at December 31, 2022	<u>23,159</u>	<u>—</u>	<u>1,059,158</u>	<u>1,082,317</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

The Group (continued)

	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	23,159	1,059,158	1,082,317
Additions	16,366	602,990	619,356
Early lease termination	(3,301)	–	(3,301)
Depreciation charge	(18,966)	(30,087)	(49,053)
Exchange realignment	82	–	82
As at December 31, 2023	<u>17,340</u>	<u>1,632,061</u>	<u>1,649,401</u>
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2024	17,340	1,632,061	1,649,401
Additions	46,523	159	46,682
Acquisition of subsidiaries (note 41)	23	4,040	4,063
Depreciation charge	(17,491)	(34,366)	(51,857)
Early lease termination	(875)	–	(875)
Exchange realignment	19	82	101
As at December 31, 2024	<u>45,539</u>	<u>1,601,976</u>	<u>1,647,515</u>
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2025	45,539	1,601,976	1,647,515
Additions	365	109,445	109,810
Depreciation charge	(12,088)	(18,089)	(30,177)
Early lease termination	(978)	–	(978)
Exchange realignment	(71)	(468)	(539)
As at June 30, 2025	<u>32,767</u>	<u>1,692,864</u>	<u>1,725,631</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

The Company

	Buildings	Machine	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2022	4,364	49,144	91,974	145,482
Early lease termination	(2,551)	(47,850)	–	(50,401)
Depreciation charge	(1,047)	(1,294)	(2,119)	(4,460)
As at December 31, 2022	<u>766</u>	<u>–</u>	<u>89,855</u>	<u>90,621</u>
	Buildings	Leasehold land	Total	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
As at January 1, 2023	766	89,855	90,621	
Depreciation charge	(574)	(2,120)	(2,694)	
As at December 31, 2023	<u>192</u>	<u>87,735</u>	<u>87,927</u>	
	Buildings	Leasehold land	Total	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
As at January 1, 2024	192	87,735	87,927	
Additions	31,544	–	31,544	
Depreciation charge	(6,408)	(2,119)	(8,527)	
As at December 31, 2024	<u>25,328</u>	<u>85,616</u>	<u>110,944</u>	
	Buildings	Leasehold land	Total	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
As at January 1, 2025	25,328	85,616	110,944	
Depreciation charge	(5,832)	(1,060)	(6,892)	
As at June 30, 2025	<u>19,496</u>	<u>84,556</u>	<u>104,052</u>	

Certain of the Group's leasehold land with a net carrying amount of approximately RMB313,634,000, RMB321,671,000 and RMB318,260,000, and RMB314,739,000 as at December 31, 2022, 2023 and 2024, and June 30, 2025, respectively, were pledged to secure certain bank loans granted to a subsidiary of the Company (note 30).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

The Company (continued)

During the Relevant Periods, depreciation of right-of-use assets of RMB33,952,000, RMB49,053,000, RMB43,810,000, and RMB27,429,000 were included in the consolidated statements of profit or loss and other comprehensive income, the remaining RMB5,177,000, nil, RMB8,047,000, and nil were capitalized in construction in progress.

(b) Lease liabilities

The Group

The carrying amount of lease liabilities and the movements during the year are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at December 31,	<u>27,121</u>	<u>19,170</u>	<u>44,717</u>	<u>31,243</u>
Analyzed into:				
Current portion	18,394	10,565	18,893	15,808
Non-current portion	<u>8,727</u>	<u>8,605</u>	<u>25,824</u>	<u>15,435</u>

The maturity analysis of lease liabilities is disclosed in note 44 to the Historical Financial Information.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	21,303	27,121	19,170	44,717
New leases	21,326	15,063	49,452	494
Accretion of interest recognized during the year/ period	1,176	3,007	2,059	871
Early lease termination	(1,080)	(7,425)	(1,030)	(342)
Payments	(15,604)	(18,596)	(24,934)	(14,497)
Carrying amount at December 31,	<u>27,121</u>	<u>19,170</u>	<u>44,717</u>	<u>31,243</u>
Analyzed into:				
Current portion	18,394	10,565	18,893	15,808
Non-current portion	<u>8,727</u>	<u>8,605</u>	<u>25,824</u>	<u>15,435</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities (continued)

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at December 31,	<u>1,845</u>	<u>1,703</u>	<u>24,495</u>	<u>18,797</u>
Analyzed into:				
Current portion	1,845	1,703	11,432	9,797
Non-current portion	<u>—</u>	<u>—</u>	<u>13,063</u>	<u>9,000</u>

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	4,957	1,845	1,703	24,495
New leases	—	—	32,574	—
Accretion of interest recognised during the year/ period	203	9	604	548
Payments	<u>(3,315)</u>	<u>(151)</u>	<u>(10,386)</u>	<u>(6,246)</u>
Carrying amount at December 31,	<u>1,845</u>	<u>1,703</u>	<u>24,495</u>	<u>18,797</u>
Analyzed into:				
Current portion	1,845	1,703	11,432	9,797
Non-current portion	<u>—</u>	<u>—</u>	<u>13,063</u>	<u>9,000</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognized in profit or loss in relation to leases are as follows:

The Group

	Year ended December 31,			As at June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on lease liabilities	1,176	3,007	2,059	1,011	871
Depreciation charge of right-of-use assets	33,952	49,053	43,810	27,180	30,041
Expense related to short-term leases	6,214	8,747	21,951	6,761	8,674
Total amount recognized in profit or loss	41,342	60,807	67,820	34,952	39,799

The Company

	Year ended December 31,			As at June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on lease liabilities	125	9	604	138	548
Depreciation charge of right-of-use assets	4,460	2,694	8,527	1,974	6,892
Expense related to short-term leases	244	47	1,651	921	277
Total amount recognized in profit or loss	4,829	2,750	10,782	3,033	7,717

The total cash outflow for leases that have not yet commenced are disclosed in note 39(b) to the Historical Financial Information.

The Group as a lessor

The Group leases its office buildings in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Details of rental income recognized by the Group during the Relevant Periods are included in note 5 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. LEASES (continued)

The Group as a lessor (continued)

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at December 31,			As at
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	917	11,042	5,539	4,836
After one year but within two years	11,042	5,539	4,153	2,764
After two years but within three years	5,539	4,153	25	11
After three years but within four years	4,153	25	9	4
After four years but within five years	25	9	—	—
After five years	9	—	—	—
Total	<u>21,685</u>	<u>20,768</u>	<u>9,726</u>	<u>7,615</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX

Deferred tax assets

The Group

	Impairment of financial assets	Deferred income	Tax losses	Unrealized profits from internal transactions	Fair value adjustments of financial instruments	Share- based payment	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	7,814	41,139	15,743	6,695	—	—	6,264	77,655
Deferred tax credited/(charged) to the consolidated statements of profit or loss during the year (note 10)	17,716	34,655	61,493	9,979	(559)	8,739	(968)	131,055
Deferred tax credited to the consolidated statements of other comprehensive income during the year	—	—	—	—	35,740	—	—	35,740
Exchange realignment	—	—	—	—	2,437	—	—	2,437
Deferred tax assets at December 31, 2022	25,530	75,794	77,236	16,674	37,618	8,739	5,296	246,887
Deferred tax credited/(charged) the consolidated statements of profit or loss during the year (note 10)	4,751	(1,964)	(14,286)	4,008	(642)	(5,676)	(3,074)	(16,883)
Deferred tax charged to the consolidated statements of other comprehensive income during the year	—	—	—	—	(6,782)	—	—	(6,782)
Exchange realignment	—	—	—	—	392	—	—	392
Deferred tax assets at December 31, 2023	30,281	73,830	62,950	20,682	30,586	3,063	2,222	223,614
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year (note 10)	(14,967)	(6,806)	15,727	(3,352)	—	919	3,050	(5,429)
Deferred tax credited to the consolidated statements of other comprehensive income during the year	—	—	—	—	31,262	—	—	31,262
Gross deferred tax assets at December 31, 2024	15,314	67,024	78,677	17,330	61,848	3,982	5,272	249,447
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year (note 10)	2,635	(957)	11,045	(936)	1,642	(1,887)	(1,605)	9,937
Deferred tax credited to the consolidated statements of other comprehensive income during the year	—	—	—	—	(8,499)	—	—	(8,499)
Exchange realignment	—	—	—	—	(143)	—	—	(143)
Gross deferred tax assets at June 30, 2025	17,949	66,067	89,722	16,394	54,848	2,095	3,667	250,742

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax assets (continued)

The Company

	Impairment of financial assets	Deferred income	Fair value adjustments of financial instruments	Share- based payment	Lease liabilities	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	3,277	12,777	—	—	398	—	16,452
Deferred tax credited/(charged) to the consolidated statements of profit or loss and other comprehensive income during the year	401	(2,077)	4,739	4,965	(121)	—	7,907
Deferred tax assets at December 31, 2022	3,678	10,700	4,739	4,965	277	—	24,359
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(178)	(253)	(4,739)	(1,917)	(6)	—	(7,093)
Deferred tax assets at December 31, 2023	3,500	10,447	—	3,048	271	—	17,266
Deferred tax credited/(charged) to the consolidated statements of profit or loss and other comprehensive income during the year	(1,282)	(1,762)	17,447	934	3,402	—	18,739
Gross deferred tax assets at December 31, 2024	2,218	8,685	17,447	3,982	3,673	—	36,005
Deferred tax credited/(charged) to the consolidated statements of profit or loss and other comprehensive income during the year	470	(314)	(2,022)	(1,887)	(853)	6,898	2,292
Gross deferred tax assets at June 30, 2025	2,688	8,371	15,425	2,095	2,820	6,898	38,297

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities

The Group

	Depreciation allowance in excess of related depreciation	Fair value adjustments of financial instruments	Withholding taxes	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	212,511	—	—	5,855	218,366
Deferred tax charged/(credited) to the consolidated statements of profit or loss during the year (note 10)	92,334	—	—	(1,512)	90,822
Deferred tax liabilities at December 31, 2022	<u>304,845</u>	<u>—</u>	<u>—</u>	<u>4,343</u>	<u>309,188</u>
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year (note 10)	(25,535)	8,827	18,957	(2,626)	(377)
Deferred tax charged to the consolidated statements of other comprehensive income during the year	—	19,205	—	—	19,205
Exchange realignment	<u>—</u>	<u>120</u>	<u>—</u>	<u>—</u>	<u>120</u>
Deferred tax liabilities at December 31, 2023	<u>279,310</u>	<u>28,152</u>	<u>18,957</u>	<u>1,717</u>	<u>328,136</u>
Deferred tax (credited)/ charged to the consolidated statements of profit or loss during the year (note 10) ..	(24,388)	(2,743)	57,175	3,625	33,669
Deferred tax credited to the consolidated statements of other comprehensive income during the year	—	(18,550)	—	—	(18,550)
Deferred tax liabilities at December 31, 2024	<u>254,922</u>	<u>6,859</u>	<u>76,132</u>	<u>5,342</u>	<u>343,255</u>
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year (note 10)	(13,945)	200	29,270	(1,061)	14,464
Deferred tax liabilities at June 30, 2025	<u>240,977</u>	<u>7,059</u>	<u>105,402</u>	<u>4,281</u>	<u>357,719</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

The Company

	Depreciation allowance in excess of related depreciation	Fair value adjustments of financial instruments	Right-of- use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	95,436	—	830	96,266
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	<u>(4,595)</u>	<u>—</u>	<u>(715)</u>	<u>(5,310)</u>
Deferred tax liabilities at December 31, 2022	<u>90,841</u>	<u>—</u>	<u>115</u>	<u>90,956</u>
Deferred tax (credited)/charged to the consolidated statements of profit or loss and other comprehensive income during the year	<u>(8,258)</u>	<u>4,976</u>	<u>(86)</u>	<u>(3,368)</u>
Deferred tax liabilities at December 31, 2023	<u>82,583</u>	<u>4,976</u>	<u>29</u>	<u>87,588</u>
Deferred tax (credited)/charged to the consolidated statements of profit or loss and other comprehensive income during the year	<u>(10,899)</u>	<u>(2,462)</u>	<u>3,771</u>	<u>(9,590)</u>
Deferred tax liabilities at December 31, 2024	<u>71,684</u>	<u>2,514</u>	<u>3,800</u>	<u>77,998</u>
Deferred tax (credited)/charged to the consolidated statements of profit or loss and other comprehensive income during the year	<u>(4,178)</u>	<u>(752)</u>	<u>(876)</u>	<u>(5,806)</u>
Deferred tax liabilities at June 30, 2025 ...	<u>67,506</u>	<u>1,762</u>	<u>2,924</u>	<u>72,192</u>

There was no income tax or withholding tax consequences attaching to the payment of dividends by the Company to its shareholders during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

The Group

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statement of financial position	69,826	48,296	121,595	107,727
Net deferred tax liabilities recognized in the consolidated statement of financial position	(132,127)	(152,818)	(215,403)	(214,704)
Net deferred tax liabilities	<u>(62,301)</u>	<u>(104,522)</u>	<u>(93,808)</u>	<u>(106,977)</u>

Deferred tax assets have not been recognized in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statement of financial position	—	—	—	—
Net deferred tax liabilities recognized in the consolidated statement of financial position	(66,598)	(70,322)	(41,993)	(33,895)
Net deferred tax liabilities	<u>(66,598)</u>	<u>(70,322)</u>	<u>(41,993)</u>	<u>(33,895)</u>

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses not recognized	130,168	159,187	430,705	979,767
Deductible temporary differences	5,281	22,194	95,845	52,138
Total	<u>135,449</u>	<u>181,381</u>	<u>526,550</u>	<u>1,031,905</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

The Company

Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

22. OTHER NON-CURRENT ASSETS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Exploration and development costs	—	—	70,312	67,044
Prepayments for equipment	2,100,373	1,253,235	923,895	514,848
Prepayments for land	396,832	136,851	145,452	50,401
Prepayments for equity investment (Notes)	257,270	490,335	608,222	892,380
Impairment	—	—	(18,773)	(18,613)
Total	2,754,475	1,880,421	1,729,108	1,506,060

Notes:

- (a) As of December 31, 2023, the prepaid equity investment payment of USD 69,230,000 relates to the advance payment made for the acquisition of equity in Hanking (Indonesia) Mining Limited. The equity transfer had not been completed by that date.
- (b) As of December 31, 2024, significant prepayments for equity investments are as follows:
- (i) USD 65,000,000 of the prepayment for equity investment represents an advance payment made by a subsidiary for the acquisition of additional equity interest in Hanking (Indonesia) Mining Limited (HML), which is indirectly held by Hanking Industrial Group Company Limited, pursuant to the strategic cooperation framework agreement signed with Hanking Industrial Group Company Limited.
 - (ii) USD 12,750,000 of the prepayment for equity investment was paid by a subsidiary pursuant to the acquisition contract with Lilac Solutions Argentina LLC, Lilac Solutions Jama LLC and Lilac Solutions, Inc. The payment relates to the acquisition of the Company Units associated with the lithium mining assets held by Wintru S.R.L.
 - (iii) USD 2,612,000 of the prepaid equity investment was provided by the subsidiary Nadesco Nickel Ltd. in accordance with the strategic cooperation framework agreement signed with PT Alchemist Metal Industry (AMI), which had not been in operation for an extended period and exhibited indications of impairment. Therefore, the prepaid equity investment was fully impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. OTHER NON-CURRENT ASSETS (continued)

