



Lopal
龙蟠科技

江蘇龍蟠科技集團股份有限公司 JIANGSU LOPAL TECH. GROUP CO., LTD.

(Formerly known as JIANGSU LOPAL TECH. CO., LTD.)

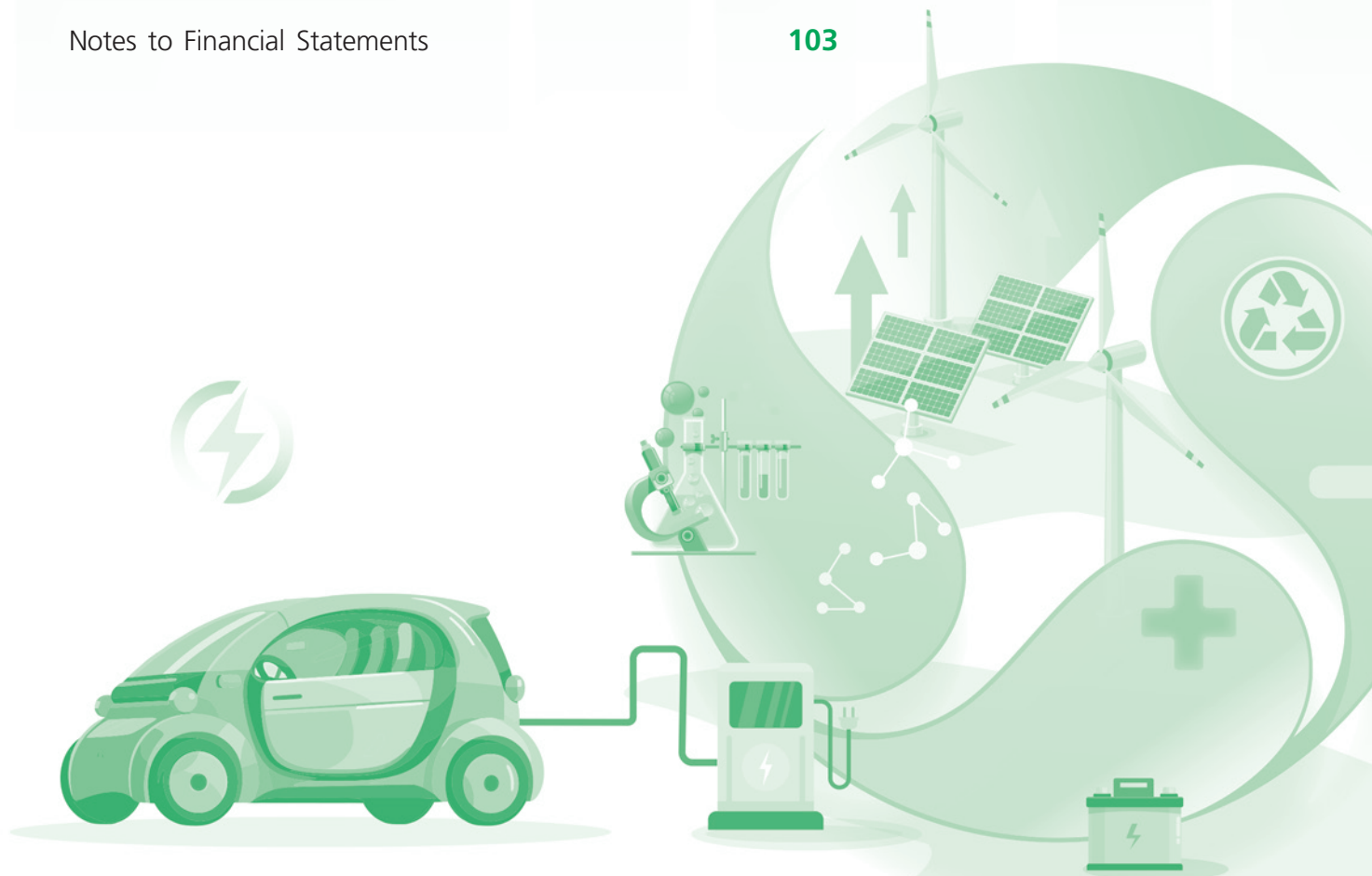
(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code: 2465



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DEFINITIONS AND CORPORATE INFORMATION

“A Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are listed on the Shanghai Stock Exchange and domestic share(s) traded in RMB;
“A Shareholder(s)”	holder(s) of the A Share(s);
“AFRC”	Accounting and Financial Reporting Council (會計和財務匯報局);
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“CATL”	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司), a joint stock company established in the PRC on December 16, 2011, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300750) and the Hong Kong Stock Exchange (stock code: 3750), which was an indirect shareholder controlling (i) 30% equity interest in Lopal Times, through Yichun Times, and (ii) 5.52% equity interest in Changzhou Liyuan through its wholly-owned subsidiary Ningbo Meishan Baoshuigang District Wending Investment Co., Ltd. (寧波梅山保稅港區問鼎投資有限公司) as of the Latest Practicable Date;
“CATL Group”	CATL and its subsidiaries;
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;
“Changzhou Liyuan”	Changzhou Liyuan New Energy Technology Group Co., Ltd. (常州鋰源新能源科技集團有限公司), a limited liability company established in the PRC and a direct non-wholly owned subsidiary of the Company;
“China” or “PRC”	the People’s Republic of China;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Company”, “our Company” or “the Company”	Jiangsu Lopal Tech. Group Co., Ltd. (江蘇龍蟠科技集團股份有限公司), a joint stock company incorporated in the PRC with limited liability whose A Shares are listed on the Shanghai Stock Exchange (stock code: 603906) and H Shares are listed on the Hong Kong Stock Exchange (stock code: 2465);
“Controlling Shareholders”	has the meaning ascribed thereto in the Hong Kong Listing Rules, and unless the context otherwise requires, refers to Mr. Shi, Ms. Zhu, Lopal International and Nanjing Bailey;
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會);



"Director(s)"	director(s) of the Company;
"ESG"	environmental, social and governance;
"Global Offering"	the Hong Kong public offering and the international offering of the H Shares;
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be);
"H Share Registrar"	Computershare Hong Kong Investor Services Limited;
"H Share(s)"	overseas listed foreign Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are traded in HK dollars and are listed on the Hong Kong Stock Exchange;
"HKD", "HK\$" or "Hong Kong Dollars"	Hong Kong dollars and cents, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"independent third party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/ which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons;
"Jiangsu Liyuan"	Lithium Source (Jiangsu) Technology Co., Ltd. (鋰源(江蘇)科技有限公司), formerly known as Jiangsu Beiterui Nano Technology Co., Ltd. (江蘇貝特瑞納米科技有限公司), a limited liability company established in the PRC on January 28, 2021 and an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
"Jiangsu Meiduo"	Jiangsu Meiduo Technology Co., Ltd. (江蘇美多科技有限公司), a limited liability company established in the PRC on September 15, 2022 and a wholly-owned subsidiary of Lopal International and was deregistered on May 13, 2025;
"Latest Practicable Date"	April 22, 2026, being the latest practicable date prior to the publication of this annual report;





Definitions and Corporate Information

“LBM New Energy”	LBM New Energy (AP) Pte. Ltd. (formerly known as Lopal Tech Singapore Pte. Ltd.), a private company limited by shares incorporated in Singapore on September 28, 2018, an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
“LFP”	lithium iron phosphate (LiFePO_4);
“LG”	LG Energy Solution, Ltd., a company established in 2020 and listed on the Korea Exchange and mainly engaged in producing advanced automotive battery, mobility battery, and ESS battery;
“Listing”	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange on October 30, 2024;
“Listing Date”	the date, being October 30, 2024, on which the H Shares were listed on the Hong Kong Stock Exchange and from which dealings in the H Shares are permitted to commence on the Hong Kong Stock Exchange;
“LMFP”	lithium-ion manganese iron phosphate;
“Lopal International”	Lopal International Holdings Co., Ltd. (龍蟠國際控股有限公司), previously known as Nanjing Meiduo Investment Management Co., Ltd. (南京美多投資管理有限公司), a limited company established in the PRC on October 17, 2013, the general partner of Nanjing Bailey and was owned as to 90% by Mr. Shi and as to 10% by Ms. Zhu as of the Latest Practicable Date. Lopal International indirectly holds shares in the Company through its controlling interest in Nanjing Bailey;
“Lopal Lubrication”	Lopal Lubrication New Material (Tianjin) Co., Ltd. (龍蟠潤滑新材料(天津)有限公司), a limited liability company established in the PRC on March 27, 2013 and a direct wholly-owned subsidiary of our Company;
“Lopal Times”	Yichun Lopal Times Lithium Industry Technology Co., Ltd. (宜春龍蟠時代鋰業科技有限公司) (formerly known as Yifeng Times New Energy Materials Co., Ltd. (宜豐時代新能源材料有限公司) and Yifeng Times Yongxing New Energy Materials Co., Ltd. (宜豐時代永興新能源材料有限公司)), a limited liability company established in the PRC on March 2, 2022 and a direct non-wholly owned subsidiary of our Company which is owned as to 70% by our Company and 30% by Yichun Times as of the Latest Practicable Date;
“Meiduo Companies”	Jiangsu Meiduo and Shandong Meiduo;
“Mr. Shi”	Mr. Shi Junfeng (石俊峰), the chairman of our Board, an executive Director, the general manager of our Company, one of our Controlling Shareholders and the spouse of Ms. Zhu;
“Ms. Zhu”	Ms. Zhu Xianglan (朱香蘭), a non-executive Director and one of our Controlling Shareholders and the spouse of Mr. Shi;



“NAFR”	National Administration of Financial Regulation in PRC;
“Nanjing Bailey”	Nanjing Bailey Venture Capital Center (Limited Partnership) (南京貝利創業投資中心(有限合夥)), a limited partnership established in the PRC on October 25, 2013 and one of our Controlling Shareholders;
“NEV(s)”	new energy vehicle(s), including battery electric vehicle, plug-in hybrid electric vehicle and extended range electric vehicle;
“PRC” or “China”	the People’s Republic of China, and “Chinese” shall be construed accordingly;
“PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;
“PRC Law”	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong, the Macau Special Administrative Region and the relevant regulations of Taiwan region;
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time;
“Prospectus”	the prospectus of the Company dated October 22, 2024;
“PT LBM”	PT LBM Energi Baru Indonesia, a foreign investment company incorporated in Indonesia on February 22, 2023, an indirect non-wholly owned subsidiary of our Company which is indirectly wholly-owned by Changzhou Liyuan;
“Reporting Period”	for the year ended December 31, 2025;
“RMB”	the lawful currency of the PRC;
“Sanjin Lithium”	Jiangsu Sanjin Lithium Technology Co., Ltd. (formerly known as Longpan Technology (Zhangjiagang) Co., Ltd.) (江蘇三金鋰電科技有限公司), a direct wholly owned subsidiary of our Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time;
“Shanghai Listing Rules”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange, as amended or supplemented from time to time;
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所);
“Share(s)”	ordinary share(s) in the capital of our Company comprising A Shares and H Shares;