The Group (continued)

(c) As of June 30, 2025, Significant prepayments for equity investments are as follows:

- (i) USD65,000,000 of the prepayment for equity investment is consistent with the amount reported for the previous year.
- (ii) USD2,612,000 out of the prepaid equity investment for PT Alchemist Metal Industry (AMI), is consistent with the amount reported for the previous year.
- (iii) USD43,580,000 of the prepayment for equity investment was paid by a subsidiary, pursuant to the acquisition contract with Lithium Energy Limited, for the acquisition of 90% of the issued shares in Solaroz S.A.;
- (iv) USD13,475,000 of the prepayment for equity investment was paid by a subsidiary, pursuant to the acquisition contract with Top Network Profits Limited, for the acquisition of PT Sinar Karyagamma Primatama.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for equipment	7,599	10,986	10,504	11,333
Impairment	—	—	—	—
Total	7,599	10,986	10,504	11,333

23. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. INVENTORIES (continued)

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	344,312	471,884	209,066	277,566
Work in progress	1,295,958	773,211	695,899	606,534
Finished goods	605,546	572,529	496,666	437,620
Goods in transit	93,857	27,641	28,173	13,504
Total	<u>2,339,673</u>	<u>1,845,265</u>	<u>1,429,804</u>	<u>1,335,224</u>

At December 31, 2022, 2023, 2024 and June 30, 2025, the Group's inventories with a carrying amount of nil, RMB641,767,000, nil and nil were pledged as security for the Group's bank loans, as further detailed in note 30 to the Historical Financial Information.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
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
Impairment	(55,074)	(44,920)	(51,580)	(71,975)
Net carrying amount	<u>5,077,452</u>	<u>5,139,838</u>	<u>5,105,812</u>	<u>5,659,409</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:	2,040,755	1,201,123	1,944,324	1,392,893
Amount due from the intra-group companies	368,211	238,594	919,109	266,277
Others	1,672,544	962,529	1,025,215	1,126,616
Bills receivables	242,796	373,440	207,390	99,883
Impairment	(21,223)	(11,868)	(11,179)	(15,665)
Net carrying amount	<u>2,262,328</u>	<u>1,562,695</u>	<u>2,140,535</u>	<u>1,477,111</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Company (continued)

Trade receivables mainly arise from the provision of lithium battery precursor materials. The Group periodically conducts credit evaluations of customers who trade on credit. Based on the results of the credit evaluations, the Group selects to transact with approved and creditworthy customers and monitors their receivable balances to ensure that the Company is not exposed to significant bad debt risk.

No collateral is required as the Group only deals with approved and creditworthy third parties. Credit risk concentration is managed on a customer-by-customer basis. Trade receivables are non-interest-bearing.

The Group's bills receivables were all accepted by banks and aged within one year, which were neither past due nor impaired.

As of December 31, 2022, 2023, 2024 and June 30, 2025, bills receivable of RMB198,074,000, RMB1,035,549,000 and RMB453,533,000, and RMB248,806,000 whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income, respectively, and the remaining bills receivable were measured at amortized cost.

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

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
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	4,436,188	3,752,893	4,332,727	5,169,239

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	1,961,544	1,097,993	1,737,663	1,194,956
4 to 12 months	57,562	620	195,292	178,541
1 to 2 years	426	90,376	190	3,541
2 to 3 years	—	266	—	190
Total	2,019,532	1,189,255	1,933,145	1,377,228

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year	48,328	55,074	44,920	51,580
Impairment/ (reversal of impairment) of trade receivables, net (note 6)	6,116	(10,341)	9,151	20,977
Amount written off as uncollectible	—	—	(2,893)	—
Exchange realignment	630	187	402	(582)
At end of year	<u>55,074</u>	<u>44,920</u>	<u>51,580</u>	<u>71,975</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	18,813	21,223	11,868	11,179
Impairment losses, net	<u>2,410</u>	<u>(9,355)</u>	<u>(689)</u>	<u>4,486</u>
At end of year/period	<u>21,223</u>	<u>11,868</u>	<u>11,179</u>	<u>15,665</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

The Group

As at December 31, 2022

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.23%
Gross carrying amount (RMB'000)	4,289,040	199,329	753	148	1,992	4,491,262
Expected credit losses (RMB'000)	42,891	9,966	151	74	1,992	55,074

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Group (continued)

As at December 31, 2023

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.18%
Gross carrying amount (RMB'000) . .	3,686,534	107,592	794	753	2,140	3,797,813
Expected credit losses (RMB'000) . . .	36,865	5,380	159	376	2,140	44,920

As at December 31, 2024

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.18%
Gross carrying amount (RMB'000) . .	4,213,865	164,497	5,852	93	–	4,384,307
Expected credit losses(RMB'000) . . .	42,139	8,224	1,171	46	–	51,580

As at June 30, 2025

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.37%
Gross carrying amount (RMB'000) . .	4,847,342	376,452	13,442	3,976	2	5,241,214
Expected credit losses (RMB'000) . . .	48,473	18,823	2,689	1,988	2	71,975

The Company

Only the amounts due from the intra-group companies are listed below:

As at December 31, 2022

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.27%
Gross carrying amount (RMB'000) . .	1,609,427	60,592	533	–	1,992	1,672,544
Expected credit losses (RMB'000) . . .	16,094	3,030	107	–	1,992	21,223

As at December 31, 2023

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.23%
Gross carrying amount (RMB'000) . .	959,779	225	–	533	1,992	962,529
Expected credit losses (RMB'000) . . .	9,598	11	–	267	1,992	11,868

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Company (continued)

As at December 31, 2024

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.09%
Gross carrying amount (RMB'000) . .	1,002,033	23,182	–	–	–	1,025,215
Expected credit losses (RMB'000) . . .	10,020	1,159	–	–	–	11,179

As at June 30, 2025

	<u>Within 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>over 3 years</u>	<u>Total</u>
Expected credit loss rate	1%	5%	20%	50%	100%	1.39%
Gross carrying amount (RMB'000) . .	1,016,652	109,963	–	–	–	1,126,615
Expected credit losses (RMB'000) . . .	10,167	5,498	–	–	–	15,665

There was no significant change in the expected credit loss rates for the time band during the reporting period was mainly because no significant changes in the historical default rates of trade receivables, economic conditions and performance, solvency and behaviour of the debtors were noted, based on which the expected credit loss rates are determined.

The Group

	<u>As at December 31,</u>			<u>As at June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bills receivables pledged at the end of each period	<u>95,714</u>	<u>143,860</u>	<u>123,161</u>	<u>81,880</u>

The Company

	<u>As at December 31,</u>			<u>As at June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bills receivables pledged at the end of each period	<u>6,445</u>	<u>24,845</u>	<u>10,000</u>	<u>25,758</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivables endorsed or discounted at the end of each period but not yet matured	<u>188,684</u>	<u>201,437</u>	<u>263,907</u>	<u>459,651</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivables endorsed or discounted at the end of each period but not yet matured	<u>122,760</u>	<u>64,431</u>	<u>69,362</u>	<u>36,585</u>

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

		As at December 31,		As at June 30,	
		2022	2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Trade Portion					
Prepayments		823,642	1,921,202	1,800,338	2,030,219
Deposits and other receivables		107,935	209,972	227,464	198,501
Listing expenses		—	—	—	21,105
Tax recoverable		1,712,704	2,717,992	2,924,047	3,004,489
Non-trade Portion					
Deposits and other receivables	42(d)	—	518,185	523,499	1,026,595
		2,644,281	5,367,351	5,475,348	6,280,909
Impairment allowance		(4,690)	(31,518)	(38,788)	(54,676)
Total		2,639,591	5,335,833	5,436,560	6,226,233

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade Portion				
Prepayments	113,225	946,595	416,737	981,983
Deposits and other receivables	170,948	1,487,958	1,911,288	3,078,814
Listing expenses	—	—	—	21,105
Tax recoverable	38,413	431	70,942	68,408
	322,586	2,434,984	2,398,967	4,150,310
Impairment allowance	(639)	(505)	(504)	(633)
Total	321,947	2,434,479	2,398,463	4,149,677

The balances are not secured by collateral.

The financial assets included in the above balances relate to receivables were categorized in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	12,979,249	10,397,466	10,083,956	9,645,273
Pledged deposits	2,269,615	1,041,977	1,105,032	900,791
Subtotal	15,248,864	11,439,443	11,188,988	10,546,064
Less: Pledged time deposits:				
Pledged for proceedings	—	16,000	—	—
Pledged for bills receivable	667,978	208,704	274,300	310,657
Pledged for letter of credit	136,116	99,200	40,933	38,461
Pledged for futures	1,209,498	637,688	423,867	424,699
Pledged for standby letter of credit	139,561	7,711	707	707
Pledged for restricted account	—	—	220,000	—
Pledged for others	116,462	72,674	145,225	126,267
Subtotal	2,269,615	1,041,977	1,105,032	900,791
Cash and cash equivalents	12,979,249	10,397,466	10,083,956	9,645,273

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

The Group (continued)

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Denominated in:				
RMB	10,353,338	8,718,983	7,866,960	7,907,493
USD	2,575,456	1,492,313	1,389,679	1,441,925
KRW	178	73,713	397,548	297
IDR	16,412	74,393	397,349	195,479
EUR	31,133	27,144	17,640	84,872
HKD	2,731	4,348	4,188	13,022
Other currencies	1	6,572	10,592	2,185

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,817,806	764,020	814,734	1,540,577
Pledged deposits	560,784	329,140	235,338	125,700
Subtotal	<u>2,378,590</u>	<u>1,093,160</u>	<u>1,050,072</u>	<u>1,666,277</u>
Less: Pledged time deposits:				
Pledged for bills receivable	534,548	98,958	61,575	52,300
Pledged for letter of credit	26,236	1,500	1,000	–
Pledged for futures	–	154,103	69,770	7,876
Pledged for others	–	74,579	102,993	65,524
Subtotal	<u>560,784</u>	<u>329,140</u>	<u>235,338</u>	<u>125,700</u>
Cash and cash equivalents	<u>1,817,806</u>	<u>764,020</u>	<u>814,734</u>	<u>1,540,577</u>
Denominated in:				
RMB	1,642,141	730,049	799,336	1,492,942
USD	175,480	33,783	15,206	47,569
HKD	185	188	192	66

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for periods between one and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>8,722,936</u>	<u>8,593,538</u>	<u>10,249,416</u>	<u>13,100,673</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	4,899,857	2,349,917	2,535,288	2,883,519
1 to 2 years	90,788	15,270	12,446	188,094
2 to 3 years	1,380	28,176	11,575	13,063
Over 3 years	10,208	8,773	22,292	22,106
Total	<u>5,002,233</u>	<u>2,402,136</u>	<u>2,581,601</u>	<u>3,106,782</u>

Trade and bill payables are non-interest-bearing.

As at December 31, 2022, 2023, 2024 and June 30, 2025, the carrying amounts of trade payables approximated to their fair values.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	As at December 31,			As at
		2022	2023	2024	June 30,
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Contract liabilities	(a)	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	(b)	–	367,708	428,829	216,635
Other payables	(c)	438,680	273,832	292,020	394,581
Other tax payables		38,300	58,720	56,711	69,506
Other current liabilities	(d)	199,919	212,865	284,741	475,659
Total		<u>967,036</u>	<u>1,375,971</u>	<u>1,992,824</u>	<u>1,691,925</u>

(a) Details of contract liabilities are as follows:

	As at January 1, 2022	As at December 31,			As at
		2022	2023	2024	June 30,
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Short-term advances received from					
customers	18,194	<u>86,424</u>	<u>169,248</u>	<u>586,567</u>	<u>280,635</u>

Contract liabilities include short-term advances received to deliver products. The increase in contract liabilities in 2022, 2023 and 2024 was mainly due to the increase in short-term advances received from customers in relation to deliver products at the end of the year.

(b) Details of amount due to non-controlling shareholders are as follows:

As of December 31, 2023

PT Debonair Nickel Indonesia, a subsidiary of the Group, borrowed RMB149,644,000 (including interest) from Debonair Nickel Private, a non-controlling shareholder, with a term of one year and an annual interest rate of CME TERM SOFR (March)+250BPS.

PT Jade Bay Metal Industry, a subsidiary of the Group, borrowed RMB183,620,000 (including interest) from Debonair Nickel Private, a non-controlling shareholder, with a term of one year and an annual interest rate of CME TERM SOFR (March)+250BPS.

Innovation West Mantewe PTE. LTD, a subsidiary of the Group, borrowed RMB34,444,000 (including interest) from Walsin Singapore PTE. LTD., a non-controlling shareholder, with a term of one year and an annual interest rate of CME TERM SOFR (March)+260BPS.

As of December 31, 2024

Innovation West Mantewe PTE. LTD, a subsidiary of the Group, borrowed RMB100,905,000 (including interest) from Walsin Singapore PTE. LTD., a non-controlling shareholder, with a term of one year and an annual interest rate of 3-MONTH SOFR.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. OTHER PAYABLES AND ACCRUALS (continued)

The Group (continued)

PT Debonair Nickel Indonesia, a subsidiary of the Group borrowed RMB245,123,000 (including interest) from Debonair Nickel Private Limited, a non-controlling shareholder, with a term from July 25, 2022, to July 24, 2025, and an annual interest rate of 1-year Libor+220BPS. The portion of the borrowing due within one year from December 31, 2024, has been reclassified to “other payables and accruals”.

PT Zhongtsing New Energy, a subsidiary of the Group borrowed RMB 82,801,000 (including interest) from Rigqueza International Pte. Ltd., a non-controlling shareholder, with a term from May 30, 2022, to May 29, 2025, and an annual interest rate of 1-year Libor + 350 basis points (BPS). The portion of the borrowing due within one year from December 31, 2024, has been reclassified to “other payables and accruals”.

As of June 30, 2025

Innovation West Mantewe PTE. LTD, a subsidiary of the Group, borrowed RMB 102,684,000 (including interest) and RMB 29,286,000 (including interest) from Walsin Singapore PTE. LTD., a non-controlling shareholder, with a term of one year and an annual interest rate of 3-MONTH SOFR and an annual interest rate of 3-MONTH SOFR+125BPS respectively.

As of June 30, 2025, PT Zhongtsing New Energy, a subsidiary of the Group, had outstanding borrowings of RMB 84,665,000 (including accrued interest) from Rigqueza International Pte. Ltd., a non-controlling shareholder. The loan was extended from May 29, 2025 to May 2026 with an interest rate of 1-year LIBOR + 350 BPS.

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.

(c) Details of other payables are as follows :

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted share repurchase obligations	255,486	158,840	84,084	—
Collection of share subscription of employee stock ownership plan	100,000	—	—	—
Others	83,194	114,992	207,936	394,581
Total	438,680	273,832	292,020	394,581

(d) Details of other current liabilities are as follows :

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Endorsed and unmatured bank bills not derecognized	188,684	201,437	263,907	459,651
Output tax to be transferred	11,235	11,428	20,834	16,008
Total	199,919	212,865	284,741	475,659

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. OTHER PAYABLES AND ACCRUALS (continued)

The Company

	Note	As at December 31,			As at June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	(a)	609,896	369,792	108,438	176,114
Payroll and welfare payable		85,646	128,070	163,080	106,784
Other payables	(b)	1,869,626	4,086,501	4,315,345	5,905,671
Other tax payables		5,764	3,238	8,122	28,832
Other current liabilities	(c)	202,047	112,503	83,459	59,480
Total		2,772,979	4,700,104	4,678,444	6,276,881

(a) Details of contract liabilities are as follows :

	As at January 1, 2022	As at December 31,			As at June 30,
		2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term advances received from customers	138,711	609,896	369,792	108,438	176,114

(b) Details of other payables are as follows:

		As at December 31,			As at June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Restricted share repurchase obligations		255,486	158,840	84,084	—
Collection of share subscription of employee stock ownership plan		100,000	—	—	—
Amount due to the intra-group companies		1,492,107	3,909,339	4,199,365	5,862,194
Others		22,033	18,322	31,896	43,477
Total		1,869,626	4,086,501	4,315,345	5,905,671

(c) Details of other current liabilities are as follows :

		As at December 31,			As at June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Endorsed or discounted bills receivable that have not been derecognised and not yet due		122,760	64,430	69,362	36,585
Output tax to be transferred		79,287	48,073	14,097	22,895
Total		202,047	112,503	83,459	59,480

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at December 31,						As at June 30,	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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*	–	–	–	1,655	–	100,497	55,852	15,539
Total	<u>4,247</u>	<u>459,526</u>	<u>122,462</u>	<u>1,655</u>	<u>148,554</u>	<u>100,497</u>	<u>133,275</u>	<u>15,539</u>
Current portion	<u>4,247</u>	<u>459,526</u>	<u>122,462</u>	<u>1,655</u>	<u>148,554</u>	<u>100,497</u>	<u>133,275</u>	<u>15,539</u>

* Primarily arising from deferred pricing arrangements from purchase.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Company

	As at December 31,						As at June 30,	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Derivatives								
financial assets								
designated as								
hedging								
relationships:								
Commodity								
futures	—	—	349	—	7,163	—	15,430	—
Derivative financial								
assets without								
designated								
hedging								
relationships:								
Cross currency								
swaps	—	3,770	—	—	16,762	—	11,065	233
Total	—	3,770	349	—	23,925	—	26,495	233
Current portion	—	3,770	349	—	23,925	—	26,495	233

Carry out hedging business for risk management

	Risk management strategies and objectives	Hedged risk	Economic relationship between the hedged items and hedging instruments	Effectiveness in achieving expected risk management objectives	The impact of hedging activities on risk exposure
Future	Avoid the risk of metal price fluctuations with commodity futures business	The Company adopts a strategy of hedging commodity price risk exposure and determines the position of futures contracts based on a certain proportion of the exposure.	The fair value of the Company's hedging instruments and the hedged items are both affected by changes in metal prices, and the impact of price changes is opposite.	Adhere strictly to the basic principles of hedging, establish internal control systems related to hedging, continuously evaluate the effectiveness of hedging, ensure that the hedging relationship is effective during the designated accounting period, and achieve the expected risk management objectives.	Effectively hedge the risk exposure of spot business.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Carry out hedging business for risk management (continued)

	Risk management strategies and objectives	Hedged risk	Economic relationship between the hedged items and hedging instruments	Effectiveness in achieving expected risk management objectives	The impact of hedging activities on risk exposure
Foreign Exchange	Avoid risks in the foreign exchange market with foreign exchange financial derivative trading business.	Carry out foreign exchange financial derivative trading business to effectively avoid risks in the foreign exchange market.	Based on the predicted settlement/sale time and amount, lock in the settlement exchange rate in advance through hedging tools to avoid future exchange rate fluctuations.	Adhere strictly to the basic principles of hedging, establish internal control systems related to hedging, continuously evaluate the effectiveness of hedging, ensure that the hedging relationship is effective during the designated accounting period, and achieve the expected risk management objectives.	Reduced the exposure to exchange rate risk.

(2) Carry out eligible hedging business and apply hedge accounting

The prices of commodities such as nickel, cobalt, copper, lithium carbonate, soda ash, and caustic soda, which are critical to the Group's production and operations, are significantly exposed to market volatility. To reasonably mitigate price fluctuation risks associated with these commodities and effectively guard against market risks arising from commodity price movements, thereby reducing the impact of material price volatility on the Group's normal operations, the Group engages in commodity hedging activities. By leveraging the price risk-hedging functions of futures markets and utilising hedging instruments, the Group seeks to neutralise price volatility risks in spot transactions for these commodities. The nickel, cobalt, copper, lithium carbonate, soda ash, and caustic soda products processed by the Group align with the standardised specifications of corresponding futures and forward contracts. Both the hedging instruments (futures and forward contracts) and the hedged items (raw materials required for the Group's production) share the same underlying variable—benchmark prices of standardised commodities—with credit risk not constituting a dominant factor.

The Group has determined through qualitative analysis that the ratio of hedging instruments to hedged items is 1:1. The amount of hedge ineffectiveness recognised during the Relevant Periods is not significant. In the financial statements, gains or losses on the hedged items' fair value attributable to the hedged risks are recognised in profit or loss. Concurrently, changes in the fair value of hedging instruments are also recorded in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(2) Carry out eligible hedging business and apply hedge accounting (continued)

The Group adopts fair value hedging for this type of hedging, and the specific hedging arrangements are as follows:

<u>Hedged item</u>	<u>Hedging instrument</u>	<u>Hedging method</u>
Risk components in inventory (Nickel, Cobalt, Copper, lithium Carbonate, SodaAsh, and Caustic Soda)	Nickel, Cobalt, Copper, lithium Metal and Alkali Futures Contracts	Selling commodity futures contracts to lock in inventory price fluctuations
Risk components in inventory (Nickel Metal)	Delayed pricing procurement contract	Delay pricing clause locks in price fluctuations of Inventory

Had the Group did not apply hedge accounting, the profit of the Group would decrease by RMB73,154,000 and RMB178,471,000 for the year ended December 31, 2022 and June 30, 2025 and increase by RMB489,162,000 and RMB34,657,000 for the year ended December 31, 2023 and 2024, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS

The Group

	December 31, 2022			December 31, 2023			December 31, 2024			June 30, 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – secured	1.70~6.20	2023	6,288,410	0.01~5.92	2024	3,376,800	2.30~7.03	2025	3,415,929	2.04~5.77	2025~2026	4,118,879
Bank loans – unsecured	–	–	–	–	–	–	1.95	2025	70,042	1.95	2025	70,038
Current portion of long term bank loans – unsecured	–	–	–	2.80	2024	80,000	2.30~2.80	2025	326,288	2.20~2.50	2025~2026	608,320
Current portion of long-term bank loans – secured	1.70~6.20	2023	1,039,967	2.80~7.22	2024	2,904,041	2.75~7.81	2025	6,726,814	1.45~6.67	2025~2026	5,753,810
Total – current			7,328,377			6,360,841			10,539,073			10,551,047
Non-current												
Bank loans – secured	1.70~6.20	2024~2030	12,605,894	2.00~7.55	2025~2031	13,257,291	1.70~7.81	2026~2031	13,727,651	2.09~6.67	2026~2032	12,297,949
Bank loans – unsecured	–	–	–	2.80	2025~2026	575,000	2.30~2.80	2026~2027	2,060,000	1.95~2.50	2026~2028	3,292,217
Total – non-current			12,605,894			13,832,291			15,787,651			15,590,166
Total			19,934,271			20,193,132			26,326,724			26,141,213

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS (continued)

The Company

	December 31, 2022		December 31, 2023		December 31, 2024		June 30, 2025	
	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity
		RMB'000		RMB'000		RMB'000		RMB'000
Current								
Bank loans – secured	3.00~4.10	2023 955,882	3.45~4.00	2024 672,237	–	–	–	–
Bank loans – unsecured	–	–	–	–	1.95	2025 70,042	1.95	2025 70,038
Current portion of long term bank loans – secured	3.10~3.75	2023 154,843	2.80~3.40	2024 814,249	2.30-2.80	2025 275,161	2.20~2.50	2025~2026 608,320
Current portion of long term bank loans – unsecured	–	–	2.80	2024 80,000	2.35-4.75	2025 2,252,153	2.24~4.75	2025~2026 1,823,748
Total – current		1,110,725		1,566,486		2,597,356		2,502,106
Non-current								
Bank loans – secured	3.20~4.75	2024~2028 2,996,011	2.80~4.75	2025~2028 3,714,806	2.35-4.75	2026~2028 2,355,090	2.25~4.75	2026~2028 1,568,383
Bank loans – unsecured	–	–	2.80	2025~2026 575,000	2.30-2.80	2026~2027 2,060,000	1.95~2.50	2026~2028 3,292,217
Total – non-current		2,996,011		4,289,806		4,415,090		4,860,600
Total		4,106,736		5,856,292		7,012,446		7,362,706

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS (continued)

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Analyzed into:				
Bank loans and overdrafts repayable:				
Within one year or on demand	7,328,377	6,360,841	10,539,073	10,551,047
In the second year	1,927,168	4,359,568	5,623,830	8,121,728
In the third to fifth years, inclusive	9,229,643	8,832,869	9,813,715	7,206,360
Beyond five years	1,449,083	639,854	350,106	262,078
Total	19,934,271	20,193,132	26,326,724	26,141,213

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Analyzed into:				
Bank loans and overdrafts repayable:				
Within one year or on demand	1,110,725	1,566,486	2,597,356	2,502,106
In the second year	366,661	2,169,043	1,854,622	2,288,974
In the third to fifth years, inclusive	2,392,762	2,120,763	2,560,468	2,571,626
Beyond five years	236,588	—	—	—
Total	4,106,736	5,856,292	7,012,446	7,362,706

The carrying amounts of borrowings are denominated in the following currencies:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	15,775,451	17,733,494	19,578,475	21,725,134
USD	4,158,820	2,459,638	6,748,249	4,416,079
Total	19,934,271	20,193,132	26,326,724	26,141,213

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK BORROWINGS (continued)

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
RMB	3,711,935	5,856,292	7,012,446	7,362,706
USD	394,801	—	—	—
Total	<u>4,106,736</u>	<u>5,856,292</u>	<u>7,012,446</u>	<u>7,362,706</u>

Certain of the Group's bank loans are secured by:

- (a) Guarantees provided by related parties for certain bank loans of the Group.
- (b) As at December 31, 2022, 2023 and 2024, and June 30, 2025, pledged inventories of the Group totalling nil, RMB 641,767,000 and nil, and nil.
- (c) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Group's mortgaged buildings were RMB574,106,000, RMB1,514,695,000 and RMB1,469,274,000, and RMB1,420,472,000, respectively. The Group's mortgaged construction in progress is nil, RMB1,170,251,000 and RMB458,377,000, and RMB126,799,000 at December 31, 2022, 2023 and 2024, and June 30, 2025.
- (d) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Group's mortgaged leasehold land were RMB313,634,000, RMB321,671,000 and RMB318,260,000, and RMB314,739,000, respectively.

Certain of the Company's bank loans are secured by:

- (a) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Company's mortgaged buildings were RMB31,764,000, RMB114,784,000 and RMB111,567,000, and RMB109,579,000, respectively.
- (b) As at December 31, 2022, 2023 and 2024, and June 30, 2025, the net carrying amounts of the Company's mortgaged leasehold land were RMB7,847,000, RMB35,292,000 and RMB34,450,000, and RMB34,029,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. BONDS PAYABLE

On March 3, and September 5, 2022, the Company issued USD100 million 4.55% and USD140 million 5.70% green use of proceeds bonds, respectively.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Nominal value of bonds issued during the year/period	1,671,504	—	—	—
At beginning of year/period:	—	1,687,387	1,720,373	1,749,841
Addition	1,582,478	—	—	199,990
Interest expense	44,893	92,342	93,865	47,110
Repayment	(15,697)	(88,006)	(90,071)	(245,239)
Exchange realignment	75,713	28,650	25,674	(7,260)
Liability component at December 31/June 30	1,687,387	1,720,373	1,749,841	1,744,442
Analyzed into:				
Current portion	—	—	1,024,764	1,021,076
Non-current portion	1,687,387	1,720,373	725,077	723,366

32. CONVERTIBLE BONDS

On July 18, 2024, a subsidiary of the Group issued a 3.03% KRW 70,000,000,000 convertible bond with a nominal value of KRW 70,000,000,000. There was no movement in the number of these convertible bonds during the year. 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 bonds 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 fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. CONVERTIBLE BONDS (continued)

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

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Nominal value of bonds issued during the year/period	—	—	166,270	—
Equity component	—	—	(73,870)	—
At beginning of year/period:				99,010
Liability component at the issuance date	—	—	92,400	—
Interest expense	—	—	9,329	10,859
Exchange Realignment	—	—	(2,719)	15,794
Liability component at December 31/June 30 ...	—	—	99,010	125,663

33. DEFERRED INCOME

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants and subsidies	425,091	367,190	391,653	381,088

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants and subsidies	71,329	69,649	57,898	55,808

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. OTHER NON-CURRENT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Advance receipts of government subsidies	83,026	118,106	83,026	83,026
Non-controlling shareholders' borrowings with a term exceeding one year*	805,910	927,607	—	250,642
Payable for equity acquisition**	—	478,082	1,194,281	472,468
Accounts payable for engineering equipment***	—	—	845,220	920,640
Lease liability in a sale and leaseback	19,958	—	—	—
Total	908,894	1,523,795	2,122,527	1,726,776

* As at December 31, 2022, the non-controlling shareholders' borrowings are as follows:

- (1) The subsidiary PT Debonair Nickel Indonesia borrowed funds of RMB 717,415,000 from the non-controlling shareholder Debonair Nickel Private Limited. The term of the loan is from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220 bp.
- (2) The subsidiary PT Zhongtsing New Energy borrowed funds of RMB 71,548,000 from the non-controlling shareholder Rigqueza International Pte. Ltd. The loan term is from May 30, 2022 to May 29, 2025, with an annual interest rate of one-year Libor + 350 bp.
- (3) The subsidiary PT Jade Bay Metal Industry borrowed funds of RMB 16,946,000 from the non-controlling shareholder Debonair Nickel Private Limited. The loan term is from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220 bp.

* As at December 31, 2023, the details of non-controlling shareholders' borrowings are as follows:

- (1) The subsidiary PT Debonair Nickel Indonesia borrowed funds of RMB766,668,000 (including interest) from the non-controlling shareholder Debonair Nickel Private Limited. The loan term is from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220 bp.
- (2) The subsidiary PT Zhongtsing New Energy borrowed funds of RMB77,166,000 (including interest) from the non-controlling shareholder Rigqueza International Pte. Ltd. The loan term is from May 30, 2022 to May 29, 2025, with an annual interest rate of one-year Libor + 350 bp.
- (3) The subsidiary PT Jade Bay Metal Industry borrowed funds of RMB 83,773,000 (including interest) from the non-controlling shareholder Debonair Nickel Private Limited. Of this amount, RMB 16,788,000 is borrowed from July 25, 2022 to July 24, 2025, with an annual interest rate of one-year Libor + 220bp; and RMB 63,617,000 is borrowed from July 1, 2023 to June 30, 2026, with an annual interest rate of CME TERM SOFR (3 months) + 250 bp.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. OTHER NON-CURRENT LIABILITIES (continued)

The Group (continued)

As at June 30, 2025, the non-controlling shareholders' borrowings are as follows:

- (1) The subsidiary PT Debonair Nickel Indonesia borrowed funds of RMB 250,642,000 from the non-controlling shareholder Debonair Nickel Private Limited. The loan, originally effective from July 25, 2022, to July 24, 2025, was extended to a total term of five years (until July 24, 2027) pursuant to an addendum agreement signed on March 28, 2025. The annual interest rate remains at one-year Libor + 220 bp. PT Debonair Nickel Indonesia may prepay the loan and is required to prioritize repayment of principal and corresponding interest before any profit distribution.