Definitions and Corporate Information

“Shareholder(s)”	holder(s) of Share(s);
“Shandong Meiduo”	Shandong Meiduo Technology Company Limited (山東美多科技有限公司), a limited liability company established in the PRC on September 20, 2022 and a wholly-owned subsidiary of our Company since January 21, 2025;
“Sichuan Liyuan”	Sichuan Liyuan New Material Co., Ltd. (四川鋰源新材料有限公司), a limited liability company established in the PRC on October 21, 2020 and an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
“SMM”	Shanghai Metals Market;
“State Council”	the State Council of the PRC (中華人民共和國國務院);
“Supervisor(s)”	member(s) of our Supervisory Committee, which has been abolished since August 8, 2025;
“Supervisory Committee”	the supervisory committee of our Company, which has been abolished since August 8, 2025;
“Tianjin Liyuan”	Lithium Source (Tianjin) Technology Co., Ltd. (鋰源(天津)科技有限公司), formerly known as Beiterui (Tianjin) Nano Material Manufacturing Co., Ltd. (貝特瑞(天津)納米材料製造有限公司), a limited liability company established in the PRC on December 28, 2015 and an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
“USD” or “US\$”	United States dollars, the lawful currency for the time being of the United States;
“Yichun Times”	Yichun Times New Energy Resources Co., Ltd. (宜春時代新能源資源有限公司), a limited liability company established in the PRC on November 23, 2021 and a direct wholly owned subsidiary of CATL as of the Latest Practicable Date;
“Zhangjiagang TEEC”	Zhangjiagang TEEC Automotive Chemicals Co., Ltd. (張家港迪克汽車化學品有限公司), a limited liability company established in the PRC on May 20, 1996 and an indirect non-wholly owned subsidiary of our Company which was owned as to 57.01% by Jiangsu Ruilifeng;
“%”	per cent.

In this annual report, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Registered Office and Headquarters in the PRC No. 6 Hengtong Avenue
Nanjing Economic and Technological Development Zone
PRC

Head Office and Principal Place of Business in Hong Kong 46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Company's Website www.lopal.com.cn

BOARD OF DIRECTORS

Executive directors Mr. Shi Junfeng (Chairman)
Mr. Lu Zhenya
Mr. Qin Jian
Mr. Shen Zhiyong
Mr. Zhang Yi

Non-executive director Ms. Zhu Xianglan

Independent non-executive directors Mr. Li Qingwen (resigned with effect from February 13, 2026)
Mr. Ye Xin (resigned with effect from February 13, 2026)
Ms. Geng Chengxuan
Mr. Hong Kam Le
Mr. Zhang Jinlong (appointed with effect from February 13, 2026)
Mr. Lu Jian (appointed with effect from February 13, 2026)

Joint Company Secretaries Mr. Zhang Yi
Ms. Leung Hoi Yan (appointed with effect from March 28, 2025)
Ms. Cheung Lai Ha (resigned with effect from March 28, 2025)

Authorized Representatives Mr. Zhang Yi
Ms. Leung Hoi Yan (appointed with effect from March 28, 2025)
Ms. Cheung Lai Ha (resigned with effect from March 28, 2025)

Audit Committee Ms. Geng Chengxuan (Chairlady and redesignated as a member of Audit Committee with effect from February 13, 2026)
Mr. Zhang Jinlong (Chairman with effect from February 13, 2026)
Mr. Ye Xin (ceased to be a member with effect from February 13, 2026)
Mr. Hong Kam Le (ceased to be a member with effect from February 13, 2026)
Mr. Lu Jian (appointed with effect from February 13, 2026)

Remuneration and Evaluation Committee Mr. Li Qingwen (Chairman and resigned with effect from February 13, 2026)
Ms. Geng Chengxuan (appointed as Chairlady with effect from February 13, 2026)
Mr. Lu Zhenya
Mr. Zhang Jinlong (appointed with effect from February 13, 2026)



Nomination Committee	Mr. Ye Xin (Chairman and resigned with effect from February 13, 2026) Mr. Lu Jian (Chairman appointed with effect from February 13, 2026) Ms. Geng Chengxuan Mr. Shi Junfeng
Strategy Committee	Mr. Shi Junfeng (Chairman) Mr. Zhang Yi Mr. Li Qingwen (ceased to be a member with effect from February 13, 2026) Ms. Zhu Xianglan (appointed with effect from February 13, 2026)
Hong Kong Legal Adviser	Han Kun Law Offices LLP Rooms 4301-10, 43/F Gloucester Tower, The Landmark 15 Queen's Road Central Hong Kong
Auditor and Reporting Accountant	Ernst & Young 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Compliance Adviser	Guotai Junan Capital limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Banks	China Merchants Bank Co., Ltd., Nanchang Road Branch No. 40 Nanchang Road Nanjing PRC Industrial and Commercial Bank of China Limited, Nanjing Zidong Branch Building B, Financial and Trading Building Xingang Industrial Zone No. 89 Xingang Avenue Qixia District, Nanjing PRC



FIVE-YEAR FINANCIAL SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2025 RMB'000	2024 RMB'000 (restated)	2023 RMB'000 (restated)	2022 RMB'000 (restated)	2021 RMB'000
Revenue	8,937,777	7,677,046	8,729,479	14,071,643	4,053,505
(Loss)/Profit before income tax	(221,596)	(729,791)	(1,831,818)	1,160,880	506,722
(Loss)/Profit for the year	(149,224)	(805,670)	(1,515,450)	1,029,939	433,418
Total comprehensive income/loss for the year	(174,838)	(808,811)	(1,517,342)	1,030,129	433,423

CONDENSED CONSOLIDATED BALANCE SHEETS

	2025 RMB'000	2024 RMB'000 (restated)	2023 RMB'000 (restated)	2022 RMB'000 (restated)	2021 RMB'000
Assets					
Non-current assets	9,069,447	8,856,901	8,939,251	5,428,357	2,586,990
Current assets	9,602,399	7,198,287	8,431,250	9,289,130	3,518,100
Total assets	18,671,846	16,055,188	17,370,501	14,717,487	6,105,090
Equity and liabilities					
Owner's equity	2,827,854	3,169,748	3,500,973	4,742,633	1,994,128
Total equity	3,777,252	4,022,974	4,229,865	5,629,457	2,515,263
Non-current liabilities	4,069,851	3,399,594	3,413,299	1,980,097	1,304,669
Current liabilities	10,824,743	8,632,620	9,727,337	7,107,933	2,285,158
Total liabilities	14,894,594	12,032,214	13,140,636	9,088,030	3,589,827
Total equity and liabilities	18,671,846	16,055,188	17,370,501	14,717,487	6,105,090



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

In 2025, the Company remains a major global manufacturer of LFP cathode materials and a renowned Chinese manufacturer of automotive specialty chemicals. Notably, during the year, the Company completed construction and commenced operations of the world's first overseas LFP production base with an annual capacity exceeding 10,000 tonnes, successfully establishing a global supply system for LFP cathode materials. This also marked key breakthroughs in its internationalization expansion and successfully secured the long-term demand of leading overseas customers for the next five years. On the other hand, the Company firmly practises the "vertical integration" development strategy. During the Reporting Period, it successfully completed the acquisition of Shandong Meiduo, a company engaged in the recycling and cascade utilization of waste batteries from new energy vehicles, thereby establishing a complete industry closed loop of "lithium carbonate — lithium iron phosphate — lithium battery materials recycling".

In 2025, the Company achieved an operating revenue of RMB8,937.8 million and a net loss attributable to owners of the Company of RMB170.6 million, with the loss narrowed significantly year on year, indicating a steady improvement in its operating performance.

A. LFP Cathode Materials

Against the backdrop of a profound global energy transition and the rapid rise of the new energy industry, lithium iron phosphate (LFP) materials have emerged as a key strategic material driving the transformation of the new energy sector and have been extensively applied in core areas such as new energy vehicles and energy storage. According to data from EVTank, China's cathode material shipments reached approximately 4.987 million tonnes in 2025, representing a year-on-year increase of 51.5%, of which, LFP material shipments amounted to approximately 3.944 million tonnes, up by 62.5% year on year, accounting for nearly 79.1% of total cathode material shipments.

Benefiting from robust industry demand, continuous technological iteration and upgrading, as well as strong support from government and industrial policies, our LFP cathode material sales reached 202,481 tonnes, representing an increase of 13.6% compared to 178,287 tonnes in 2024. In addition, the Company actively conducted product research and development to secure market share. In 2025, the Company launched its fourth-generation high-compaction lithium iron phosphate cathode material developed by a "single-sintering" process technology, and recently introduced a cathode material specifically designed for dry electrode processes compliant with the stringent requirements of dry battery technology, fully demonstrating the Company's robust independent R&D capabilities in the LFP sector.

Currently, the Company has established long-term, and stable cooperative relationships with the world's leading lithium battery manufacturers. Its domestic clientele covers major battery enterprises such as CATL, LG, REPT BATTERO, EVE Energy, Sunwoda, and Chu Neng New Energy.



B. Automotive specialty chemicals

In terms of automotive specialty chemicals, the Company is committed to establishing a leading position in China's automotive specialty chemicals. Powered by our strong brand portfolio — Lopal, Kelas (可蘭素) and Teec (迪克) — we offer automotive and industrial lubricants, diesel engine exhaust treatment fluids, coolants, and a variety of automotive maintenance products.

During the Reporting Period, the Company followed the industry standards closely and successfully upgraded its flagship product, “Lopal No.1” (龍蟠1號) automobile lubricant, achieving significant improvements in anti-wear performance and fuel economy, establishing itself as a technological benchmark for domestically produced high-end lubricants. In terms of supporting products, in 2025, the Company launched its third-generation low-conductivity coolant, which delivers anti-corrosion protection for metals five times higher than the national standard. Its unique corrosion inhibition system provides effective anti-corrosion protection for metals used in power battery cooling systems. Leveraging the technical advantages of the “New Energy Coolant Research Key Laboratory of Lopal”, the Company recently launched its fourth-generation low-conductivity coolant with more comprehensive anti-corrosion properties, which is fully aligned with the higher safety standards of batteries, motors and electric control systems of new energy vehicle. Apart from the automotive coolants applied in the automotive sector, the Company has also leveraged its R&D platform to launch coolant products for computing centers, expanding the application scenarios of its coolant offerings and creating a new growth driver for its specialty chemicals business.

In 2025, we have won the honor of LubTop “Top 10 Lubricant Brand of China 2025”, marking the 12th consecutive year the Company has earned this honor — a testament to the stable market performance and sustained growth potential of our lubricant products. Recently, at the Automotive Supply Chain Ecosystem Partner Conference (汽車供應鏈生態夥伴大會), the Company was honored with the “Technology Innovation Ecosystem Partner Award” (技術創新生態夥伴獎), reflecting the industry's high recognition of our technological innovation capabilities. Additionally, at the 5th Data Center Liquid Cooling Industry Conference, we won the “Annual Outstanding Application Award in the Vertical Liquid Cooling Industry” (年度液冷垂直行業卓越應用獎), demonstrating that the Company's technological strength and product application effectiveness in the liquid cooling field have gained extensive industry recognition, with our brand influence continuing to grow.