** In 2023, the Company acquired 60% of the equity interest in Innovation West Mantewe Pte. Ltd. The remaining acquisition payment of USD 67,500,000 will be offset by the future dividends of Innovation West Mantewe Pte. Ltd. In 2024, the equity investment payable of USD66,000,000 represents the remaining consideration for Hong Kong Zhengxing New Energy Co., Ltd.'s acquisition of a 46.7% equity stake in Hanking (Indonesia) Mining Limited (HML) under the share purchase agreement. Per agreement terms, the total transaction consideration amounts to USD182,000,000, with an initial payment of USD116,000,000 already settled. The outstanding balance payment terms include: phased disbursements proportionate to capital contributions upon commencement of the smelter project construction, or full settlement within 48 months post-equity transfer upon completion of project investments.

*** The amount was discounted due to financing attributes.

35. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

A summary of movements in the Group and the Company's share capital and treasury shares are as follows:

	Notes	Number of shares in issue	Share capital <i>RMB'000</i>	Treasury shares <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2022		605,673,053	605,673	—	605,673
Private placement	(a)	60,966,688	60,967	—	60,967
Repurchase obligation arising from issuance of restricted share scheme	(b)	—	—	(255,486)	(255,486)
Issue of shares under share schemes	(c)	3,993,835	3,994	—	3,994
As at December 31, 2022		<u>670,633,576</u>	<u>670,634</u>	<u>(255,486)</u>	<u>415,148</u>
As at January 1, 2023		670,633,576	670,634	(255,486)	415,148

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. SHARE CAPITAL AND TREASURY SHARES (continued)

The Group and the Company (continued)

	Notes	Number of shares in issue	Share capital <i>RMB'000</i>	Treasury shares <i>RMB'000</i>	Total <i>RMB'000</i>
Repurchase of shares for share schemes	(b)	–	–	(181,014)	(181,014)
Vested of restricted share . .	(c)	–	–	44,864	44,864
Cancellation of shares	(b)	(809,473)	(810)	51,782	50,972
As at December 31, 2023 . .		<u>669,824,103</u>	<u>669,824</u>	<u>(339,854)</u>	<u>329,970</u>
As at January 1, 2024		669,824,103	669,824	(339,854)	329,970
Bonus share issues	(d)	266,375,601	266,376	–	266,376
Repurchase of shares for share schemes	(b)	–	–	(238,996)	(238,996)
Issue of shares under share schemes	(c)	2,526,155	2,526	–	2,526
Cancellation of shares	(b)	(1,636,045)	(1,636)	74,756	73,120
As at December 31, 2024 . .		<u>937,089,814</u>	<u>937,090</u>	<u>(504,094)</u>	<u>432,996</u>
As at January 1, 2025		937,089,814	937,090	(504,094)	432,996
Repurchase of shares for share schemes	(b)	–	–	(532,228)	(532,228)
Issue of shares under share schemes	(c)	2,778,855	2,779	–	2,779
Cancellation of shares	(b)	(1,840,211)	(1,840)	84,084	82,244
As at June 30, 2025		<u>938,028,458</u>	<u>938,029</u>	<u>(952,238)</u>	<u>(14,209)</u>

Notes:

- (a) In November 2022, as approved by the China Securities Regulatory Commission (“CSRC”) under the document “CSRC Permit [2022] No. 2140”, the Company completed the issuance of total 60,966,688 new shares of domestic listed Renminbi ordinary shares (A Shares) to specific subscribers, at an subscription price of RMB70.65 per share. The Company raised funding of RMB4,307,297,000. After deducting the issuance expenses (excluding tax) of RMB34,429,000, the Company received a total of RMB 4,272,871,000, of which, RMB60,967,000 was recognized as the share capital and RMB4,211,904,000 was credited to the capital reserve.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. SHARE CAPITAL AND TREASURY SHARES (continued)

The Group and the Company (continued)

- (b) In 2022, as the implementation of the 2022 Restricted Share Incentive Scheme, the Company recognized the liability of RMB255,486,000 for the repurchase obligation of which the amount was determined by the number of restricted A Shares issued and the corresponding repurchase price.

For the years ended December 31, 2023 and 2024 and June 30, 2025, a total of 3,393,300, 10,209,299 and 18,951,939 A Shares have been repurchased respectively for future employee stock ownership plan or share-based incentive, and treasury stocks amounting to approximately RMB181,013,000, RMB238,996,000 and RMB532,228,000 therefore were recognized respectively.

During the year ended December 31, 2023 and 2024 and June 30, 2025, the Company, under the approval and authorization of the general meeting, cancelled a total of 809,473, 1,636,045 and 1,840,211 shares, respectively. Hence treasury stocks amounting to approximately RMB51,782,000 and share capital of approximately RMB810,000 were derecognized with a corresponding credit to capital reserve of approximately RMB50,972,000 in the year ended December 31, 2023. Treasury stocks amounting to approximately RMB74,756,000 and share capital of approximately RMB1,636,000 were derecognized with a corresponding credit to capital reserve of approximately RMB73,120,000 during the year ended December 31, 2024. Treasury stocks amounting to approximately RMB84,084,000 and share capital of approximately RMB1,840,000 were derecognized with a corresponding credit to capital reserve of approximately RMB82,244,000 during the period ended June 30, 2025.

- (c) On April 26, 2022, the Company granted 3,993,835 restricted shares, with a par value of RMB 1 per share and a grant price of RMB63.97 per share under its 2022 Restricted Share Incentive Scheme.

On June 28, 2023, a total of 701,322 restricted shares under its 2022 Restricted Share Incentive Scheme were vested, as 778 participants met the performance requirements. Therefore, treasury stock of RMB44,864,000 and restricted shares repurchase obligations included in other payable and accruals of RMB44,864,000 were derecognized.

On August 28, 2024, the Company's issued 2,526,155 shares upon the exercise of share options, with a par value of RMB1 per share at an exercise price of RMB21.16, under the 2023 Share Incentive Scheme.

On June 13, 2025, the Company's issued 2,778,855 shares upon the exercise of share options, with a par value of RMB1 per share at an exercise price of RMB20.52, under the 2023 Share Incentive Scheme.

- (d) On May 29, 2024, the Company implemented its 2023 annual dividend distribution (the "2023 Annual Dividend Distribution"), capitalizing capital reserve to issue 4 new Shares for every 10 Shares held by Shareholders (excluding repurchased 3,885,100 Shares). The 2023 annual dividend distribution resulted in a total increase of 266,375,601 shares.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT

Equity-Settled shared-based payment arrangement

(a) Stock Ownership Schemes

Pursuant to the shareholders' meeting of the Company approved on March 5, 2019, the Company increased its share capital from RMB400,000,000 to RMB412,380,000 to Tongren Yuanjiuzhihe Company Management Consulting Partnership (L.P.) (“銅仁源聚智合公司管理諮詢合夥公司 (有限合夥)”) and Tongren Hengsheng Li-Neng Company Management Consulting Partnership (L.P.) (“銅仁恒盛勵能公司管理諮詢合夥公司 (有限合夥)”), both of which were designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms. After the grant of the awards, the participants became partners of share incentive platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements. The grant date was July 31, 2019, and the granted price was RMB1.45 per share of the Company. The vesting periods for employee ownership granted are 5 years from the grant date.

The Group determines the fair value of the shares under 2019 Share Ownership Scheme by reference to the investment price of Series A investment of the Company.

(b) Restricted Share Incentive Schemes

Pursuant to the restricted shares incentive scheme for 2022 approved at the first extraordinary annual shareholders' meeting on April 6, 2022 (the “2022 Restricted Share Incentive Scheme”), the Company granted 3,993,835 restricted shares to 903 employees, officers and directors. The grant date was April 13, 2022, and the granted price was RMB63.97 per share. The restricted shares will be vested by three instalments subject to the Company's annual performance appraisal and individual performance appraisal during 2022 to 2024.

The number of restricted shares granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Outstanding as at the beginning of the year/period	–	3,993,835	2,483,040	2,483,040	1,840,211
Granted	3,993,835	–	–	–	–
Adjustment in number of shares	–	–	993,216	–	–
Vested	–	(701,322)	–	–	–
Forfeited	–	(809,473)	(1,636,045)	(1,636,045)	(1,840,211)
Outstanding as at the end of the year/period	<u>3,993,835</u>	<u>2,483,040</u>	<u>1,840,211</u>	<u>846,995</u>	<u>–</u>

** The number of shares has been adjusted for the implementation of the Company's 2023 annual dividend distribution to capitalize capital reserve to issue 4 new shares for every 10 shares held by shareholders on May 29, 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

The fair value of granted shares was RMB131,277,000 for the 2022 Restricted Share Incentive Scheme.

(c) Stock Option Incentive Plans

The Company approved and established the restricted shares incentive scheme for 2023 at the sixth extraordinary annual shareholders' meeting (the "2023 Share Incentive Scheme") on June 30, 2023. Under the plan, participants are granted options which only vest if certain performance standards are met and the employees, officers and directors shall remain in service.

Under the first grant of the plan, the Company granted 7,863,240 restricted shares to 1,478 employees, officers and directors on July 3, 2023, with an exercise price of RMB30.78 per share. The vesting periods for employee shares granted are 1 year, 2 years and 3 years from 12 months after the grant date. According to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of employee shares plan will be vested respectively.

Under the reserved grant of the plan, the Company granted 2,769,382 restricted shares to 138 employees, officers and directors on June 20, 2024, with an exercise price of RMB21.16 per share, as adjusted for bonus share issued in the Company's share capital and the cash dividend of RMB11.60 per 10 shares in 2024. The vesting periods for employee shares granted are 1 year and 2 years from 12 months after the grant date. According to the Company's performance appraisal and individual performance appraisal, 50% and 50% of employee shares plan will be vested respectively.

A summary of activities of the share options is presented as follows:

	2022		2023		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	<i>RMB per share</i>	—	<i>RMB per share</i>	—	<i>RMB per share</i>	—
At January 1,	—	—	—	—	30.78	7,863,240
Granted during the year	—	—	30.78	7,863,240	21.16*	2,769,382
Adjustment in number of shares**	—	—	—	—	21.16	3,145,296
Exercised during the year	—	—	—	—	21.16	(2,526,155)
Forfeited during the year	—	—	—	—	21.16	(2,640,209)
At December 31,	—	=	30.78	<u>7,863,240</u>	21.16	<u>8,611,554</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

A summary of activities of the share options is presented as follows: (continued)

	Six months ended June 30,			
	2024		2025	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	<i>RMB per share (unaudited)</i>	<i>'000 (unaudited)</i>	<i>RMB per share</i>	<i>'000</i>
At January 1,	30.78	7,863,240	21.16	8,611,554
Granted during the period	21.16	2,769,382	20.52*	-
Adjustment in number of shares**	21.16	3,145,296	20.52	-
Exercised during the period	21.16	-	20.52	(2,778,855)
Forfeited during the period	21.16	(1,636,045)	20.52	(1,564,205)
At June 30,	<u>21.16</u>	<u>12,141,873</u>	<u>20.52</u>	<u>4,268,494</u>

* The exercise price of the share options of RMB21.16 has been adjusted for i) the implementation of the Company's 2023 annual dividend distribution to capitalize capital reserve to issue 4 new shares for every 10 shares held by shareholders in May 2024, and ii) the distribution of cash dividend of RMB11.60 per 10 shares in May 2024, and iii) the distribution of cash dividend of RMB2.8 per 10 shares in October 2024, and iv) the distribution of cash dividend of RMB3.6 per 10 shares in May 2025.

** The number of shares has been adjusted for the implementation of the Company's 2023 annual dividend distribution to capitalize capital reserve to issue 4 new shares for every 10 shares held by shareholders on May 29, 2024.

The weighted average share price at the date of exercise for share options exercised during the Relevant Periods were nil, nil, RMB29.00 per share, nil and nil for the years ended December 31, 2022, 2023, 2024, and six months ended June 30, 2024 and June 30, 2025, respectively.

The exercise prices and exercise periods of the share-based payments outstanding as at the end of each of the Relevant Periods are as follows:

2022		
Number of options	Exercise price*	Exercise period
	<i>RMB per share</i>	
—	—	—
—		
—		
2023		
Number of options	Exercise price*	Exercise period
	<i>RMB per share</i>	
7,863,240	30.78	July 2024 - July 2026
7,863,240		

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

2024			
	Number of options	Exercise price*	Exercise period
		<i>RMB per share</i>	
	8,611,554	21.16	July 2025 - July 2026
	8,611,554		
Six months ended June 30, 2025			
	Number of options	Exercise price*	Exercise period
		<i>RMB per share</i>	
	3,265,996	20.52	July 2026
	3,265,996		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus share issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the Relevant Periods was nil, RMB232,280,000 and RMB31,266,000, and nil, respectively.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2023 Share Incentive Scheme
Exercise price per share	RMB30.78, RMB21.16, RMB20.52
Expiry date	Respective annual due dates
Share price at grant date per share	RMB60.32, RMB32.45
Expected volatility of the Company's shares	18.88%~24.44%
Expected dividend yield	0.78%~1.82%
Risk-free interest rate	1.50%~2.75%

The 2,526,155 share options exercised during the year ended December 31, 2024 resulted in the issue of 2,526,155 ordinary shares of the Company and new share capital of RMB2,526,155 (before issue expenses), as further detailed in note 35 to the Historical Financial Information.

No share options were granted subsequent to the end of the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE-BASED PAYMENT (continued)

Equity-Settled shared-based payment arrangement (continued)

(d) Share-based payment expenses

Share-based payment expenses during the Relevant Periods are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Equity-settled share-based payments	79,430	51,864	79,941	55,855	15,748

37. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) *Capital reserve*

The capital reserve of the Group represents the capital contribution of the then shareholders.

(b) *Share-based payments reserve*

The amounts of share-based payments reserve are set out in note 36.

(c) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.3.

(d) *Special reserve – safety fund*

Pursuant to the revised *Measures for the Extraction and Use of Enterprise Safety Production Funds* issued in November 2022, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

(e) *Statutory surplus reserve*

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. RESERVES (continued)

(f) Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income represents unrealized fair value gains or losses for equity investments designated at fair value through other comprehensive income.

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at December 31, 2022

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000	RMB'000
PT Zhongtsing New Energy	30.00	(15,943)	—	272,603
Hunan CNGR New Energy Science & Technology Co., Ltd	<u>14.29</u>	<u>—</u>	<u>—</u>	<u>813,209</u>

The following tables illustrate the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	PT Zhongtsing New Energy	Hunan CNGR New Energy Science & Technology Co., Ltd
	<u>RMB'000</u>	<u>RMB'000</u>
Revenue	—	11,448,438
(Loss)/profit for the year	(53,143)	342,648
Total comprehensive (loss)/income for the year	<u>(53,143)</u>	<u>333,569</u>
Current assets	762,205	10,467,295
Non-current assets	2,524,276	7,172,863
Current liabilities	(1,174,757)	(8,296,982)
Non-current liabilities	(1,203,048)	(2,804,198)
Net cash flows used in operating activities	<u>(30,977)</u>	<u>(2,885,671)</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

As at December 31, 2023

	Percentage of Profit/(loss) for equity interest held by non-controlling interests	the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000	RMB'000
Hunan CNGR New Energy Science & Technology Co.,Ltd	21.74	336,806	66,956	2,590,779
Guangxi Zhongwei New Energy Technology Co.,Ltd.	19.68	—	—	1,500,248
PT Nadesico Nickel Industry	40.00	(39,330)	—	795,956
		Hunan CNGR New Energy Science & Technology Co.,Ltd	Guangxi Zhongwei New Energy Technology Co.,Ltd.	PT Nadesico Nickel Industry
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		12,556,569	12,676,202	—
Profit/(loss) for the year		971,261	461,831	(98,324)
Total comprehensive income/(loss) for the year		1,025,229	461,831	(141,359)
Current assets		10,486,346	9,169,349	883,000
Non-current assets		7,685,586	5,679,865	5,542,759
Current liabilities		5,416,895	2,857,721	4,435,870
Non-current liabilities		4,492,059	4,367,507	—
Net cash flows generated from/(used in) operating activities		1,207,659	759,680	(340,924)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

As at December 31, 2024

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000	RMB'000
Hunan CNGR New Energy Science & Technology Co., Ltd	24.22	367,988	177,209	3,404,896
Guangxi Zhongwei New Energy Technology Co., Ltd.	23.12	190,290	67,962	2,000,242
PT Nadesico Nickel Industry . .	<u>40.00</u>	<u>15,942</u>	<u>—</u>	<u>829,111</u>

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Hunan CNGR New Energy Science & Technology Co., Ltd	Guangxi Zhongwei New Energy Technology Co., Ltd.	PT Nadesico Nickel Industry
	RMB'000	RMB'000	RMB'000
Revenue	11,909,288	10,166,505	2,201,841
Profit for the year	918,099	823,052	39,854
Total comprehensive income for the year	<u>971,398</u>	<u>823,052</u>	<u>39,874</u>
Current assets	13,460,747	11,719,123	2,705,895
Non-current assets	7,741,216	5,624,053	8,050,934
Current liabilities	6,228,949	4,762,234	2,096,462
Non-current liabilities	4,764,739	3,928,029	6,600,612
Net cash flows generated from/ (used in) operating activities	<u>1,211,331</u>	<u>1,650,425</u>	<u>(1,405,482)</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

As at June 30, 2025

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000	RMB'000
Hunan CNGR New Energy Science & Technology Co., Ltd	24.22	26,354	152,592	3,275,941
Guangxi Zhongwei New Energy Technology Co., Ltd.	23.12	129,678	155,342	1,975,193
PT Nadesico Nickel Industry . .	<u>40.00</u>	<u>(56,944)</u>	<u>—</u>	<u>769,696</u>
	Hunan CNGR New Energy Science & Technology Co., Ltd	Guangxi Zhongwei New Energy Technology Co., Ltd.	PT Nadesico Nickel Industry	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	5,099,320	6,576,724	3,695,666	
Profit for the period	60,518	560,979	(142,360)	
Total comprehensive income for the period	<u>44,581</u>	<u>560,979</u>	<u>(148,538)</u>	
Current assets	11,879,216	13,686,775	3,433,298	
Non-current assets	7,417,525	5,397,112	7,884,803	
Current liabilities	6,162,611	7,364,175	2,061,414	
Non-current liabilities	3,506,267	3,175,148	7,353,486	
Net cash flows generated from/ (used in) operating activities	<u>808,981</u>	<u>536,136</u>	<u>(235,416)</u>	

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2022

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders included in other non-current liabilities	Lease liability in a sale and leaseback included in other non-current liabilities
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	6,258,909	—	21,303	—	55,688
Changes from financing cash flows	13,094,761	1,655,660	(15,604)	805,910	(7,367)
New leases	—	—	20,246	—	—
Interest expense	557,538	44,893	1,176	—	2,116
Exchange realignment	23,063	(13,166)	—	—	—
Other	—	—	—	—	(11,951)
At December 31, 2022	<u>19,934,271</u>	<u>1,687,387</u>	<u>27,121</u>	<u>805,910</u>	<u>38,486</u>

2023

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Lease liability in a sale and leaseback included in other non-current liabilities
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2023	19,934,271	1,687,387	27,121	805,910	38,486
Changes from financing cash flows	(500,622)	(88,006)	(18,596)	415,167	(5,492)
New leases	—	—	9,152	—	—
Interest expense	807,418	92,342	1,493	59,670	2,117
Exchange realignment	(47,935)	28,650	—	14,568	—
Other	—	—	—	—	(15,152)
At December 31, 2023	<u>20,193,132</u>	<u>1,720,373</u>	<u>19,170</u>	<u>1,295,315</u>	<u>19,959</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(a) Changes in liabilities arising from financing activities (continued)

2024

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Lease liability in a sale and leaseback included in other non-current liabilities	Convertible bond
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	20,193,132	1,720,373	19,170	1,295,315	19,959	–
Changes from financing cash flows	4,848,073	(90,071)	(24,934)	(952,097)	–	166,270
New leases	–	–	48,385	–	–	–
Interest expense	1,024,337	93,865	2,096	72,792	686	9,329
Exchange realignment . .	261,182	25,674	–	12,819	–	(2,719)
Other	–	–	–	–	(20,645)	(73,870)
At December 31, 2024	<u>26,326,724</u>	<u>1,749,841</u>	<u>44,717</u>	<u>428,829</u>	<u>–</u>	<u>99,010</u>

Six months ended June 30, 2024 (unaudited)

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Lease liability in a sale and leaseback included in other non-current liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	20,193,132	1,720,373	19,170	1,295,315	19,959
Changes from financing cash flows	4,678,976	(44,511)	(13,265)	(496,648)	–
New leases	–	–	12,773	–	–
Interest expense	402,003	46,362	(374)	37,000	529
Exchange realignment	6,223	10,717	–	6,638	–
Other	–	–	–	–	(10,323)
At June 30, 2024	<u>25,280,334</u>	<u>1,732,941</u>	<u>18,304</u>	<u>842,305</u>	<u>10,165</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(a) Changes in liabilities arising from financing activities (continued)

Six months ended June 30, 2025

	Interest-bearing bank and other borrowings	Bond payable	Lease liabilities	Amount due to non-controlling shareholders	Convertible bond
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	26,326,724	1,749,841	44,717	428,829	99,010
Changes from financing cash flows	(709,820)	(45,249)	(16,427)	29,023	—
New leases	—	—	2,082	—	—
Interest expense	511,934	47,110	871	11,346	10,859
Exchange realignment	12,375	(7,260)	—	(1,921)	15,794
At June 30, 2025	<u>26,141,213</u>	<u>1,744,442</u>	<u>31,243</u>	<u>467,277</u>	<u>125,663</u>

(b) Total cash outflow for leases

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within operating activities	(6,214)	(8,747)	(21,951)	(6,761)	(8,674)
Within financing activities	<u>(15,604)</u>	<u>(18,596)</u>	<u>(24,934)</u>	<u>(13,265)</u>	<u>(14,710)</u>
Total	<u>(21,818)</u>	<u>(27,343)</u>	<u>(46,885)</u>	<u>(20,026)</u>	<u>(23,384)</u>

40. PLEDGE OF ASSETS

Details of the Group's assets pledged are as follows and included in notes 13, 14, 23, 26 and 29, respectively, to the Historical Financial Information.

	As at December 31,			As at June 30,	Restrictions
	2022	2023	2024	2025	
	RMB'000	RMB'000	RMB'000	RMB'000	
Cash and cash equivalents	—	16,000	—	—	Pledged for proceedings
Cash and cash equivalents	667,978	208,704	274,300	310,657	Pledged for bills receivable
Cash and cash equivalents	136,116	99,200	40,933	38,461	Pledged for letter of credit
Cash and cash equivalents	1,209,498	637,688	423,867	424,699	Pledged for futures

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. PLEDGE OF ASSETS (continued)

	As at December 31,		As at June 30,		Restrictions
	2022	2023	2024	2025	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Cash and cash equivalents	139,561	7,711	707	707	Pledged for standby letter of credit
Cash and cash equivalents	116,462	72,674	145,225	126,267	Pledged for others
Cash and cash equivalents	–	–	220,000	–	Pledged for supervision account
Bill receivables	95,714	143,860	123,161	81,880	Pledged for discounting
Inventories	–	641,767	–	–	Pledged for borrowing
Buildings	574,106	1,514,695	1,469,274	1,420,472	Pledged for borrowing
Construction in progress	–	1,170,251	458,377	126,799	Pledged for borrowing
Leasehold land	313,634	321,671	318,260	314,739	Pledged for borrowing
Total	<u>3,253,069</u>	<u>4,834,221</u>	<u>3,474,104</u>	<u>2,844,681</u>	

41. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of subsidiaries through business combinations

i. Acquisition of DHPL and Jade Bay during the year ended December 31, 2022

On July 31, 2022, the Company raised funds through its wholly-owned subsidiary, Hong Kong Zhongwei Zhongtuo New Energy Co., Ltd. (hereinafter referred to as “Hong Kong Zhongtuo”) acquires 100% equity of Debonair Holdings Private Limited (hereinafter referred to as “DHPL”), and DHPL has no substantive business as a shareholding platform. It holds 50.1% of the equity of PT Debonair Nickel Indonesia (hereinafter referred to as “DNI”). DNI is the project company for the construction of two RKEF ferronickel production lines (with an annual output of 27,500 tons of nickel metal equivalent low nickel matte) and a 380 MW supporting power plant project in Weda Bay, Indonesia. The purchase consideration of USD200,320,000 (equivalent to approximately RMB1,350,897,000) for the acquisition was in the form of cash and fully paid in 2022.

On July 31, 2022, the Company increased the capital of PT Jade Bay Metal Industry (hereinafter referred to as “Jade Bay”) at a premium with self-raised funds through Hong Kong Zhongtuo, and held 50.10% of the equity of Jade Bay after the capital increase. Jade Bay is the project company of two RKEF ferronickel production lines (with an annual output of 27,500 tons of nickel metal equivalent low nickel matte) built in Weda Bay, Indonesia. The capital increase of USD112,359,000 (equivalent to approximately RMB757,714,000) was in the form of cash and fully paid in 2022.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

i. Acquisition of DHPL and Jade Bay during the year ended December 31, 2022 (continued)

The fair values of the identifiable assets and liabilities of DHPL and Jade Bay as at the dates of the acquisitions were as follows:

	Fair value recognised on acquisition	
	Debonair Holdings Private Limited	PT Jade Bay Metal Industry
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	441,313	3,306
Cash and bank balances	393,848	–
Prepayments and other receivables	1,199,031	29,810
Trade payables	(101,232)	(1,622)
Accruals and other payables	(1,358,110)	(32)
Others	86,426	(32,140)
Total identifiable net assets at fair value	<u>661,276</u>	<u>(678)</u>
Non-controlling interests	(329,978)	338
Goodwill on acquisition	<u>1,019,599</u>	<u>264,132</u>
Satisfied by cash	<u>1,350,897</u>	<u>–</u>
Satisfied by non-controlling interests	<u>–</u>	<u>263,454</u>
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:		
Cash consideration	(1,350,897)	–
Cash and bank balances acquired	393,848	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(957,049)</u>	<u>–</u>
Transaction costs of the acquisition included in cash flows from operating activities	–	–
Total net cash outflow	<u>(957,049)</u>	<u>–</u>

Since the acquisition, DHPL contributed nil to the Group's revenue, loss of RMB2,053,000 to the consolidated profit for the year. Had the combination of DHPL taken place at the beginning of the year ended December 31, 2022, the revenue and the profit of the Group for the year would have been RMB 30,343,742,000 and RMB 1,539,831,000, respectively.

Since the acquisition, Jade Bay contributed nil to the Group's revenue, loss of RMB1,797,000 to the consolidated profit for the year ended December 31, 2022. Had the combination of Jade Bay taken place at the beginning of the year ended December 31, 2022, the revenue and the profit of the Group for the year would have been RMB30,343,742,000 and RMB1,538,905,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

ii. Acquisition of PT NNI during the year ended December 31, 2023

On July 1, 2023, the Group acquires 60% equity of PT Nadesico Nickel Industry (hereinafter referred to as "PT NNI"). The purchase consideration for the acquisition was in the form of cash and fully paid in 2023.

The fair values of the identifiable assets and liabilities of PT NNI as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	PT Nadesico Nickel Industry
	<i>RMB'000</i>
Property, plant and equipment	2,202,550
Cash and bank balances	4,458
Prepayments and other receivables	159,952
Trade payables	(221,538)
Accruals and other payables	(120,496)
Others	106,321
Total identifiable net assets at fair value	<u>2,131,247</u>
Non-controlling interests	(852,604)
Goodwill on acquisition	<u>—</u>
Satisfied by cash	<u>1,278,643</u>
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(1,278,643)
Cash and bank balances acquired	4,458
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(1,274,185)</u>
Transaction costs of the acquisition included in cash flows from operating activities	—
Total net cash outflow	<u>(1,274,185)</u>

Since the acquisition, PT NNI contributed nil to the Group's revenue and loss of RMB98,324,000 to the consolidated profit for the year ended December 31, 2023. Had the combination of PT NNI taken place at the beginning of the year ended December 31, 2023, the revenue and the profit of the Group for the year would have been RMB34,273,223,000 and RMB2,100,715,000, respectively

iii. Acquisition of FINO during the year ended December 31, 2024

On June 26, 2024, the Group acquires 29.90% equity of FINO Inc. (hereinafter referred to as "FINO"). The purchase consideration for the acquisition was in the form of cash and was fully paid in 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

iii. Acquisition of FINO during the year ended December 31, 2024 (continued)

The Group has determined that it has obtained the controlling power in FINO even it holds less than half of the total voting rights of FINO. It is because the Group is the largest single shareholder of FINO, holding 29.90% of its shares and 29.90% of its voting rights. The remaining shares of FINO are widely held by a number of other shareholders. Since the acquisition date, there have been no instances where the other shareholders collectively exercised their voting rights or holding more votes of FINO than the Group. At the same time, the Group can direct the board resolutions of FINO to be passed and appoint or approve the key management personnel of FINO by holding more than half of the total voting rights in the board of directors of FINO. In addition, two subsidiaries of the Group subscribed the convertible bond issued by FINO with convertible option during the period from July 18, 2025 to June 18, 2027, which would further increase the Group's shareholding percentage. Therefore, the Group includes FINO in the scope of consolidation.