Outlook

Guided by its mission of “Powering a better life globally with core materials for green new energy,” and driven by technological innovation and market demand, the Company has established its LFP cathode material business as its “core” and its automotive environmental specialty chemicals business as its “cornerstone.” In these segments, the Company continues to expand its global market presence, continuously optimizes its production capacity, and enhances supply chain resilience to reinforce its market position. It is committed to providing innovative and diversified portfolios of core and base products to adapt to industry development trends.

In the future, the Company will continue to promote the coordinated expansion of its domestic and international businesses. It will strive to increase market share, strengthen global brand influence, and enhance both capital strength and overall competitiveness, thereby achieving high-quality development.





In the future, the Company will focus on implementing and further advancing the following strategies:

1. Strengthening R&D Investment and Enhancing R&D Capabilities

The Company will continue to increase its R&D investment, closely follow changes in market demand, continuously introduce innovations, deepen product iteration and upgrades, and actively expand its new product matrix. By leveraging technological innovation to build differentiated competitiveness, the Company aims to enhance customer loyalty, strengthen its pricing power, mitigate industry cyclical fluctuations, and promote sustainable development. At the same time, the Company will intensify efforts in the recruitment and deployment of scientific research talents, and will continue to accelerate the enhancement of its technological R&D capabilities through measures such as bringing in high-caliber talents, increasing investment in R&D facilities, and developing university-enterprise collaborations.

2. Improving Cash Flow and Optimizing Asset-Liability Structure

The Company will adhere to a prudent management philosophy, pursue high-quality development as its focus, and systematically optimize its capital structure and asset operation efficiency. Looking into the future, the Company will focus on enhancing quality and efficiency as key priorities, and continuously strengthen its self-sustaining capabilities by leveraging the advantages of technological upgrades in its core businesses and industrial chain synergy. By deepening lean management, accelerating capital turnover, and optimizing resource allocation, the Company aims to comprehensively improve the quality of asset operations and its value creating capabilities. At the capital operation level, the Company will fully leverage the synergies between domestic and overseas capital markets, actively expand equity financing channels, and utilize its Hong Kong listing platform for the exploration for overseas financing means. Focused on strategic positioning in emerging industries, the Company will implement a targeted investment strategy, strengthen full-cycle risk management for projects, and focus on cultivating high-value-added, high-turnover quality assets, enhancing asset returns through technological empowerment. The Company is committed to building a more resilient financial system, continuously improving cash flow, and delivering sustainable value returns to shareholders.

3. Deepening Brand Promotion and Facelifting Corporate Brand Image

Brand value enhancement goes throughout the entire lifecycle of corporate development. The Company will continue to strengthen its brand investment, and by leveraging the development of its category-specific brands including Liyuan, Lopal, Kelas, and Teec Chemical, maintain the competitive advantages of its products of each category, ensure sustained growth in product sales, and consistently project the corporate brand image of being a “Global Leader in Core Materials for Green New Energy.”



4. Enhancing Managerial Capabilities and Consolidating Corporate Soft Power

With the fast expansion of the Company's operating scale, talent reserves and management capabilities have become key factors affecting the pace of corporate development. In terms of management, the Company will comprehensively elevate its management capabilities by optimizing its management structure, improving management efficiency, remedying management weaknesses, strengthening operational functions, gathering internal development momentum, and leveraging external high-quality resources. In terms of talents, the Company will promote continuous improvement and innovation within the organization, identify grassroots talents, break down organizational rigidity, and establish platforms where frontline employees can showcase their abilities and build pathways for career promotion. The Company aims to enhance employee capabilities, improve the talent structure, and create diversified career development paths, provide broad platforms, expand their growth opportunities and achieve continuous promotion of the employees' own values while creating value for the Company by integrating its training resources, setting up a professional team of instructors, designing and developing diverse learning formats, and conducting various types of trainings.

5. Accelerating the Development of Emerging Production Forces and Adhering to the Path of Green Development

Lopal Technology will continue to uphold its core strategic philosophy of "Responsibility-First, Innovation-Driven" by increasing investment in technology research and development, deepening industry-university-research collaboration, and enhancing technological innovation capabilities; optimizing its talent development system, attracting high-end talents while strengthening internal training, and building a high-quality employee team; actively promoting industrial upgrades and transformation, driving the shift of the industry toward high-end development, and increasing added values of the products; placing emphasis on corporate culture development, fostering a positive innovation environment, and stimulating employee creativity; and deepening its market positioning and precisely aligning with market demands to ensure the close integration of technological innovation with market needs, laying a solid foundation for sustainable corporate development.

6. Accelerating AI development to drive high-quality growth through digitalisation and intelligent transformation

The Company will actively promote the in-depth application of artificial intelligence and digital technologies across all aspects of production and operations, using AI to empower R&D, production, the supply chain, marketing and management decision-making. By establishing an intelligent production scheduling system, AI-driven process optimisation models, a digital supply chain management platform and an intelligent marketing system, we will enhance production efficiency, reduce energy consumption and manufacturing costs, and achieve lean and intelligent operations. At the same time, by utilising big data and artificial intelligence technologies to accurately analyse market trends and optimise product development strategies, we will improve our responsiveness to market demand and the scientific rigour of our decision-making. Through digital and intelligent transformation, we will cultivate new growth drivers and enhance operational efficiency, thereby injecting strong momentum into the Company's high-quality development.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group recorded revenue of RMB8,937.8 million in 2025, representing an increase of approximately 16.4% from RMB7,677.0 million (restated) in 2024, primarily due to the increase in revenue from sales of LFP cathode materials and processing income from lithium carbonate.

The table below sets out the breakdown of the Group's revenue for the periods indicated:

	For the years ended December 31,			
	2025		2024	
	RMB'000	%	RMB'000 (restated)	%
Types of products				
LFP cathode materials	6,195,177	69.3	5,618,865	73.2
Automotive specialty chemicals	1,970,968	22.1	1,835,861	23.9
Processing income from lithium carbonate	575,634	6.4	70,000	0.9
Others ⁽¹⁾	195,998	2.2	152,320	2.0
Total	8,937,777	100.0	7,677,046	100.0

Note:

- (1) Mainly comprising revenue from sales of filling equipment and packaging containers, etc. for automotive specialty chemical products, sales of iron phosphate by-product, daily chemical products and unfinished products as well as revenue from the Company's emerging hydrogen energy business.

Revenue from LFP cathode materials increased by 10.3% from approximately RMB5,618.9 million (restated) in 2024 to RMB6,195.2 million in 2025, primarily due to the growing demand in the electric vehicle and energy storage markets.

Revenue from automotive specialty chemicals increased by 7.4% from approximately RMB1,835.9 million (restated) in 2024 to RMB1,971.0 million in 2025, primarily due to the boom in the new energy vehicle market, the Company has established supply partnerships with several leading new energy vehicle manufacturers in the areas of coolant and automotive maintenance products.

Revenue from processing income from lithium carbonate increased by 722.3% from RMB70.0 million (restated) in 2024 to RMB575.6 million in 2025, primarily due to the expansion of business operations, the introduction of in-house mining operations, the processing of lithium carbonate, and the resulting growth in production and sales volumes.

Revenue from others increased by 28.7% from RMB152.3 million (restated) in 2024 to RMB196.0 million in 2025, primarily due to the growth in ternary cathode materials and related by-products.



Cost of Sales

Cost of sales of the Group increased by approximately 8.7% from RMB7,178.6 million (restated) in 2024 to RMB7,802.2 million in 2025, the increase was primarily due to the an increase in sales of cathode materials.

Gross Profit and Gross Profit Margin

Our Group recorded a gross profit of RMB1,135.6 million in 2025, representing an increase of approximately 127.8% from a gross profit of RMB498.5 million (restated) in 2024. Such increase was primarily attributable to an increase in the gross profit margin of the LFP cathode materials business. Such gross profit and gross profit margin were calculated based on the cost of sales, which has taken into account impairment on inventories.

The gross profit of the Group's LFP cathode materials increased from approximately RMB0.6 million (restated) in 2024 to RMB502.8 million in 2025. The gross profit margin of the Group's LFP cathode materials increased from 0.01% in 2024 to 8.1% in 2025. Excluding the impact of inventory impairment, the gross profit margin of the Group's LFP cathode materials increased from 2.4% in 2024 to 9.1% in 2025. Such increase was primarily due to the decline in the price of major raw material, lithium carbonate, in 2025 as well as the increase in the proportion of sales of LFP cathode materials with procurement of lithium carbonate and raw materials from customers.

The gross profit of automotive specialty chemicals business increased from approximately RMB524.6 million (restated) in 2024 to RMB562.9 million in 2025. The gross profit margin of the Group's automotive specialty chemicals business increased from 27.8% in 2024 to 28.6% in 2025, primarily due to a fall in the prices of certain raw materials and an increase in sales of new coolant products.

The gross profit margin of the Group's lithium carbonate processing services increased to 15.8% in 2025.

Other Income, Gains and Losses

In 2025, the other income, gains and losses of the Group increased by approximately 38.8% from approximately RMB185.6 million (restated) in 2024 to RMB257.7 million in 2025, primarily attributable to the increase of interest income on bank deposit and government grants.

(Impairment Losses)/Reversal of Impairment Losses on Financial Assets

We incurred impairment losses on financial assets of RMB35.0 million in 2025, and a reversal of impairment losses on financial assets of RMB29.3 million (restated) in 2024. Such change was primarily attributable to fluctuations in accounts receivable balances.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 7.4% from approximately RMB163.8 million in 2024 (restated) to RMB176.0 million in 2025, primarily attributable to an increase in commissions relating to e-commerce operations.

Administrative Expenses

Administrative expenses of the Group decreased by approximately 17.8% from approximately RMB473.6 million (restated) in 2024 to RMB389.3 million in 2025, primarily attributable to a decrease in goodwill impairment losses and amortisation of intangible assets.



Research and Development Expenses

Research and development expenses decreased by approximately 4.9% from approximately RMB484.6 million (restated) in 2024 to RMB460.9 million in 2025, primarily attributable to streamlined research and development efforts of the Group.

Share of Results of Associates

Our share of results of associates represents the profits attributable to it from its equity interest in its associate. Share of results of associates of the Group decreased by approximately 57.5% from RMB28.7 million (restated) in 2024 to RMB12.2 million in 2025, primarily due to the decrease in loss by the associate.

Finance Costs

Finance costs of the Group increased by approximately 15.6% from RMB258.8 million (restated) in 2024 to RMB299.1 million in 2025, primarily due to the transaction costs incurred from the subscription of series A preference shares by PT Akasya Investasi Indonesia and Aisis Alliance L.P. in LBM New Energy (AP) Pte. Ltd. in 2025 and no such cost was incurred in 2024.