The fair values of the identifiable assets and liabilities of FINO as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	FINO Inc.
	<i>RMB'000</i>
Property, plant and equipment	56,498
Cash and bank balances	70,710
Trade receivables	1,334
Prepayments and other receivables	734
Trade payables	(2,842)
Accruals and other payables	(2,203)
Others	26,798
Total identifiable net assets at fair value	151,029
Non-controlling interests	(105,867)
Goodwill on acquisition	55,932
Satisfied by cash	101,094
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(101,094)
Cash and bank balances acquired	70,710
Net outflow of cash and cash equivalents included in cash flows from investing activities	(30,384)
Transaction costs of the acquisition included in cash flows from operating activities	—
Total net cash outflow	(30,384)

Since the acquisition, FINO contributed RMB133,378,000 to the Group's revenue and loss of RMB12,295,000 to the consolidated profit for the year ended December 31, 2024. Had the combination of

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries through business combinations (continued)

iii. Acquisition of FINO during the year ended December 31, 2024 (continued)

FINO Inc. taken place at the beginning of the year ended December 31, 2024, the revenue and the profit of the Group for the year would have been RMB40,248,207,000 and RMB1,787,193,000, respectively.

(b) Acquisition of assets through acquisition of subsidiaries

i. Acquisition of MUS during the year ended December 31, 2024

On July 31, 2024, the Company's wholly-owned subsidiary Singapore CNGR Zhongxin New Energy Pte., Ltd. acquires 92.73% equity of PT Multi Usaha Sejahta (hereinafter referred to as "MUS"). MUS has no substantial business, which core assets are 55.00% equity interest in PT Harum Sukses Mining ("HSM") and 55.01% equity interest in PT Bumi Halteng Mining ("BHM"). HSM holds two nickel minings and BHM owns one nickel mining project. The Group believes that as MUS's nickel ore has not yet been mined at of December 31, 2024 and does not have the processing process and production capacity. Therefore, the Company regard the acquisition as the asset acquisition.

	Fair value recognised on acquisition
	PT Multi Usaha Sejahta
	<i>RMB'000</i>
Property, plant and equipment	1,319
Other intangible assets	610,334
Right-of-use assets	4,063
Cash and bank balances	7,366
Prepayments and other receivables	17,835
Other non-current assets	64,765
Accruals and other payables	(29,150)
Contract liabilities	(24,538)
Others	(639)
Net assets at fair value	651,355
Non-controlling interests	(310,004)
Net assets on acquisition	341,351
Satisfied by cash	341,351
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(341,351)
Cash and bank balances acquired	7,366
Net outflow of cash and cash equivalents included in cash flows from investing activities	(333,985)
Consideration payable	256,626
Total net cash outflow	(77,359)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of assets through acquisition of subsidiaries (continued)

ii. Acquisition of Wintru S.R.L. during the period ended June 30, 2025

On January 31, 2025, the Company's wholly-owned subsidiary Netherlands Tontru Lithium Energy Technology B.V.(荷兰通楚锂能源科技有限公司) and Netherlands Hontru Lithium Energy Technology B.V.(荷兰宏卓锂能源科技有限公司) acquires 100% equity of Wintru S.R.L. Wintru S.R.L. has no substantial business, which core asset is Jama Salt Lake Lithium Mine Project. The Group believes that as the lithium ore has not yet been mined at of June 30, 2025 and does not have the processing process and production capacity. Therefore, the Company regard the acquisition as the asset acquisition.

	Fair value recognised on acquisition
	Wintru S.R.L.
	<i>RMB'000</i>
Property, plant and equipment	45,262
Other intangible assets	572,912
Cash and bank balances	1,385
Trade receivables	4
Prepayments and other receivables	162
Trade payables	106,714
Accruals and other payables	8
Others	2,256
Net assets at fair value	<u>510,747</u>
Non-controlling interests	–
Net assets on acquisition	<u>510,747</u>
Satisfied by cash	<u>510,747</u>
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(510,747)
Cash and bank balances acquired	1,385
Cash paid at previous year	91,653
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(417,709)</u>
Consideration payable	–
Total net cash outflow	<u>(417,709)</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS

(a) Names and relationships

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
PT CNGR Ding Xing New Energy	A joint venture of the Group
PT HengSheng New Energy Material Indonesia	An associate of the Group
PT Transcoal Minergy	A joint venture of the Group
COBCO S.A.	A joint venture of the Group
Honglin Construction Engineering Group Co., Ltd. (“宏林建設工程集團有限公司”)	Controlled by the close relatives of the ultimate controlling person
Hunan Mingqiang Engineering Co., Ltd. (“湖南民強工程有限公司”)	Company where the close relatives of the ultimate controlling person serve as directors, supervisors or senior management
Dalong Longsheng Grand Hotel (“大龍龍晟大酒店”)	Controlled by the close relatives of the ultimate controlling person
Hunan Hanhua Jingdian Clean Energy Technology Company Limited (“湖南漢華京電清潔能源科技有限公司”)	Controlled by the ultimate controlling person
Hunan Zhongxian Intelligent Technology Company Limited (“湖南中先智能科技有限公司”)	Controlled by the ultimate controlling person
Jiangsu Haishi Pump Industry Manufacturing Co., Ltd. (“江蘇海獅泵業製造有限公司”)	Controlled by the controlling shareholder
Hunan Weichu Fruit Juice & Wine Co., Ltd. (“湖南唯楚果汁酒業有限公司”)	Controlled by the close relatives of the ultimate controlling person
Hunan Juntai Fire Testing Co., Ltd. (“湖南軍泰消防檢測有限公司”)	Controlled by the close relatives of the ultimate controlling person
Hunan Yospace Property Management Co., Ltd. (“湖南雅空間物業管理有限公司”)	Controlled by the close relatives of the ultimate controlling person
Guizhou Qiheng Transportation Co., Ltd. (“貴州啟恒運輸有限責任公司”)	Controlled by the close relatives of the ultimate controlling person
Hunan Zhongwei New Silver Materials Technology Co., Ltd. (“湖南中偉新銀材料科技有限公司”)	Controlled by a director of the Company
Hunan Zhongwei New Platinum Materials Technology Co., Ltd. (“湖南中偉新鉑材料科技有限公司”)	Controlled by a director of the Company
Hunan Zhongwei Jinneng New Materials Co., Ltd. (“湖南中偉金能新材料有限責任公司”)	Controlled by the chairman where he serves as executive supervisor and director
Yuechu Fruit Juice & Wine Co., Ltd. (“岳楚果汁酒業有限公司”)	Controlled by the ultimate controlling person
PT SATYA AMERTA HAVENPORT	A joint venture of the Group
Guangxi New Platinum Materials Technology Co., Ltd. (“廣西新鉑材料科技有限公司”)	Controlled by a director of the Company
Guiyang Zhongwei Yunda Technology Co., Ltd. (“貴陽中偉運達科技有限公司”)	Controlled by the close relatives of the ultimate controlling person
Hunan Yuening Real Estate Development Co., Ltd. (“湖南悅甯房地產開發有限公司”)	Controlled by the close relatives of the ultimate controlling person

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(a) Names and relationships (continued)

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd. (“湖南中偉新氫材料科技有限公司”)	Controlled by a director of the Company
Guizhou Zhongwei Investment Group Co., Ltd. (“貴州中偉投資集團有限公司”)	Controlled by the close relatives of the ultimate controlling person
Guizhou Xinbo Materials Technology Co., Ltd. (“貴州新鉑材料科技有限公司”)	Controlled by a director of the Company

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	<u>Year ended December 31,</u>			<u>Six months ended</u>	
	<u>June 30,</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Revenue from goods and services					
(note i)					
PT CNGR Ding Xing New Energy	—	66,327	910,585	310,445	1,016,432
COBCO S.A.	—	—	72,839	—	125,282
POSCO CNGR Nickel Solution Co., Ltd.	—	—	—	—	11,012
Hunan Zhongwei New Silver Materials Technology Co., Ltd. ...	—	1,898	3,169	879	1,423
Guizhou Xinbo Materials Technology Co., Ltd.	—	—	—	—	4
Hunan Zhongwei New Platinum Materials Technology Co., Ltd. ...	—	40	—	—	—
PT HengSheng NewEnergy Material Indonesia	—	30,022	27,420	10,925	—
Hunan Zhongxian Intelligent Technology Co., Ltd.	—	44	—	—	—
Total	—	98,331	1,014,013	322,249	1,154,153

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods (continued):

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of goods and services					
(note ii)					
PT CNGR Ding Xing New					
Energy	—	171,236	2,713,178	1,455,137	1,455,893
PT. Sultra Sarana Bumi	—	—	126,816	—	130,169
PT HengSheng NewEnergy Material					
Indonesia	—	—	194,611	—	112,214
Honglin Construction and					
Engineering Group Co., Ltd.	—	78,661	254,718	166,718	53,565
PT Satya Amerta Havenport	—	—	—	—	30,593
Hunan Juntai Fire Testing Co., Ltd. ...	493	674	16,300	52	511
Hunan Zhongxian Intelligent					
Technology Co., Ltd.	104,994	955	22,006	550	309
Guiyang Zhongwei Yunda					
Technology Co., Ltd.	—	—	—	—	220
Hunan Zhongwei Testing					
Technology Co., Ltd.	—	—	—	—	170
Hunan Yaspac Property					
Management Co., Ltd.	53	170	177	1,050	93
Guizhou Qiheng Transportation Co.,					
Ltd.	396	1,000	2,666	69	41
Hunan Hanhua Jingdian Clean					
Energy Technology Co., Ltd.	35,556	16,333	90	—	22
Jiangsu Haishi Pump Industry					
Manufacturing Co., Ltd.	3,394	206	—	—	—
Dalong Longsheng Grand Hotel	41	1	—	—	—
Hunan Weichu Fruit Juice & Wine					
Co., Ltd.	6	—	—	—	—
Total	<u>144,933</u>	<u>269,236</u>	<u>3,330,562</u>	<u>1,623,576</u>	<u>1,783,800</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods (continued):

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Rental income (note iii)					
PT CNGR Ding Xing New Energy	—	—	10,349	—	13,595
Hunan Zhongwei New Silver Materials Technology Co., Ltd. . . .	—	515	2,431	664	863
Hunan Zhongwei Jinneng New Materials Co., Ltd.	—	101	676	167	240
Hunan Zhongwei New Platinum Materials Technology Co., Ltd. . . .	—	22	252	40	165
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd. . . .	—	—	44	—	93
Hunan Zhongxian Intelligent Technology Co., Ltd.	—	—	14	—	—
Total	—	638	13,766	871	14,956
Rental payment (note iii)					
Hunan Yaspac Property Management Co., Ltd.	—	—	1,155	—	233
Guizhou Zhongwei Investment Group Co., Ltd.	—	—	819	—	—
Total	—	—	1,974	—	233

- (i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group. The credit terms granted to the related parties were generally in line with the credit terms granted to other customers.
- (ii) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.
- (iii) The rental fees with the related parties were made according to the agreed prices.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties:

The Group as the Guarantor:

December 31, 2023				
	<i>RMB'000</i>	<i>Effective Date</i>	<i>Expiry Date</i>	<i>Fulfilled</i>
PT CNGR Ding Xing New Energy			3 years after the date of dissolution	No
	<u>910,000</u>	2023		
December 31, 2024				
	<i>RMB'000</i>	<i>Effective Date</i>	<i>Expiry Date</i>	<i>Fulfilled</i>
PT CNGR Ding Xing New Energy			3 years after the date of dissolution	No
	<u>934,492</u>	2023		
June 30, 2025				
	<i>RMB'000</i>	<i>Effective Date</i>	<i>Expiry Date</i>	<i>Fulfilled</i>
PT CNGR Ding Xing New Energy			3 years after the date of dissolution	No
	<u>752,440</u>	2023		

The Group as the Secured Party:

December 31, 2022			
	<i>RMB'000</i>	<i>Effective period</i>	<i>Fulfilled</i>
Mr. Deng Weiming, Ms. Wu Xiaoge	485,000	2021-2023	No
Mr. Deng Weiming, Ms. Wu Xiaoge	700,000	2022-2023	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,400,000	2022-2024	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,380,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,560,000	2022-2023	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,507,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd.	<u>485,000</u>	2021-2023	No
Total	<u>9,517,000</u>		

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties (continued):

	December 31, 2023		
	RMB'000	Effective period	Fulfilled
Mr. Deng Weiming, Ms. Wu Xiaoge	1,279,100	2020-2025	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	764,652	2020-2028	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	2,140,000	2022-2023	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	1,290,000	2022-2024	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	1,530,000	2022-2025	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	3,234,000	2022-2030	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	5,504,479	2023-2024	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	40,000	2023-2025	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	2,510,000	2023-2026	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2027	NO
Mr. Deng Weiming, Ms. Wu Xiaoge	270,000	2023-2028	NO
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2022-2024	NO
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2023-2025	NO
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,889,000	2023-2028	NO
Hunan Zhongwei Holding Group Co., Ltd.	860,000	2021-2026	NO
Hunan Zhongwei Holding Group Co., Ltd.	500,000	2023-2026	NO
Total	23,811,231		

	December 31, 2024		
	RMB'000	Effective period	Fulfilled
Guarantor			
Mr. Deng Weiming, Ms. Wu Xiaoge	1,279,100	2020-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	920,000	2020-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,150,000	2021-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	2,290,000	2022-2024	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	2,322,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	780,000	2022-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,647,000	2022-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,200,000	2022-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	3,321,041	2022-2030	No
Mr. Deng Weiming, Ms. Wu Xiaoge	5,404,479	2023-2024	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	40,000	2023-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	600,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	4,280,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2027	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	270,000	2023-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	2,800,000	2024-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2024-2027	No

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties (continued):

	December 31, 2024		
	RMB'000	Effective period	Fulfilled
Hunan Zhongwei Holding Group Co., Ltd.		2023-3 years after the date of dissolution	No
Hunan Zhongwei Holding Group Co., Ltd.	473,147	2023-2026	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	500,000	2021-2024	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2021-2026	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	860,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2022-2027	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,700,000	2023-2024	Yes
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	500,000	2023-2028	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	2,889,000	2024-2027	No
Total	350,000		
	39,275,767		

	June 30, 2025		
	RMB'000	Effective period	Fulfilled
Guarantor			
Mr. Deng Weiming, Ms. Wu Xiaoge	1,279,100	2020-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	920,000	2020-2028	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,150,000	2021-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	2,322,000	2022-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	1,200,000	2022-2028	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	3,321,041	2022-2030	No
Mr. Deng Weiming, Ms. Wu Xiaoge	2,880,000	2023-2026	No
Mr. Deng Weiming, Ms. Wu Xiaoge	1,200,000	2023-2026	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	300,000	2023-2027	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	1,300,000	2024-2025	No
Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2024-2025	Yes
Mr. Deng Weiming, Ms. Wu Xiaoge	200,000	2024-2027	No
Mr. Deng Weiming, Ms. Wu Xiaoge	400,000	2024-2029	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,700,000	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	1,000,000	2022-2027	Yes

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(c) Details of guarantees to the related parties (continued):

	June 30, 2025		
	RMB'000	Effective period	Fulfilled
Hunan Zhongwei Holding Group Co., Ltd., Mr. Deng Weiming, Ms. Wu Xiaoge	350,000	2024-2027	Yes
Hunan Zhongwei Holding Group Co., Ltd.	860,000	2021-2026	No
Hunan Zhongwei Holding Group Co., Ltd.	1,180,000	2022-2025	No
Hunan Zhongwei Holding Group Co., Ltd.	1,647,000	2022-2027	No
Hunan Zhongwei Holding Group Co., Ltd.	40,000	2023-2025	Yes
Hunan Zhongwei Holding Group Co., Ltd.	1,300,000	2023-2026	No
Hunan Zhongwei Holding Group Co., Ltd.	3,159,000	2023-2028	No
Hunan Zhongwei Holding Group Co., Ltd.	1,100,000	2024-2025	No
Hunan Zhongwei Holding Group Co., Ltd.	800,000	2024-2027	No
Total	30,008,141		

The guarantees provided by related parties is not expected to be fully released before listing.