Income Tax Credit/(Expense)

Our Group recorded income tax credit of approximately RMB72.4 million in 2025 as compared to the income tax expense of approximately RMB75.9 million (restated) in 2024, primarily attributable to the increase in recognised deferred tax assets.

Loss for the Year

As a result of the foregoing, the Group recorded loss for the year of RMB149.2 million in 2025, as compared to a loss for the year of RMB805.7 million (restated) in 2024.

Inventories

The Group's inventories primarily consist of raw materials, such as lithium carbonate, iron phosphate, base oil, ethylene glycol, urea and lubricant additives, work in progress and finished goods. The Group's inventories increased by approximately 14.7% from approximately RMB1,392.5 million (restated) as of December 31, 2024 to RMB1,597.5 million as of December 31, 2025, primarily attributable to the increase in end-of-term orders, which leads to a corresponding rise in the procurement of raw materials such as lithium carbonate and production.

Trade and Bills Receivables

The Group's trade and bills receivables increased by approximately 53.8% from RMB1,460.6 million (restated) as of December 31, 2024 to RMB2,246.5 million as of December 31, 2025, primarily due to an increase in the balance of accounts receivable resulting from increase in sales volumes and selling price of cathode materials in the fourth quarter.

Property, Plant and Equipment

The Group's property, plant and equipment consist of construction in progress, buildings, plant and machinery, motor vehicles, other equipment and leasehold improvement. Property, plant and equipment of the Group remained relatively stable at RMB6,787.9 million (restated) as of December 31, 2024 to RMB6,769.2 million as of December 31, 2025.



Goodwill

The goodwill remained stable at RMB214.2 million (restated) and RMB214.2 million as of December 31, 2024 and 2025, respectively.

Right-of-use assets

The Group recorded right-of-use assets of RMB1,239.6 million (restated) and RMB1,360.1 million as of December 31, 2024 and 2025, respectively. Such increase was primarily due to the new lease in relation to Phase III of the Indonesia Plant.

Trade and Other Payables

The Group's trade and other payables, where other payables mainly consist of payroll, other tax payables, payables for equipment and constructions, etc., increased by approximately 37.7% from RMB1,997.1 million (restated) as of December 31, 2024 to RMB2,750.6 million as of December 31, 2025, primarily attributable to an increase in the settlement of bills issued.

Financial Assets at Fair Value through Other Comprehensive Income/Profit or Loss ("FVTOCI/ FVTPL")

The financial assets at FVTPL held by the Group mainly comprise of the Group's investments in unlisted funds and wealth management products, and the unlisted equity is classified as equity investments at fair value through other comprehensive income in non-current assets. The financial assets at FVTPL remained stable at RMB505.4 million as of December 31, 2024 and RMB502.2 million as of December 31, 2025, while the debt investment at FVTOCI increased by approximately 74.4% from approximately RMB296.8 million (restated) as of December 31, 2024 to RMB517.6 million as of December 31, 2025, primarily attributable to the increase of bills receivable. The equity investments at FVTOCI decreased by approximately 10.4% from approximately RMB141.5 million (restated) as of December 31, 2024 to approximately RMB126.8 million as of December 31, 2025, primarily due to the change in fair value of the equity investments. The purpose of the Group's investment in wealth management products and other types of financial assets is to maximize the Group's capital utilization efficiency.

Contract Liabilities

As of December 31, 2024 and 2025, the Group contract liabilities were RMB92.3 million (restated) and RMB90.4 million, respectively. Such decrease was primarily due to a decrease in advance payments received for orders.

Capital Structure

The total assets of the Group increased from approximately RMB16,055.2 million (restated) as of December 31, 2024 to RMB18,671.8 million as of December 31, 2025. The total liabilities of the Group increased from approximately RMB12,032.2 million (restated) as of December 31, 2024 to RMB14,894.6 million as of December 31, 2025. Liabilities-to-assets ratio increased slightly from 74.9% as of December 31, 2024 to 79.8% as of December 31, 2025. The current ratio of the Group, being current assets divided by current liabilities as of the respective date, increased from 0.83 times as of December 31, 2024 to 0.89 times as of December 31, 2025.

Liquidity and Capital Resources

The Group adopts a prudent funding and treasury policy with a view to optimizing its financial position. The Group regularly monitors its funding requirements to support its business operations and perform ongoing liquidity review. Our primary uses of cash are to satisfy its working capital, capital expenditure and investment needs. During the Reporting Period, the Group financed its operations primarily through cash and cash equivalents, cash flows from operating activities, available bank loans and banking facilities, and net proceeds from the Global Offering. The Group mainly used Renminbi and U.S. Dollar (“USD”) to make borrowings and loans and to hold cash and cash equivalents. Cash and cash equivalents of the Group increased by approximately 30.2% from approximately RMB2,509.6 million (restated) as of December 31, 2024 to RMB3,267.7 million as of December 31, 2025, primarily attributable to capital injection from preferred shareholders of a subsidiary. During the Reporting Period, the Company used financial instruments such as commodity futures and options for hedging purpose from time to time to manage our liquidity and capital resources and some of them remain outstanding as of December 31, 2025.

To mitigate the price fluctuations of key raw materials such as lithium carbonate, the Group has leveraged the futures contracts for key raw materials such as lithium carbonate traded on futures exchanges through our future hedging risk management working group (the “**Working Group**”). The Working Group is responsible for applying and reviewing the Futures and Derivatives Hedging Business Management System (期貨和衍生品套期保值業務管理制度) and the Internal Management Measures for Futures Hedging Operations (期貨套期保值業務內部控制管理辦法) issued by the Company and the relevant rules and guidelines of the Shanghai Stock Exchange on the disclosure of information managing and approving transactions accounts, monitoring risks, and reporting to senior management of the Company and the Board for hedging activities.

Gearing ratio is calculated by total debt, comprising total bank and other borrowings and divided by total equity as of the same date and multiplied by 100%. The gearing ratio of the Group increased from 299.1% as of December 31, 2024 to 394.3% as of December 31, 2025, which was primarily due to the increased financial liabilities at fair value through profit or loss as a result of the issue of convertible redeemable preferred shares of LBM New Energy to its minority shareholders.

Indebtedness

Bank and other borrowings

As of December 31, 2025, the Group had interest-bearing bank and other borrowings of RMB8,146.3 million, representing an increase of 1.6% as compared to RMB8,018.4 million as of December 31, 2024. All of the borrowings of the Group are denominated in Renminbi. The following table sets forth the maturity structure of the bank and other borrowings of the Group as of December 31, 2024 and December 31, 2025:

	As of December 31, 2025			As of December 31, 2024		
	RMB'000			RMB'000		
	Fixed-rate bank borrowings	Endorse bills	Other Borrowings	Fixed-rate bank borrowings	Endorse bills	Other Borrowings
Within 1 year	4,445,339	722,572	118,754	4,779,143	658,249	163,391
1 to 2 years	1,153,764	—	64,072	479,934	—	209,098
2 to 5 years	1,641,819	—	—	1,724,081	—	4,492

As of December 31, 2025, banking facilities of the Group totaling RMB13,039.5 million (as of December 31, 2024: RMB9,625.0 million) were utilized to the extent of RMB8,587.4 million (as of December 31, 2024: RMB7,306.0 million).

Our other borrowings decreased by approximately 51.5% from RMB377.0 million (restated) in 2024 to RMB182.8 million in 2025, primarily due to the repayment of lease back.

Lease liabilities

Our lease liabilities amounted to RMB858.5 million and RMB952.5 million as of December 31, 2024 and 2025, respectively. Such increase was primarily due to the new lease of land use right in relation to the Phase III of the Indonesia Plant.

Capital Expenditures

The Group's capital expenditures are primarily cash used to purchase property, plant and equipment and other intangible assets. The capital expenditures increased by approximately 57.5% from approximately RMB613.3 million (restated) in 2024 to RMB966.1 million in 2025 primarily due to the commencement of the 90,000-ton LFP cathode materials project in Indonesia, which amounts for approximately 324.0 million. The Group finances its capital expenditures through cash generated from operations, bank loans and the net proceeds from the Global Offering.

Foreign Exchange Risk and Hedging

The Group operates in the PRC and Indonesia with most of the transactions settled in Renminbi and USD. Foreign currency risk arises when commercial transactions or recognized assets or liabilities are denominated in a currency other than the entities' functional currency. The Group is exposed to foreign currency risk primarily with respect to USD and Hong Kong Dollar ("HKD").

As at the date of this annual report, the Group does not use any derivative contracts to hedge against its exposure to foreign currency exchange risks but has closely managed its foreign currency risk by performing regular reviews of its net foreign currency exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure.

Employee and Remuneration

As of December 31, 2025, the Group had 4,617 employees, as compared with 4,150 employees as of December 31, 2024. Total staff costs (including Directors, chief executive, and former supervisors), including but not limited to wages, salaries and bonuses, retirement benefit expense, social security costs, housing benefits and other employee benefits, were RMB653.4 million in 2025, representing a slight decrease from RMB668.9 million in 2024. Such decrease was primarily due to the lower labor cost in Indonesia.

The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus, cash awards and share awards based on individual performance. The Group has adopted the 2023 Share Option Scheme, providing share options to eligible employees as incentives. The Group provides training periodically and across operational functions, including introductory training for new employees, technical training, product training, management training and work safety training, with a view to fostering the basic skills of new employees to perform their duties and improving the relevant skills of the existing employees.



Contingent liabilities

As of December 31, 2025, Jiangsu Sanjin Lithium Technology Co., Ltd. (江蘇三金鋰電科技有限公司), one of the subsidiaries of the Group, was named defendant in a lawsuit as of December 31, 2025 with a maximum compensation amount of approximately RMB84.9 million. The management of the Company believed there was no additional liabilities required to accrue as of December 31, 2025, considering the risk of losing the lawsuit is low. Save as disclosed above, the Group did not have any material contingent liabilities, guarantees any litigations or claims of material importance, pending or threatened against any member of the Group that is likely to have a material and adverse effect on the Group's business, financial condition or results of operations.

Pledge of Assets

As of December 31, 2025, the Group had the following pledge of assets: the property, plant and equipment and right-of-use assets of the Group with carrying amounts of RMB1,291.0 million and RMB57.0 million (as of December 31, 2024: approximately RMB1,178.6 million and RMB58.2 million, restated) were pledged, the bank deposits of the Group in the amount of RMB519.5 million (as of December 31, 2024: RMB266.0 million, restated) were pledged, trade and other receivables with gross carrying amount of RMB999.4 million and with carrying amount of RMB956.1 million were pledged (as of December 31, 2024: nil), equity interest of subsidiaries with carrying amount of investments in subsidiaries of RMB1,307.4 million (as of December 31, 2024: RMB844.4 million, restated) were pledged.

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

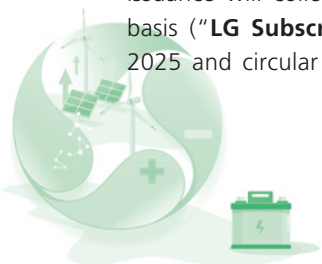
Significant Investment, Acquisitions and Disposal of Subsidiaries and Associated Companies

PT LBM Deemed Disposal

The Company, PT LBM Energi Baru Indonesia (an indirect non-wholly owned subsidiary of the Company) ("**PT LBM**"), Changzhou Liyuan ("**Existing Shareholder**"), and PT Akasya Investasi Indonesia ("**INA**") and Aisis Alliance L.P. ("**Aisis**", together with INA, the "**Investors**") entered into a subscription agreement on December 20, 2024, pursuant to which the Investors have conditionally agreed to subscribe for, and the PT LBM has conditionally agreed to allot and issue to the Investors, 5,310,959 series A preference shares in PT LBM at the total subscription price of USD200,000,000 ("**PT LBM Deemed Disposal**"). Following completion of the PT LBM Deemed Disposal, PT LBM was owned as to 54.7% by the Existing Shareholder, 34.0% by INA and 11.3% by Aisis. Further details are set out in the announcements of the Company dated December 20, 2024 and February 10, 2025, as well as circular of the Company dated January 8, 2025.

LG Subscription

On February 21, 2025, LBM New Energy (AP) Pte. Ltd. (formerly known as Lopal Tech Singapore Pte. Ltd., an indirect non-wholly owned subsidiary of the Company) ("**LBM New Energy**"), PT LBM Energi Baru Indonesia (an indirect non-wholly owned subsidiary of the Company) ("**PT LBM**") and LG Energy Solution, Ltd. ("**LG**") entered into a subscription agreement ("**LG Subscription Agreement**") and the shareholders agreement; and the Company, Changzhou Liyuan, LBM New Energy, PT LBM and LG entered into a side letter agreement. Under the LG Subscription Agreement, at the closing, PT LBM shall issue to LG, and LG shall subscribe for a total of 255,930.64 newly issued shares of PT LBM for an aggregate subscription price of USD15,970,911.12, which upon issuance will collectively represent 20% of the issued and outstanding share capital of PT LBM on a fully diluted basis ("**LG Subscription**"). Further details are set out in the announcement of the Company dated February 21, 2025 and circular of the Company dated March 27, 2025.



Capital Increase

On May 29, 2025, the Company entered into the capital increase agreement with Changzhou Liyuan and Changzhou Liyuan's shareholders in relation to, among others, the capital contribution by the Company in the sum of RMB369.71 million to Changzhou Liyuan to subscribe for approximately RMB55.51 million of Changzhou Liyuan's registered capital ("**Capital Increase**"). Upon completion of the Capital Increase, the shareholding ratio of the Company in Changzhou Liyuan will increase from approximately 64.03% to 66.42%. Further details are set out in the announcements of the Company dated May 29, 2025 and June 16, 2025, as well as circular of the Company dated June 27, 2025.

Wealth Management Products and Unlisted Funds Investment

The financial assets that the Group invested include investments in wealth management products and unlisted funds investment. The exact returns on all of these wealth management products and unlisted funds investment are not guaranteed, hence their contractual cash flow does not qualify for solely payments of principal and interests. Therefore, they are measured at fair value through profit or loss. As of December 31, 2025, the aggregated outstanding principal and interest amount of the Group's wealth management products and unlisted funds investment was RMB501.2 million, and the wealth management products and unlisted funds investment measured at FVTPL was RMB501.2 million, constituting 2.68% to the Group's total asset. As of December 31, 2025, there were no outstanding wealth management products and unlisted funds investment (in aggregate) subscribed from any single licensed bank that exceed 5% of the Group's total assets.

Save for the subscriptions of the wealth management products from ICBC announced by the Company on January 8, 2025 and March 10, 2025 and the subscriptions of the wealth management products from BOC announced by the Company on May 26, 2025, June 17, 2025, June 24, 2025 and July 24, 2025, the wealth management products subscribed by the Group during the Reporting Period did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

The Directors are of the view that the subscriptions of wealth management products will enable the Group to use its temporary idle funds with relatively low risk exposure and will enable the Group to enhance the utilization of capital and increasing income from idle funds of the Group and increase income of the Group. The Directors consider that the subscriptions of wealth management products are on normal commercial terms which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

As at December 31, 2025, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets as at December 31, 2025.

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





USE OF PROCEEDS

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on October 30, 2024 (the “**Listing Date**”). The net proceeds from the global offering (the “**Global Offering**”) of the Company amounted to approximately HKD495.0 million. The Company intended to use the net proceeds in the same matter and proportion as set out in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated October 22, 2024, in relation to the Global Offering.

However, as disclosed in the announcements of the Company dated January 15, 2026 and February 13, 2026 and the circular of the Company dated January 26, 2026, the Board and the relevant Shareholders approved the resolution regarding the change in the use of proceeds from the Global Offering to change the intended use of the allocated amount of HK\$198.0 million of net proceeds from the Global Offering from constructing new lithium manganese iron phosphate (“**LMFP**”) production lines at Xiangyang Plant in Hubei Province to the high-performance lithium battery cathode material project in Jintan, Jiangsu Province (the “**Jintan Project**”, and the said proposed change is hereinafter referred to as the “**Proposed Change**”), in view of enhancing the efficiency of the use of proceeds.



Details of (i) the net proceeds from the Global Offering as disclosed in the Prospectus prior to the Proposed Change, (ii) the net proceeds utilized and unutilized as of December 31, 2025, (iii) the net proceeds unutilized before and after the Proposed Change, and (iv) the expected timeline for the use of the remaining unutilized net proceeds are set out in the following table:

Intended use of net proceeds	Percentage of intended use of net proceeds as disclosed in the Prospectus and prior to the Proposed Change (%)	Net proceeds from the Global Offering as disclosed in the Prospectus and prior to the Proposed Change (HKD millions)	Amount utilized as of December 31, 2025 (HKD millions)	Amount unutilized as of December 31, 2025 (HKD millions)	Amount unutilized as of January 15, 2026 before the Proposed Change (HKD millions)	Amount unutilized as of January 15, 2026 after the Proposed Change (HKD millions)	Expected timeline of full utilization of the net proceeds after the Proposed Change
	Payment for partial expenses for phase II of the Indonesia Plant	40.0	198.0	198.0	0.0	0.0	0.0
Construction expenses of the Plant	20.0	99.0	99.0	0.0	0.0	0.0	Fully utilised
Purchase and installation of major production machineries and equipment	20.0	99.0	99.0	0.0	0.0	0.0	Fully utilised
New LMFP production lines at Xiangyang Plant in Hubei Province	40.0	198.0	0.0	198.0	198.0	0.0	Fully utilised
High-performance lithium battery cathode material project in Jintan, Jiangsu Province	—	—	—	—	—	198.0	By the end of 2026
Repay certain interest-bearing bank borrowings	10.0	49.5	49.5	0.0	0.0	0.0	Fully utilised
Repay borrowings from Bank of Nanjing (南京銀行)	6.6	32.7	32.7	0.0	0.0	0.0	Fully utilised
Repay borrowings from Agricultural Bank of China (中國農業銀行)	3.4	16.8	16.8	0.0	0.0	0.0	Fully utilised
Working capital and other general corporate purposes	10.0	49.5	49.5	0.0	0.0	0.0	Fully utilised
Total	100.0	495.0	297.0	198.0	198.0	198.0	



PT LBM Subscription

Reference is made to the announcements of the Company dated December 20, 2024 and February 10, 2025 and the circular of the Company dated January 8, 2025. On December 20, 2024, the Company, LBM New Energy (AP) Pte. Ltd. (“**LBM**”) (an indirect non-wholly owned subsidiary of the Company), Changzhou Liyuan, PT Akasya Investasi Indonesia and Aisis Alliance L.P. entered in a subscription agreement, pursuant to which PT Akasya Investasi Indonesia and Aisis Alliance L.P. conditionally agreed to subscribe for the shares of LBM, representing approximately 34.01% and 11.34% of the enlarged share capital of LBM upon completion at the subscription price of USD150,000,000 and USD50,000,000 respectively. The subscription has been completed on February 10, 2025. LBM shall apply no less than 85% of the proceeds of the subscription for the capital and operational expenses for the development of the Indonesia Phase 2 Plant, with funds to be gradually utilized in accordance with the progress of its development. Provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected, such proceeds may also be utilized for the operational expenses incurred in the ordinary course of business of the Indonesia Phase 1 Plant and/or the operational expenses incurred in the ordinary course of business of LBM but in any event such utilization of the proceeds shall not exceed 15% of the total proceeds from the subscription. As of the date of this report, part of the proceeds from the subscription has been utilised. Furthermore, as of the date of this report, the Company has no intention to change its intended use of the proceeds from the subscription. Details of the utilisation of the proceeds as at December 31, 2025 are as follows:

Intended purpose	Proceeds allocated for intended purpose	Utilised proceeds as at December 31, 2025 (approximate %)	Unutilised proceeds as at December 31, 2025 (approximate %)	Expected timeline of utilising the remaining proceeds
Capital and operational expenses for the development of the Indonesia Phase 2 Plant (Provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected)	No less than 85%, i.e. USD170,000,000	Approximately USD47,727,000 (23.86%)	Approximately USD122,273,000 (61.14%)	By the end of 2026
Operational expenses incurred in the ordinary course of business of the Indonesia Phase 1 Plant and/or the operational expenses incurred in the ordinary course of business of LBM	Not exceeding 15%, i.e. USD30,000,000	Approximately USD15,672,600 (7.84%)	Approximately USD14,327,400 (7.16%)	By the end of 2026



LG Subscription

Reference is made to the announcement of the Company dated February 21, 2025 and circular of the Company dated March 27, 2025. On February 21, 2025, LBM, PT LBM and LG entered into a subscription agreement and the shareholders agreement; and the Company, Changzhou Liyuan, LBM, PT LBM and LG entered into a side letter agreement. Under the subscription agreement, at the closing, PT LBM shall issue to LG, and LG shall subscribe for a total of 255,930.64 newly issued shares of PT LBM for an aggregate subscription price of USD15,970,911.12, which upon issuance will collectively represent 20% of the issued and outstanding share capital of PT LBM on a fully diluted basis. It was originally intended that PT LBM should apply approximately half of the proceeds from the subscription for the settlement of the final payment to the contractors for the construction of the Indonesia Phase 1 Plant, and the remaining half for the purchase of relevant facilities and equipment for the operation of the Indonesia Phase 1 Plant. The closing of the subscription took place on August 11, 2025. Due to the timing of receipt of funds from LG, certain payments for construction and purchase of facilities and equipment had been due and payable before the proceeds from the subscription were available for use, and thus they were settled by the Group's own funds. As such, the proportion of proceeds from the subscription allocated for the respective intended purposes has been revised to apply the proceeds towards the same intended purposes, i.e. construction and purchase of facilities and equipment of the Indonesia Phase 1 Plant, according to the relevant payment needs and schedule from time to time after the proceeds from the subscription became available for use. Details of the allocation and utilisation of the proceeds as at December 31, 2025 are as follows:

Intended purpose	Proceeds allocated for intended purpose	Revised allocation of proceeds for intended purpose (approximate%)	Utilised proceeds as at December 31, 2025 (approximate%)	Unutilised proceeds as at December 31, 2025 (approximate%)	Expected timeline of utilising the remaining proceeds
Settlement of the final payment to the contractors for the construction of the Indonesia Phase 1 Plant	Approximately USD7,985,455.56 (50%)	Approximately USD3,070,000 (19.22%)	Approximately USD311,200 (1.95%)	Approximately USD2,758,400 (17.27%)	By the end of the second quarter of 2026
Purchase of relevant facilities and equipment for the operation of the Indonesia Phase 1 Plant	Approximately USD7,985,455.56 (50%)	Approximately USD12,901,000 (80.78%)	Approximately USD9,156,400 (57.33%)	Approximately USD3,744,900 (23.45%)	By the end of the second quarter of 2026

On March 31, 2026, the Board has resolved to change the use of an aggregate of approximately USD3,460,600 of the unutilized proceeds from the (i) settlement of the final payment to the contractors for the construction of the Indonesia Phase 1 Plant and (ii) purchase of relevant facilities and equipment for the operation of the Indonesia Phase 1 Plant into the general working capital in relation to the Indonesia Phase 1 Plant. Details of which are set out in the announcement on March 31, 2026.