(d) Loans to joint ventures and associates

2023

	Amount	Start date	End date
PT CNGR Ding Xing New Energy	177,068	2023/4/17	2024/4/16
PT CNGR Ding Xing New Energy	127,489	2023/7/13	2024/7/12
PT Transcoal Minergy	74,062	2023/7/31	2024/7/30
PT CNGR Ding Xing New Energy	49,579	2023/6/8	2024/6/7
PT HengSheng New Energy Material Indonesia	42,750	2023/12/31	2024/12/30
PT HengSheng New Energy Material Indonesia	32,818	2023/12/31	2024/12/30
PT Transcoal Minergy	14,420	2023/11/28	2024/11/27

2024

	Amount	Start date	End date
PT Transcoal Minergy	100,937	2024/11/25	2025/11/24
PT Transcoal Minergy	95,806	2024/7/15	2025/7/15
PT Transcoal Minergy	78,679	2024/4/22	2025/4/22
PT Transcoal Minergy	50,840	2024/11/1	2025/11/1
PT Transcoal Minergy	45,223	2024/2/7	2025/2/6
PT Transcoal Minergy	37,747	2024/1/26	2025/1/25
PT HengSheng New Energy Material Indonesia	33,625	2024/5/16	2025/5/16
PT Transcoal Minergy	28,754	2024/12/13	2025/12/12
PT Transcoal Minergy	22,284	2024/12/30	2025/12/29
PT HengSheng New Energy Material Indonesia	14,744	2024/1/1	2024/12/31
PT HengSheng New Energy Material Indonesia	10,063	2024/5/30	2025/5/29
PT CNGR Ding Xing New Energy	4,768	2024/5/29	2025/5/28
PT CNGR Ding Xing New Energy	29	2024/7/12	2025/7/12

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(d) Loans to joint ventures and associates (continued)

Six months ended June 30, 2025

	<u>Amount</u>	<u>Start date</u>	<u>End date</u>
COBCO S.A.	109,672	2025/3/10	2026/3/9
PT CNGR Ding Xing New Energy	108,652	2025/4/17	2027/4/16
COBCO S.A.	108,568	2025/5/1	2026/4/30
PT Transcoal Minergy	103,379	2024/11/25	2025/11/24
PT Transcoal Minergy	97,907	2024/7/15	2025/7/15
PT Transcoal Minergy	84,971	2025/4/15	2026/4/14
PT Transcoal Minergy	63,509	2025/4/17	2026/4/16
PT Transcoal Minergy	52,168	2024/11/1	2025/11/1
PT Transcoal Minergy	50,240	2025/6/18	2026/6/17
PT Transcoal Minergy	39,597	2025/3/14	2026/3/13
PT Transcoal Minergy	38,936	2025/3/28	2026/3/27
PT HengSheng New Energy Material Indonesia	32,957	2025/6/30	2026/6/29
PT Transcoal Minergy	30,082	2025/1/20	2026/1/19
PT Transcoal Minergy	29,568	2024/12/13	2025/12/12
PT Transcoal Minergy	29,472	2025/3/31	2026/3/31
PT Transcoal Minergy	22,826	2024/12/30	2025/12/29
PT HengSheng New Energy Material Indonesia	19,705	2025/5/15	2026/5/14
PT HengSheng New Energy Material Indonesia	3,905	2025/5/15	2026/5/14
PT CNGR Ding Xing New Energy	481	2025/1/24	2026/1/23

(e) Commitments with related parties

In 2022, CNGR Hong Kong Material Science & Technology Co., Limited (hereinafter referred to as the CNGR (Hong Kong)) and Rigqueza International Pte. Ltd. (hereinafter referred to as the "RIGQUEZA") signed an agreement to jointly invest in the development of 50,000 tons per year of refined nickel project, and the two parties set up PT. CNGR Ding Xing New Energy (hereinafter referred to as the "Joint Venture Company") in Indonesia to implement the project. The registered capital of the joint venture company is 1 million U.S. dollars, with each party holding 50% of the shares. The agreement also stipulates that CNGR (Hong Kong) and RIGQUEZA shall be obliged to purchase goods produced by the joint venture company under the same conditions as the market price and in accordance with the proportion of their respective shareholdings in the joint venture company. The joint venture company is obliged to prioritize sales to the shareholder parties and the terms of sales to the shareholder parties should be consistent.

On April 23, 2024, the Company passed the proposal on providing financial assistance to its associates and joint ventures:

The Company would provide a loan of up to US\$25 million to PT.CNGR DING XING NEW ENERGY based on the shareholding of 50% for one year, The interest rate of the loan is determined based on the CME TERM SOFR1 (3 months) plus 250 BPS as of the date of the actual remittance of the shareholder's loan;

The Company would provide PT Transcoal Minergy with a loan of up to US\$31.22 million based on the shareholding of 36% for one year. The interest rate of the loan is determined based on the CME TERM SOFR1 (12 months) as of the date of the actual remittance of the shareholder's loan;

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**42. RELATED PARTY TRANSACTIONS (continued)****(e) Commitments with related parties (continued)**

The Company would provide PT HengSheng New Energy Material Indonesia for a loan of not more than US\$1.5 million based on the shareholding of 15% for one year, with an interest rate of not less than 3.65%;

The Company would provide PT Satya Amerta Havenport with a loan of not more than US\$1.5 million based on the shareholding of 34% for one year, a loan of not more than US\$20 million or its equivalent RMB amount, with a term of one year and an interest rate of 7%;

The above amount can be utilized on a revolving and rolling basis within the validity period of the agreement.

On November 27, 2024, the Company proposed to provide financial assistance to the joint venture COBCO:S.A. in the form of borrowings of up to US\$90 million, with a term of up to 12 months and an annual interest rate of CME TERM SOFR(1 month)+2.5% per annum.

On February 12, 2025, the Company approved to provide financial support to its associates and joint ventures to ensure normal operations and accelerate the integrated industrial chain development. The shareholders agreed to provide funding proportionally as follows:

The Company would provide PT CNGR Ding Xing New Energy with a loan of up to US\$120 million based on its 50% shareholding for one year. The interest rate of the loan is determined based on the CME TERM SOFR (3 months) plus 80BPS as of the date of the actual remittance of the shareholder's loan.

The Company would provide PT Transcoal Minergy with a loan of up to US\$140 million based on its 36% shareholding for one year. The interest rate of the loan is determined based on the CME TERM SOFR (3 months) plus 125BPS as of the date of the actual remittance of the shareholder's loan.

The Company would provide PT HengSheng New Energy Material Indonesia with a loan of not more than US\$18 million based on its 15% shareholding for one year, with an interest rate of not less than 10% (currency neutral).

The Company would provide PT Satya Amerta Havenport with a loan of not more than US\$10 million or its equivalent RMB amount based on its 34% shareholding for one year, with an interest rate of not more than 6%. The above amounts can be utilized on a revolving and rolling basis within the validity period of the agreement.

On May 21, 2025, the Company passed the proposal on providing financial assistance to its associates and joint ventures:

The Company would provide PT HengSheng Indonesia with a loan of not more than US\$18 million or its equivalent RMB amount based on the shareholding of 15% for one year, with an interest rate of not more than 10% (currency neutral);

The Company would provide PT. Stardust Estate Investment with a loan of not more than US\$5 million based on the shareholding of 20% for one year, with an interest rate of not more than 7%;

The above amount can be utilized on a revolving and rolling basis within one year after approval by the shareholders' meeting.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(f) Outstanding balances with related parties

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade and bills receivables				
PT CNGR Ding Xing New Energy	—	27,578	65,259	246,265
COBCO S.A.	—	—	—	125,480
POSCO CNGR Nickel Solution Co., Ltd	—	—	—	8,469
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	—	198	906	1,670
Hunan Zhongwei Jinneng New Materials Co., Ltd.	—	57	340	263
Hunan Zhongwei New Platinum Materials Technology Co., Ltd.	—	57	223	226
Hunan Zhongwei New Hydrogen Materials Technology Co., Ltd.	—	—	48	102
PT HengSheng New Energy Material Indonesia	—	4,787	1,517	—
Impairment	—	(327)	(1,082)	(7,263)
Total	—	32,350	67,211	375,212

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Prepayments, deposits and other receivables				
PT Transcoal Minergy	—	88,482	460,269	642,656
PT CNGR Ding Xing New Energy	—	732,656	384,705	530,601
COBCO S.A.	—	—	—	225,785
PT Sultra Sarana Bumi	—	—	50,862	69,050
PT Heng Sheng New Energy Material Indonesia	—	75,568	88,152	56,567
Hunan Yaspac Property Management Co., Ltd.	—	—	—	252
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	—	—	301	43
Guizhou Qiheng Transportation Co., Ltd.	—	1	—	—
Hunan Zhongxian Intelligent Technology Co., Ltd. ..	—	—	12,677	—
Guiyang Zhongwei Yunda Technology Co., Ltd.	—	—	248	—
Impairment	—	(19,916)	(19,696)	(32,133)
Total	—	876,791	977,518	1,492,821

* Amount less than RMB1,000.

ACCOUNTANTS' REPORT

42. RELATED PARTY TRANSACTIONS (continued)

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Other non-current assets				
Hunan Yuening Real Estate Development Co., Ltd.	—	—	56,189	90,984
Hunan Zhongxian Intelligent Technology Co., Ltd.	352	760	2,638	22,768
Hunan Hanhua Jingdian Clean Energy Technology Company Limited	561	562	562	562
Hunan Minqiang Engineering Co., Ltd.	176	176	176	176
Honglin Construction Engineering Group Co., Ltd.	—	36,793	—	—
Impairment	—	—	—	—
Total	1,089	38,291	59,565	114,490
Trade payables				
Honglin Construction and Engineering Group Co., Ltd.	18,154	24,924	51,381	42,946
PT Satya Amerta Havenport	—	—	—	5,393
Hunan Yaspac Property Management Co., Ltd.	—	—	3,149	3,131
PT Heng Sheng New Energy Material Indonesia	—	—	—	2,381
Hunan Hanhua Jingdian Clean Energy Technology Company Limited	9,073	3,379	2,857	2,342
Hunan Minqiang Engineering Co., Ltd.	1,010	1,010	1,010	1,010
Hunan Zhongxian Intelligent Technology Co., Ltd.	21,176	9,389	—	615
PT CNGR Ding Xing New Energy	—	—	—	463

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Hunan Juntai Fire Testing Co., Ltd.	—	—	620	384
Guizhou Qiheng Transportation Co., Ltd.	135	125	170	164
Jiangsu Haishi Pump Industry Manufacturing Co., Ltd.	1,400	294	294	—
Hunan Juntai Fire Testing Co., Ltd.	<u>38</u>	<u>—</u>	<u>620</u>	<u>—</u>
Total	50,986	39,121	60,101	58,829

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

(f) Outstanding balances with related parties (continued)

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Other payables and accruals				
Honglin Construction and Engineering Group Co., Ltd.	75	75	1,437	2,059
Hunan Yaspac Property Management Co., Ltd.	—	—	163	333
Hunan Hanhua Jingdian Clean Energy Technology Company Limited	3	3	3	133
Hunan Zhongxian Intelligent Technology Co., Ltd.*	—	—	—	200
PT. Sultra Sarana Bumi	—	—	—	4
Guizhou Qiheng Transportation Co., Ltd.	201	204	12	1
Hunan Juntai Fire Testing Co., Ltd.	—	—	450	—
Total	<u>279</u>	<u>282</u>	<u>2,065</u>	<u>2,730</u>
Contract liabilities				
PT Heng sheng New Energy Material Indonesia	—	—	—	15,612
Hunan Zhongwei New Silver Materials Technology Co., Ltd.	—	1,001	2,578	1,841
PT CNGR Ding Xing New Energy	—	—	72,247	—
Total	<u>—</u>	<u>1,001</u>	<u>74,825</u>	<u>17,453</u>

* Amount less than RMB1,000.

Prepayments, deposits and other receivables are partly utilized for loans to joint ventures and associates, a breakdown of which is provided in note 42 (d), which is non-trade in nature. Remaining trade and bills receivables at amortized cost or fair value through other comprehensive income, prepayments, deposits and other receivables, other non-current assets, trade payables, contract liabilities and other payables and accruals were trade in nature.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS (continued)

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

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Short term employee benefits	6,154	11,644	11,285	5,228
Post-employment benefits	5,288	8,892	10,689	2,921
Equity-settled share option expense	7,221	12,055	17,438	770
Total compensation paid to key management personnel	<u>18,663</u>	<u>32,591</u>	<u>39,412</u>	<u>8,919</u>

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

43. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Capital commitments	<u>2,435,503</u>	<u>2,545,060</u>	<u>1,122,966</u>	<u>2,894,208</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at December 31, 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments at fair value through other comprehensive income	—	497,669	—	497,669
Trade and bills receivables	—	198,074	4,879,378	5,077,452
Financial assets included in deposits and other receivables	—	—	103,245	103,245
Financial assets at fair value through profit or loss	300,000	—	—	300,000
Derivative financial instruments	4,247	—	—	4,247
Pledged deposits	—	—	2,269,615	2,269,615
Cash and cash equivalents	—	—	12,979,249	12,979,249
Total	<u>304,247</u>	<u>695,743</u>	<u>20,231,487</u>	<u>21,231,477</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at December 31, 2022 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	–	8,722,936	8,722,936
Financial liabilities included in other payables and accruals	–	627,364	627,364
Derivative financial instruments	459,526	–	459,526
Interest-bearing bank borrowings	–	19,934,271	19,934,271
Bonds payable	–	1,687,387	1,687,387
Other non-current liabilities . . .	–	825,868	825,868
Total	<u>459,526</u>	<u>31,797,826</u>	<u>32,257,352</u>

As at December 31, 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments at fair value through other comprehensive income	–	836,989	–	836,989
Trade and bills receivables	–	1,035,549	4,104,289	5,139,838
Financial assets included in deposits and other receivables . .	–	–	696,639	696,639
Derivative financial instruments . . .	122,462	–	–	122,462
Pledged deposits	–	–	1,041,977	1,041,977
Cash and cash equivalents	–	–	10,397,466	10,397,466
Total	<u>122,462</u>	<u>1,872,538</u>	<u>16,240,371</u>	<u>18,235,371</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at December 31, 2023 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bonds payable	—	1,720,373	1,720,373
Trade and bills payables	—	8,593,538	8,593,538
Financial liabilities included in other payables and accruals	—	842,977	842,977
Derivative financial instruments	1,655	—	1,655
Interest-bearing bank and other borrowings	—	20,193,132	20,193,132
Other non-current liabilities	—	1,405,689	1,405,689
Total	<u>1,655</u>	<u>32,755,709</u>	<u>32,757,364</u>