June Placing

Reference is made to the announcements of the Company dated June 4, 2025 and June 12, 2025. On June 4, 2025, the Company entered into the placing agreement (the “**Placing Agreement**”) with the placing agent, namely Guotai Junan Securities (Hong Kong) Limited (the “**Placing Agent**”), pursuant to which the Company has agreed to appoint the placing agent, and the Placing Agent has conditionally agreed, as the Company’s placing agent, to procure, on a best effort basis, not less than six placees, who are and whose ultimate beneficial owners are third parties independent of and not connected (as defined under the Listing Rules) with the Company and its connected person(s), to purchase up to an aggregate of 20,000,000 new H Shares at the placing price of HK\$6.00 per H Shares (the “**June Placing**”) representing a discount of approximately 8.95% to the closing price of HK\$6.59 per H Share as quoted on the Stock Exchange on June 4, 2025, being the date of the Placing Agreement, with an aggregate nominal value of RMB20,000,000 based on a nominal value of RMB1.00 per placing share. Completion of the June Placing took place on June 12, 2025 in accordance with the terms and conditions of the Placing Agreement. The net proceeds of approximately HK\$116.89 million from the June Placing are intended to be used for (i) general working capital and repaying the Group’s outstanding debts; and (ii) transformation of the low conductivity coolant production line. It was intended that the proceeds would be fully utilised by the end of 2025, among which approximately 17.11% of the proceeds is intended to be used for the transformation of the low conductivity coolant production line (“**Production Line Transformation**”). Due to extra time incurred for more cautious and prepared initial planning and equipment selection, the implementation of the Production Line Transformation was delayed, which affected the timing of utilisation of such proportion of the proceeds. Saved as the aforesaid delay in expected timeline, as of the date of this report, there are no other changes in the use of proceeds, and the Company has no intention to change its intended use of the proceeds from the subscription. Details of the utilisation of the proceeds as at December 31, 2025 are as follows:

Intended purpose	Proceeds allocated for intended purpose	Utilised proceeds as at December 31, 2025 (approximate %)	Unutilised proceeds as at December 31, 2025 (approximate %)	Expected timeline of utilising the remaining proceeds
General working capital	HK\$56,890,000 (48.67%)	HK\$56,890,000 (48.67%)	—	Fully utilised
— Purchase of raw materials, including base oil, ethylene glycol and urea, etc.	HK\$40,000,000 (34.22%)	HK\$40,000,000 (34.22%)	—	Fully utilised
— Staff wages and compensation	HK\$15,000,000 (12.83%)	HK\$15,000,000 (12.83%)	—	Fully utilised
— Utilities and taxes	HK\$1,890,000 (1.62%)	HK\$1,890,000 (1.62%)	—	Fully utilised
Repaying the Group’s outstanding debts ⁽¹⁾	HK\$40,000,000 (34.22%)	HK\$40,000,000 (34.22%)	—	Fully utilised
Transformation of the low conductivity coolant production line	HK\$20,000,000 (17.11%)	Approximately HKD1,868,973.84 (1.60%)	Approximately HKD18,131,026.16 (15.51%)	By the end of the second quarter of 2026

- (1) HK\$40 million of the net proceeds from the June Placing is expected to be used to partially repay the outstanding bank loan of RMB100 million from the Industrial and Commercial Bank of China with an interest rate of 2.8% per annum and maturity date on September 11, 2025. The remainder of the outstanding bank loan is expected to be repaid with the Group's existing funds. As disclosed in the annual report of the Company for the year ended December 31, 2024 under the section headed "Use of Proceeds", the intended net proceeds from the Global Offering for the repayment of bank borrowings from Bank of Nanjing and Agricultural Bank of China have been fully utilized and these bank borrowings have been fully repaid. The use of net proceeds from the June Placing in relation to the repayment of the Group's outstanding debts does not overlap with that of the intended net proceeds from the Global Offering for the repayment of bank borrowings from Bank of Nanjing and Agricultural Bank of China.

The Directors consider that the June Placing represents an opportunity to strengthen the financial position of the Group by reducing the Group's liabilities and providing additional working capital to the Group to meet any future development and obligations, and to broaden the Shareholder base of the Company. The June Placing can also facilitate the transformation of the low conductivity coolant production line, enhancing production efficiency. The Directors have explored various options to raise capital and considered that the Placing represents the most suitable and efficient financing option for the Company to raise further funding to support the Group's continuous development and business growth, which is in the interest of the Company and its Shareholders as a whole.

The current expected timeframe for utilizing the remaining unutilized net proceeds in full is based on the best estimation by the Directors barring any unforeseen circumstances, and may be subject to change based on the Group's operating conditions and prevailing and future development of market conditions. The Directors will assess the plans for the use of the unutilized net proceeds on an ongoing basis and may revise or modify such plans where necessary to respond to the changing market conditions with a view to promoting a better growth and development of the Group. The Group will continue to evaluate the use of the unutilized net proceeds cautiously and monitor the market conditions closely to adjust the use of the unutilized net proceeds from the fundraising activities by the Group where necessary for the long-term development of the Group. The Company will make appropriate announcement(s) in due course in accordance with and if required under the Hong Kong Listing Rules should there be any material change in the intended use of the unutilized net proceeds.

As of the date of this report, save as disclosed in the tables above, the Directors are not aware of any material change or delay to the planned use of the net proceeds.

Issuance of A Shares to Specific Targets

Reference is made to the circular of the Company dated August 29, 2025 and the announcements of the Company dated August 20, 2025, February 26, 2026 and January 23, 2026 (collectively, the "**Possible A Share Issue Announcements and Circular**").



As disclosed in the Possible A Share Issue Announcements and Circular, the Company proposed to issue not more than 205,523,670 A shares of the Company (the “**A Shares**”) to not more than 35 specific target subscribers under the specific mandate (the “**Possible A Share Issue**”), which was approved by the Shareholders on September 17, 2025. As of the date of this report, the proceeds from the Possible A Share Issue is expected to be no more than RMB1.88 billion, details of which are set forth below:

Intended purpose	Proceeds allocated for intended purpose	Utilised proceeds as at December 31, 2025 (approximate %)	Unutilised proceeds as at December 31, 2025 (approximate %)	Expected timeline of utilising the remaining proceeds
110,000-ton High-performance Phosphate Iron-Based Positive Electrode Material Project	800,000,000	—	—	—
85,000-ton High-performance Phosphate Iron-Based Positive Electrode Material Project	600,000,000	—	—	—
Supplemental Working Capital	480,000,000	—	—	—
Total	no more than RMB1,880,000,000	—	—	—

As of the date of this Report, the Company has received the approval from the China Securities Regulatory Commission for its registration of issue of shares to specific targets, with a validity period of 12 months. For details, please refer to the announcement of the Company dated March 31, 2026 in relation to the Announcement on Obtaining of Approval from the China Securities Regulatory Commission in respect of the Application for Issuance of A Shares to Specific Target. As of the Latest Practicable Date, no Shares has been issued by the Company to the specific targets. The Company will make further announcements in relation to the Possible A Share Issue as and when appropriate and required.

ROUNDING

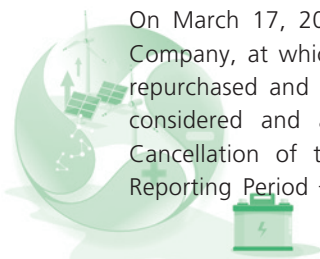
Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

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

During the Reporting Period, save as the June Placing and the Possible A Share Issue, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of the Company.

As of December 31, 2025, the Company held 2,082,400 A Shares as treasury shares, and did not hold any H Shares as treasury shares (as defined in the Listing Rules). Those A Shares held as treasury shares are intended for purposes such as the Company's employee share schemes or its equity incentive plans.

On March 17, 2026, the Company held the 2nd meeting of the fifth session of the Board of Directors of the Company, at which the proposal on changing the purpose of the 2,082,400 A shares of the Company that were repurchased and remained unused as at March 24, 2023 in the dedicated securities account for repurchase was considered and approved. Please see details set out in the section headed “Change of Purpose of and Cancellation of the Repurchased Shares and Reduction of Registered Capital — Significant Events after the Reporting Period — Management Discussion and Analysis” in this report.



SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Signing of a Cooperation Agreement and Investment in the Construction of a High-Performance Lithium Battery Cathode Material Project

Based on the market demand and the Company's actual conditions, and in order to further increase the capacity of high-performance LFP, Changzhou Liyuan, a controlled subsidiary of the Company is intended to enter into the High-performance Lithium Battery Cathode Material Project Cooperation Agreement and the Supplementary High-performance Lithium Battery Cathode Material Project Cooperation Agreement (the "**Agreement**") with Jiangsu Jintan Hualuogeng High-Tech Industrial Development Zone Administrative Committee (the "**Hualuogeng High-Tech Zone Administrative Committee**"), pursuant to which, Liyuan (Jiangsu) Technology Co., Ltd., a wholly-owned subsidiary of Changzhou Liyuan intended to invest in the construction of a research and development center and a production base for high compaction LFP with annual capacity of 240,000 tonnes in Jiangsu Jintan Hualuogeng High-Tech Industrial Development Zone (the "**Hualuogeng High-Tech Zone**") (the "**Production Base**"). The total planned investment for the project will not exceed RMB2.0 billion, the specific amount of which is subject to actual investment. The project will be funded by the Company's own funds or self-raised funds. The Production Base will be implemented in two phases: phase I plans to build a capacity of 120,000 tonnes, while phase II will be launched by Changzhou Liyuan in due course based on market conditions.

On January 4, 2026, the Proposal on the Signing of a Cooperation Agreement and Investment in the Construction of a High-Performance Lithium Battery Cathode Material Project was considered and approved at the 47th meeting of the fourth session of the board of directors of the Company.

2025 Share Option Incentive Scheme

On December 31, 2025, the 2025 Share Option Incentive Scheme (the "**2025 Scheme**") was approved by the extraordinary general meeting by way of special resolutions. The Board is of the view that all conditions of grant have been satisfied and on January 5, 2026, a total of 6,850,000 options were granted. These 6,850,000 options are exercisable at an exercise price of RMB15.35 per A share. On February 12, 2026, registration in relation to the grant of 6,810,000 options were completed while certain grantees resigned and thus were no longer eligible grantees as of the date of registration.

For the details of the 2025 Scheme, please refer to (i) the announcement of the Company dated October 22, 2025; (ii) the circular of the Company dated December 9, 2025; (iii) the poll results announcement of the Company dated December 31, 2025; (iv) the announcement of the Company dated January 6, 2026, in relation to, among others, the adjustment of the number of grantees under the 2025 Scheme and the grant of share options under the 2025 Scheme; and (v) the announcement of the Company dated February 12, 2026.



Change of Purpose of and Cancellation of the Repurchased Shares and Reduction of Registered Capital

As disclosed in the announcement of the Company dated March 17, 2026 and the circular of the Company dated March 17, 2026, on March 17, 2026, the Company held the 2nd meeting of the fifth session of the Board of Directors of the Company, at which the Proposal on the Change of Purpose of and Cancellation of the Repurchased Shares and Reduction of Registered Capital was considered and approved. The Company intends to change the purpose of the 2,082,400 A shares of the Company that were repurchased and remained unused as at March 24, 2023 in the dedicated securities account for repurchase from for “implementing employee stock ownership plans or equity incentives” to for “cancelling and reducing registered capital”. The proposal was approved by the general meeting of the Company held on April 2, 2026.

Save as disclosed above and in the note 43 of consolidated financial statements, the Group has no other material subsequent events since the end of the Reporting Period up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

As at December 31, 2025, 120,000,000 H Shares are counted toward the Company's public float. For the disclosure of interests of the H Shares pursuant to the SFO, please see details set out in the section headed “Substantial Shareholders’ and Other Persons’ Interests and Short Positions in Shares and Underlying Shares — Directors’ Report” in this report.

As of December 31, 2025, based on the total number of 562,996,503 A Shares (excluding 2,082,400 A Shares held as treasury shares) and 120,000,000 H Shares in issue, the public float represents approximately 17.6% of the total number of issued Shares in the class to which the H shares belong (excluding treasury Shares).

Based on the above and the information that is publicly available to the Company and within the knowledge of the Directors as of December 31, 2025, it has been confirmed that the portion of the H Shares listed on the Stock Exchange and held by the public represents no less than 5% of the Company's total number of issued shares in the class to which the listed H Shares belong (excluding treasury Shares) as required under Rule 19A.28B(2)(b) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is dedicated to upholding and fostering robust corporate governance practices. The corporate governance framework of the Company is to prioritize establishing effective internal control systems, maintaining high ethical standards, transparency, accountability, and integrity in all business activities, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules during the Reporting Period.



The Company has fully complied with the code provisions set out in the CG Code during the Reporting Period, except for the deviation from the code provision C.2.1 of Part 2 of the CG Code. Mr. Shi Junfeng (“**Mr. Shi**”) is the chairman of our Board and the general manager of the Company and he has been managing our business and supervising the overall operations of the Group since its foundation in 2003. Our Directors consider that vesting the roles of the chairman of the Board and the general manager of the Company in Mr. Shi is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. For the purposes of complying with the CG Code and maintaining a high standard of corporate governance of the Company, the Board will continue to review and monitor the corporate governance status of the Company.

Further information on the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as our code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors and former supervisors, all the Directors and former supervisors confirmed that they have strictly complied with the Model Code during the Reporting Period.

The Board has also established written guidelines on terms no less exacting than the Model Code (the “**Guidelines**”) for securities transactions by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Guidelines by the Company’s relevant employees has been noted during the Reporting Period after making reasonable enquiry.

FINAL DIVIDEND

As of the date of this report, the Board propose not to recommend the payment of final dividend in respect of the year ended December 31, 2025.



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OUR DIRECTORS

Executive Directors

Mr. Shi Junfeng (石俊峰), aged 60, is the founder of the Company, the chairman of the Board, an executive Director, and the general manager of the Company. He is the husband of our non-executive Director, Ms. Zhu Xianglan and uncle of our executive Director, Mr. Qin Jian. As of the date of this report, Mr. Shi is also a controlling Shareholder and has a 42.52% interest in the issued A shares of the Company (the “**A Shares**”) within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), comprising: (i) 37.63% interest in the A Shares via beneficial ownership; (ii) control of 0.34% interest in the A Shares via his controlled corporations; (iii) 4.18% interest in the A Shares by his spouse; and (iv) 0.37% interest in the A Shares via the Company’s holding of such A Shares as treasury shares of the Company. In March 2003, Mr. Shi founded the Company and has been a Director and general manager of our Company since then, and was further appointed as the chairman of our Board in January 2014. He was redesignated as an executive Director in September 2023. Mr. Shi serves as the chairman of the strategy committee and a member of the nomination committee of our Board. Mr. Shi is primarily responsible for formulating the overall development strategies and overseeing the operation of our Group.

Mr. Shi has over 30 years of experience in automotive-related industries, including over 14 years of experience at Yuejin Motor (Group) Corporation Co., Ltd. (躍進汽車集團有限公司) as a staff of its technology center. Prior to joining our Group, from August 1986 to May 2001, Mr. Shi worked at Yuejin Motor (Group) Corporation Co., Ltd. (躍進汽車集團有限公司), a company principally engaged in the manufacturing and sales of automobiles and automotive parts, as a staff of its technology center. Since June 2021, Mr. Shi has been the chairman of the board of directors of Hunan Farnlet New Energy Technology Co., Ltd (湖南法恩萊特新能源科技有限公司). Besides, Mr. Shi serves as a director and/or senior management member in other subsidiaries of our Group, including but not limited to being the general manager of Jiangsu Kelas Environmental Protection Technology Co., Ltd. (江蘇可蘭素環保科技有限公司) (“**Jiangsu Kelas**”), the general manager of Lopal Lubrication New Material (Tianjin) Co., Ltd. (龍蟠潤滑新材料(天津)有限公司) (“**Lopal Lubrication**”), the chairman of the board of directors of Changzhou Liyuan New Energy Technology Group Co., Ltd. (常州鋰源新能源科技集團有限公司) (“**Changzhou Liyuan**”), the general manager and executive director of Yichun Lopal Times Lithium Industry Technology Co., Ltd. (宜春龍蟠時代鋰業科技有限公司) (formerly known as Yifeng Times New Energy Materials Co., Ltd. (宜豐時代新能源材料有限公司) and Yifeng Times Yongxing New Energy Materials Co., Ltd. (宜豐時代永興新能源材料有限公司)) (“**Lopal Times**”), and the chairman of the board of directors of Zhangjiagang TEEC Automotive Chemicals Co., Ltd. (張家港迪克汽車化學品有限公司) (“**Zhangjiagang TEEC**”).

Mr. Shi received his bachelor’s degree in organic synthetic materials from Hunan University (湖南大學) in the PRC in July 1986. He obtained his qualification as senior engineer (高級工程師) issued by the Ministry of Machine-Building and Electronics Industry (機械電子工業部) in November 1998.

Mr. Lu Zhenya (呂振亞) (with former name as Lu Zhenya (呂貞亞)), aged 61, is an executive Director. He joined our Company as the director of office and deputy general manager in March 2003 and was appointed as an executive Director in September 2024. Mr. Lu serves as a member of the remuneration and evaluation committee of our Board. He is primarily responsible for overseeing the overall management and operation of our Group. As of the date of this report, Mr. Lu has a 0.08% interest via beneficial ownership in the A Shares within the meaning of Part XV of the SFO, of which (i) 0.04% interest in the A Shares is held via direct holding of such A Shares, and (ii) 0.04% interest in the A Shares is held via unlisted derivatives.



Mr. Lu served as the vice factory director at Jiangsu Suzhong Pesticides Chemical (江蘇蘇中農藥化工廠) between January 1992 to August 2001. He then joined our Company as the director of office and deputy general manager in March 2003. Mr. Lu obtained his associate degree in industrial and civil construction from Shanghai Tongji University (上海同濟大學) in the PRC in July 1986.

He obtained his qualification as economist (經濟師) issued by Yangzhou Science and Technology Cadres Bureau (揚州市科技幹部局) in April 1995. He was appointed as a party representative of Qixia District, Nanjing City at the Ninth Party Congress (中共南京市棲霞區第九屆黨代表) in July 2011.

Mr. Qin Jian (秦建), aged 54, is an executive Director and the deputy general manager of our Company. He was appointed as Director in January 2014 and was redesignated as an executive Director in September 2023. He is responsible for overseeing the overall management and operation of our Group. Mr. Qin is the nephew of Mr. Shi and Ms. Zhu. As of the date of this report, Mr. Qin has a 0.08% interest in the A Shares within the meaning of Part XV of the SFO, comprising: (i) 0.07% interest in the A Shares via beneficial ownership, of which (A) 0.04% interest in the A Shares is held via direct holding of such A Shares, and (B) 0.03% interest in the A Shares is held via unlisted derivatives; and (ii) 0.01% interest in the A Shares by his spouse.

Mr. Qin has over 27 years of experience in the automobile chemical products industry. Prior to joining our Group, from November 1996 to February 2003, he worked at Nanjing Fulima Lubricants Co., Ltd. (南京富利瑪潤滑油有限公司) as a sales manager. He joined our Group as the sales director of our Company in March 2003 and was appointed as the deputy general manager of Jiangsu Kelas in August 2009. In January 2014, Mr. Qin was promoted to the deputy general manager and Director of our Company. He concurrently serves as a director and/or senior management member in other subsidiaries of our Group, including but not limited to being an executive director of Jiangsu Kelas, the general manager of Changzhou Liyuan, and the general manager of Zhangjiagang TECC.

Mr. Qin obtained his postgraduate degree in senior manager business administration at Nanjing Normal University (南京師範大學) in the PRC in May 2008.

Mr. Shen Zhiyong (沈志勇), aged 61, is an executive Director and the chief financial officer of the Company. Mr. Shen joined our Group as chief financial officer in March 2003, was appointed as an executive Director in September 2023. He is responsible for managing the financial functions of our Group. As of the date of this report, Mr. Shen has a 0.10% interest via beneficial ownership in the A Shares within the meaning of Part XV of the SFO, of which (i) 0.04% interest in the A Shares is held via direct holding of such A Shares, and (ii) 0.06% interest in the A Shares is held via unlisted derivatives.