As at December 31, 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such	Equity investments	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments at fair value through other comprehensive income	—	521,960	—	521,960
Trade and bills receivables	—	453,533	4,652,279	5,105,812
Financial assets at fair value through profit or loss	2,040,154	—	—	2,040,154
Financial assets included in deposits and other receivables	—	—	712,175	712,175

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at December 31, 2024 (continued)

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such	Equity investments	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Derivative financial instruments	148,554	—	—	148,554
Pledged deposits	—	—	1,105,032	1,105,032
Cash and cash equivalents	—	—	10,083,956	10,083,956
Total	<u>2,188,708</u>	<u>975,493</u>	<u>16,533,442</u>	<u>19,717,643</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Held for trading	cost	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bonds payable	—	1,749,841	1,749,841
Convertible bonds	—	99,010	99,010
Trade and bills payables	—	10,249,416	10,249,416
Financial liabilities included in other payables and accruals	—	984,756	984,756
Derivative financial instruments	100,497	—	100,497
Interest-bearing bank borrowings	—	26,326,724	26,326,724
Other non-current liabilities	—	2,039,501	2,039,501
Total	<u>100,497</u>	<u>41,449,248</u>	<u>41,549,745</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows (continued):

As at June 30, 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income	—	571,267	—	571,267
Trade and bills receivables	—	248,806	5,410,603	5,659,409
Financial assets at fair value through profit or loss	1,161,019	—	—	1,161,019
Financial assets included in deposits and other receivables (note 22)	—	—	1,170,420	1,170,420
Derivative financial instruments . . .	133,275	—	—	133,275
Pledged deposits	—	—	900,791	900,791
Cash and cash equivalents	—	—	9,645,273	9,645,273
Total	<u>1,294,294</u>	<u>820,073</u>	<u>17,127,087</u>	<u>19,241,454</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Held for trading		
	RMB'000	RMB'000	RMB'000
Bonds payable	—	1,744,442	1,744,442
Convertible bonds	—	125,663	125,663
Trade and bills payables	—	13,100,673	13,100,673
Financial liabilities included in other payables and accruals	—	1,070,867	1,070,867
Derivative financial instruments	15,539	—	15,539
Interest-bearing bank borrowings	—	26,141,213	26,141,213
Other non-current liabilities	—	1,726,776	1,726,776
Total	<u>15,539</u>	<u>43,909,634</u>	<u>43,925,173</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)**Transfers of financial assets

Financial assets that are derecognized in their entirety

Factoring trade receivables

At December 31, 2022, 2023 and 2024, and June 30, 2025, the Group has entered into certain receivable purchase agreements with financial institutions for the factoring of trade receivables due from certain specified customers with an aggregate carrying amount of nil, RMB21,500,000 and nil, and nil. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the factored trade receivables. Accordingly, it has derecognized the full carrying amounts of the factored trade receivables.

During the Relevant Periods, expenses of nil, RMB4,108,000, RMB5,392,000 and RMB3,000 were recognized on the date of transfer of the factored trade receivables.

Bills endorsed or discounted

At December 31, 2022, 2023 and 2024, and June 30, 2025, the Group, endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers, and discounted certain bills receivables to banks in Mainland China, (together, the “Derecognized Bills”) with carrying amounts in aggregate of RMB6,367,960,000, RMB3,767,121,000 and RMB4,149,401,000, and RMB5,004,919,000. The Derecognized Bills had a maturity of one to ten months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant.

During the Relevant Periods, expenses RMB80,354,000, RMB59,292,000 and RMB80,087,000, and RMB68,900,000 were recognized on the dates of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively.

Financial assets that are not derecognized in their entirety

Bills endorsed

At December 31, 2022, 2023, 2024 and June 30, 2025, the Group endorsed and discounted certain bills receivable accepted by banks in Mainland China (the “Endorsed Bills”) with carrying amounts of RMB188,684,000, RMB201,437,000, RMB263,907,000 and RMB459,651,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)**Transfers of financial assets (continued)

Financial assets that are not derecognized in their entirety (continued)

Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, pledged bank deposits, trade payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The carrying amounts of the Group's financial instruments including interest-bearing bank borrowings and bonds payable at amortised cost were not materially different from their fair values as at December 31, 2022, 2023, 2024 and June 30, 2025.

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

The fair values of the non-current portion of interest-bearing bank and other borrowings and bond payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using the market approach based on the market interest rates of instruments with similar terms.

The financial instruments in bills receivables are the bank acceptance bills registered by the acceptance bank with high credit, and the group's management model aims at both collecting the contractual cash flow and selling the financial assets. There is no significant unobservable inputs to the valuation of financial instruments as at December 31, 2022, 2023 and 2024, and June 30, 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

Assets measured at fair value:

As at December 31, 2022

	<u>Fair value measurement using</u>			
	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments at fair value through other comprehensive income	–	497,669	–	497,669
Financial assets at fair value through profit or loss	–	300,000	–	300,000
Trade and bills receivables	–	198,074	–	198,074
Derivative financial instruments	4,247	–	–	4,247
Total	<u>4,247</u>	<u>995,743</u>	<u>–</u>	<u>999,990</u>

As at December 31, 2023

	<u>Fair value measurement using</u>			
	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments at fair value through other comprehensive income	456,768	380,221	–	836,989
Trade and bills receivables	–	1,035,549	–	1,035,549
Derivative financial instruments	122,462	–	–	122,462
Total	<u>579,230</u>	<u>1,415,770</u>	<u>–</u>	<u>1,995,000</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)Assets measured at fair value (continued):

As at December 31, 2024

	<u>Fair value measurement using</u>			
	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Equity investments designated at fair value through other comprehensive income	521,960	—	—	521,960
Trade and bills receivables	—	453,533	—	453,533
Financial assets at fair value through profit or loss	1,282	2,038,872	—	2,040,154
Derivative financial instruments	148,554	—	—	148,554
Total	<u>671,796</u>	<u>2,492,405</u>	<u>—</u>	<u>3,164,201</u>

Liabilities measured at fair value:

As at December 31, 2022

		<u>Fair value measurement using</u>		
	<u>As at December 31, 2022</u>	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>
	<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Derivative financial instruments	<u>459,526</u>	<u>459,526</u>	<u>—</u>	<u>—</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)Liabilities measured at fair value (continued):

As at December 31, 2023

	As at December 31, 2023	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
Derivative financial instruments	1,655	1,655	—	—

As at December 31, 2024

	As at December 31, 2024	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
Derivative financial instruments	100,497	3,159	97,338	—

The Group's classification of other equity instruments within the fair value hierarchy is determined by the existence of sales restrictions (lock-up periods). During 2022, all such instruments were classified as Level 2 due to ongoing trading restrictions, as their fair values required the use of observable inputs other than quoted prices. In 2023, a portion of these instruments became freely tradable upon the expiry of lock-up periods, enabling their reclassification from Level 2 to Level 1 where active market prices were available, while the remaining instruments continued to be classified as Level 2 as they remained subject to lock-up arrangements. By 2024, all sales restrictions had been lifted, resulting in the entire balance being classified within Level 1. There were no transfers between Level 1 and Level 2 in 2022 or 2024, and no transfers into or out of Level 3 during the three-year period. Transfers between hierarchy levels are recognized at the end of the reporting period in which the restrictions lapse.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other liabilities, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Foreign currency risk

	Increase/ (decrease) in US\$/RMB rate	Increase/ (decrease) in profit after tax	Increase/ (decrease) in other comprehensive income	Increase/ (decrease) in equity
	%	RMB'000	RMB'000	RMB\$'000
Six months ended June 30, 2025				
If the RMB weakens against the USD	5	(152,991)	5,652	(147,339)
If the RMB strengthens against the USD	5	152,991	(5,652)	147,339
If the RMB weakens against the IDR	5	54,087	—	54,087
If the RMB strengthens against the IDR	5	(54,087)	—	(54,087)
If the RMB weakens against the KRW	5	764	—	764
If the RMB strengthens against the KRW	5	(764)	—	(764)
If the RMB weakens against the EUR	5	4,308	—	4,308
If the RMB strengthens against the EUR	5	(4,308)	—	(4,308)
2024				
If the RMB weakens against the USD	5	(375,011)	1,730	(373,281)
If the RMB strengthens against the USD	5	375,011	(1,730)	373,281
If the RMB weakens against the IDR	5	9,778	—	9,778
If the RMB strengthens against the IDR	5	(9,778)	—	(9,778)
If the RMB weakens against the KRW	5	4,346	—	4,346

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	<u>Increase/ (decrease) in US\$/RMB rate</u>	<u>Increase/ (decrease) in profit after tax</u>	<u>Increase/ (decrease) in other comprehensive income</u>	<u>Increase/ (decrease) in equity</u>
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB\$'000</i>
If the RMB strengthens against the KRW	5	(4,346)	—	(4,346)
If the RMB weakens against the EUR	5	928	—	928
If the RMB strengthens against the EUR	5	(928)	—	(928)
2023				
If the RMB weakens against the USD	5	(165,951)	3,588	(162,363)
If the RMB strengthens against the USD	5	165,951	(3,588)	162,363
If the RMB weakens against the IDR	5	(19,743)	—	(19,743)
If the RMB strengthens against the IDR	5	19,743	—	19,743
If the RMB weakens against the KRW	5	3,869	—	3,869
If the RMB strengthens against the KRW	5	(3,869)	—	(3,869)
If the RMB weakens against the EUR	5	1,379	—	1,379
If the RMB strengthens against the EUR	5	(1,379)	—	(1,379)
2022				
If the RMB weakens against the USD	5	(167,435)	4,089	(163,346)
If the RMB strengthens against the USD	5	167,435	(4,089)	163,346
If the RMB weakens against the IDR	5	821	—	821
If the RMB strengthens against the IDR	5	(821)	—	(821)
If the RMB weakens against the EUR	5	1,557	—	1,557
If the RMB strengthens against the EUR	5	(1,557)	—	(1,557)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's 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 the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31, 2022, 2023 and 2024.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at December 31, 2022

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	4,491,262	4,491,262
Bills receivables	—	—	—	641,264	641,264
Financial assets included in prepayments, other receivables and other assets					
- Normal**	107,935	—	—	—	107,935
Pledged deposits					
- Not yet past due	2,269,615	—	—	—	2,269,615
Cash and cash equivalents					
- Not yet past due	12,979,249	—	—	—	12,979,249
Total	15,356,799	—	—	5,132,526	20,489,325

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk (continued)**Maximum exposure and year-end staging (continued)*

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	3,797,813	3,797,813
Bills receivables	—	—	—	1,386,945	1,386,945
Financial assets included in prepayments, other receivables and other assets					
- Normal**	728,157	—	—	—	728,157
Pledged deposits					
- Not yet past due	1,041,977	—	—	—	1,041,977
Cash and cash equivalents					
- Not yet past due	10,397,466	—	—	—	10,397,466
Total	12,167,600	—	—	5,184,758	17,352,358

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	4,384,307	4,384,307
Bills receivables	—	—	—	773,085	773,085
Financial assets included in prepayments, other receivables and other assets . . .					—
- Normal**	750,963	—	—	—	750,963
Pledged deposits					—
- Not yet past due	1,105,032	—	—	—	1,105,032
Cash and cash equivalents					—
- Not yet past due	10,083,956	—	—	—	10,083,956
Total	11,939,951	—	—	5,157,392	17,097,343

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk (continued)**Maximum exposure and year-end staging (continued)*

As at June 30, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	5,241,214	5,241,214
Bills receivables	—	—	—	490,170	490,170
Financial assets included in prepayments, other receivables and other assets					
- Normal**	1,225,096	—	—	—	1,225,096
Pledged deposits					
- Not yet past due	900,791	—	—	—	900,791
Cash and cash equivalents					
- Not yet past due	9,645,273	—	—	—	9,645,273
Total	11,771,160	—	—	5,731,384	17,502,544

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the Historical Financial Information.

Concentrations of credit risk are managed by customer and geographical region. As at December 31, 2022, 2023 and 2024, and June 30, 2025, the Group had concentrations of credit risk as 72.11%, 57.93% and 44.46%, and 43.74% of the Group's trade receivables were due from the Group's five largest customers.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group's policy is that all the borrowings should be approved by the chief financial officer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The tables below summarize the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

December 31, 2022

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	7,917,904	12,090,121	1,518,605	21,526,630
Derivative financial instruments	459,526	—	—	459,526
Trade and bills payables	8,722,936	—	—	8,722,936
Financial liabilities include in other payables and accruals	627,364	—	—	627,364
Bonds payable	87,266	1,893,570	—	1,980,836
Lease liabilities	18,596	8,911	—	27,507
Other non-current liabilities	47,662	858,188	—	905,850
Total	<u>17,881,254</u>	<u>14,850,790</u>	<u>1,518,605</u>	<u>34,250,649</u>

December 31, 2023

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings . . .	6,948,222	13,747,334	738,144	21,433,700
Derivative financial instruments . . .	1,655	—	—	1,655
Trade and bills payables	8,593,538	—	—	8,593,538
Financial liabilities include in other payables and accruals	842,977	—	—	842,977
Bonds payable	88,006	1,821,606	—	1,909,612
Lease liabilities	10,101	9,730	—	19,831
Other non-current liabilities	65,704	1,394,177	—	1,459,881
Total	<u>16,550,203</u>	<u>16,972,847</u>	<u>738,144</u>	<u>34,261,194</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

December 31, 2024

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings . . .	11,411,321	15,772,614	360,907	27,544,842
Derivative financial instruments . . .	100,497	—	—	100,497
Trade and bills payables	10,249,416	—	—	10,249,416
Financial liabilities include in other payables and accruals	984,756	—	—	984,756
Bonds payable	1,096,446	767,901	—	1,864,347
Convertible bonds	—	182,426	—	182,426
Lease liabilities	19,297	27,564	—	46,861
Other non-current liabilities	8,575	2,039,501	—	2,048,076
Total	<u>23,870,308</u>	<u>18,790,006</u>	<u>360,907</u>	<u>43,021,223</u>

June 30, 2025

	Within one year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings . . .	11,412,305	15,897,052	266,858	27,576,215
Derivative financial instruments	15,539	—	—	15,539
Trade and bills payables	13,100,673	—	—	13,100,673
Financial liabilities include in other payables and accruals	1,070,867	—	—	1,070,867
Bonds payable	1,063,338	748,432	—	1,811,770
Convertible bonds	—	177,621	—	177,621
Lease liabilities	16,135	16,402	—	32,537
Other non-current liabilities	15,565	1,727,800	—	1,743,365
Total	<u>26,694,422</u>	<u>18,567,307</u>	<u>266,858</u>	<u>45,528,587</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 Relevant Periods.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities	<u>33,358,781</u>	<u>34,087,273</u>	<u>43,406,612</u>	<u>45,264,510</u>
Total assets	<u>53,702,915</u>	<u>62,010,966</u>	<u>72,895,179</u>	<u>74,694,105</u>
Debt-to-asset ratio	<u>62%</u>	<u>55%</u>	<u>60%</u>	<u>61%</u>

47. EVENTS AFTER THE RELEVANT PERIODS

On September 10, 2025, the Company declared an interim dividend of RMB 2.80 (tax inclusive) per 10 shares, which was paid on October 10, 2025.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2025.