Mr. Shen has over 27 years of experience in accounting and finance. Prior to joining our Group, from April 1997 to February 2003, Mr. Shen worked at Taizhou Gaogang District Huzhuang Supply and Marketing Cooperative (泰州市高港區胡莊供銷合作社) (formerly known as Taixing Huzhuang Supply and Marketing Cooperative (泰興市胡莊供銷合作社)), which was deregistered in June 2024, with his last position as an accountant. In March 2003, Mr. Shen joined our Group as chief financial officer and was appointed as Director in January 2014. He currently also serves as a director and/or senior management member in other subsidiaries of our Group, including but not limited to being an executive director of Lopal Lubrication, an executive director of Sichuan Liyuan, an executive director and general manager of Jiangsu Liyuan Technology Co., Ltd. (鋰源(江蘇)科技有限公司), an executive director of Tianjin Liyuan Technology Co., Ltd. (鋰源(天津)科技有限公司), a finance manager of Hubei Liyuan, an executive director of Shandong Liyuan, and a director of Changzhou Liyuan.



Mr. Shen obtained the certificate of accounting professional issued by Taixing Finance Bureau (泰興市財政局) in April 2002. He completed a course in EMBA at Nanjing University Business School (南京大學商學院) in the PRC in December 2007. In January 2021, Mr. Shen obtained the international accountants certificate issued by the China Association of Chief Financial Officers and the certificate of membership issued by the Association of International Accountants.

Mr. Zhang Yi (張羿), aged 47, is an executive Director, the secretary of our Board and the joint company secretary of our Company. Mr. Zhang joined our Group as the director of supply chain management centre and director of OEM marketing from December 2004 to December 2013, a supervisor and director of OEM marketing from January 2014 to February 2016, and has been serving as the secretary of our Board since March 2016. He was appointed as a Director in September 2022 and was redesignated as an executive Director in September 2023. Mr. Zhang serves as a member of the strategy committee of our Board. He was also appointed as our joint company secretary in September 2023. He is primarily responsible for managing the operation of our Board. Mr. Zhang currently also serves as a director in other subsidiaries of our Group, including but not limited to being a director of Zhangjiagang TEEC and Changzhou Liyuan. As of the date of this report, Mr. Zhang has a 0.07% interest via beneficial ownership in the A Shares within the meaning of Part XV of the SFO, of which (i) 0.03% interest in the A Shares is held via direct holding of such A Shares, and (ii) 0.04% interest in the A Shares is held via unlisted derivatives.

Mr. Zhang has over 26 years of experience in the manufacturing industry. Prior to joining our Group, from 1997 to 2004, Mr. Zhang worked as an engineer at Huafei Colour Display Systems Co., Ltd. (華飛彩色顯示系統有限公司), which was deregistered on June 27, 2014. In December 2004, Mr. Zhang joined our Group as the director of supply chain management centre and director of OEM marketing. He was promoted to supervisor and director of OEM marketing from January 2014 to February 2016, and has been serving as the secretary of our Board since March 2016. In September 2022, Mr. Zhang was appointed as a Director and was redesignated as an executive Director in September 2024. Mr. Zhang currently also serves as a director in other subsidiaries of our Group, including but not limited to being a director of Zhangjiagang TEEC and Changzhou Liyuan.

Mr. Zhang completed the university level of professional studies in business administration through the completion of online courses from Southwest University of Science and Technology (西南科技大學) in the PRC in July 2022. Mr. Zhang obtained his qualification as board secretary of listed companies of the Shanghai Stock Exchange granted by the Shanghai Stock Exchange on March 3, 2016.

Non-executive Director

Ms. Zhu Xianglan (朱香蘭), aged 60, is a non-executive Director. Ms. Zhu joined our Group as a Director in November 2013 and was redesignated as a non-executive Director in September 2023. Ms. Zhu serves as a member of the strategy committee of our Board. She is primarily responsible for providing guidance for the overall development of our Group. Ms. Zhu is the wife of Mr. Shi and aunt of Mr. Qin Jian. Ms. Zhu is a controlling Shareholder and has a 42.52% interest in the A Shares within the meaning of Part XV of the SFO, comprising: (i) 4.18% interest in the A Shares via beneficial ownership; (ii) 37.97% interest in the A Shares by his spouse; and (iii) 0.37% interest in the A Shares via the Company's holding of such A Shares as treasury shares of the Company.



Ms. Zhu worked at Nanjing Kangai Hospital (南京康愛醫院) as the principal nurse from August 1986 to October 2006. In November 2013, Ms. Zhu joined our Group as a Director. In addition, Ms. Zhu was an executive director and general manager of Lopal International from October 2013 to June 2024, and she has been the representative of the managing partner of Nanjing Bailey since October 2013. Both Lopal International and Nanjing Bailey are our Controlling Shareholders.

Ms. Zhu obtained her associate degree in Chinese medicine from Nanjing University of Chinese Medicine (南京中醫藥大學) (formerly known as Nanjing University of Chinese Medicine (南京中醫學院) in the PRC in December 1994.

Independent Non-executive Directors

Mr. Li Qingwen (李慶文), Chinese, aged 70. He was appointed as our independent non-executive Director in September 2023. Mr. Li was primarily responsible for providing independent advice and judgment to our Board. Mr. Li resigned from his position as an independent non-executive Director on the 50th meeting of the fourth session of our Board convened on January 23, 2026. Mr. Li ceased to serve as the chairman of the remuneration and evaluation committee of our Board and a member of the strategy committee of our Board on February 13, 2026.

Mr. Li was the president of China Automotive News (中國汽車報) from May 1998 to January 2016 and has been the vice president of Auto Talents Committee of China Talents Society (中國人才研究會汽車人才專業委員會) since January 2016. During which, Mr. Li was appointed as our independent Director in January 2014 and resigned in June 2014. Mr. Li has fruitful working experience at listed companies including as an independent director of Chongqing Changan Automobile Co Ltd (重慶長安汽車股份有限公司) (Shenzhen Stock Exchange stock code: 000625) from March 2016 to June 2022, as an independent director at Xuchang Yuandong Drive Shaft Co Ltd (許昌遠東傳動軸股份有限公司) (Shenzhen Stock Exchange stock code: 002406) since July 2020, and as an independent non-executive director of New Focus Auto Tech Holdings Limited (新焦點汽車技術控股有限公司) (HKEX Main Board stock code: 360) since January 2024.

Mr. Li obtained his master's degree in economics from Harbin Engineering University (哈爾濱工程大學) in July 1994.

Mr. Ye Xin (葉新), Chinese, aged 43. He was appointed as our independent non-executive Director in September 2023. Mr. Ye was primarily responsible for providing independent advice and judgment to our Board. Mr. Ye resigned from his position as an independent non-executive Director on the 50th meeting of the fourth session of our Board convened on January 23, 2026. Mr. Ye ceased to serve as the chairman of the nomination committee of our Board and a member of the audit committee of our Board on February 13, 2026.

Mr. Ye has been the executive director (執行主任) of Shanghai Xieli (Nanjing) Law Firm (上海市協力(南京)律師事務所) since September 2025 partner of Beijing Jingsh Law Firm Nanjing Office (北京市京師(南京)律師事務所) from July 2016 to August 2025. He was appointed as a member of the Advisory Committee of the People's Government of Liuhe District, Nanjing in December 2017. In March 2020, Mr. Ye joined our Company as our independent Director.

Mr. Ye obtained his bachelor's degree in law from Jiangsu Normal University (江蘇師範大學), formerly known as Xuzhou Normal University (徐州師範大學) in the PRC in June 2007.





Mr. Ye was accredited as Top Ten Lawyers in Pukou District, Nanjing (南京市浦口區十佳律師) and served as a visiting professor of Taizhou University (泰州學院) from June 2019 to June 2024.

Ms. Geng Chengxuan (耿成軒), aged 60. Ms. Geng was appointed as our independent Director and independent non-executive Director in September 2021 and September 2023, respectively. She serves as the chairlady of the remuneration and evaluation committee of our Board and a member of the audit committee and the nomination committee of our Board. Ms. Geng is primarily responsible for providing independent advice and judgment to our Board.

Prior to joining the Group, Ms. Geng was a lecturer and associate professor at the department of accounting of Lanzhou University of Finance and Economics (蘭州財經大學), formerly known as Lanzhou Business School (蘭州商學院), in the PRC from June 1989 to June 2003. Ms. Geng was appointed as the director of the Institute of Finance and Accounting (財務與會計研究所所長) in September 2013 and the director of the School Accounting Professional Degree Graduate Training Steering Committee (會計專業學位研究生培養指導委員主任) in April 2015. She was also appointed as a member of the independent director professional committee of the Listed Companies Association of Jiangsu Province (江蘇省上市公司協會獨立董事專業委員會) in August 2018 and April 2024, respectively. Ms. Geng worked at the College of Economics and Management of Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC as the professor and tutor of doctoral students since May 2010.

Ms. Geng acted as an independent director of various companies, including XCMG Construction Machinery Co., Ltd. (徐工集團工程機械股份有限公司) (Shenzhen Stock Exchange stock code: 000425) since June 2021, Wuxi Huaguang Environmental Energy Group Co., Ltd. (無錫華光環保能源集團股份有限公司) (Shanghai Stock Exchange stock code: 600475), since May 2022. Ms. Geng was also an independent director and a member of the audit committee of Jiangsu Etern Co Ltd (江蘇永鼎股份有限公司) (Shanghai Stock Exchange stock code: 600105) between August 2015 to August 2021; an independent director and chairlady of the audit committee of Xuzhou Handler Special Vehicle Co Ltd (徐州海倫哲專用車輛股份有限公司) (Shenzhen Stock Exchange stock code: 300201) between June 2015 to December 2020; an independent director of Nanjing Public Utilities Development Co., Ltd. (南京公用發展股份有限公司) (Shenzhen Stock Exchange stock code: 000421) between January 2017 and May 2024; an independent director and chairlady of the audit committee of the board of directors of Nanjing Port Co., Ltd. (南京港股份有限公司) (Shenzhen Stock Exchange stock code: 002040) between June 2020 and October 2024; and an independent director of Canny Elevator Co., Ltd. (康力電梯股份有限公司) (Shenzhen Stock Exchange stock code: 002367) between May 2023 and February 2024.

Our Board has considered Ms. Geng's experience in financing and accounting and noted that Ms. Geng, being an experienced professor in accounting and financial related disciplines at universities in the PRC and a former member of the independent director professional committee of the Listed Companies Association of Jiangsu Province, also holds or held office as chairlady or member of audit committee in six other listed companies as disclosed above. As chairlady or member of audit committee of listed issuer, Ms. Geng was responsible for, among others, reviewing listed issuer's financial information and relevant disclosure, monitoring and evaluating external and internal audit works performed by the listed issuers, making recommendations on the appointment and change of external audit firms and monitoring and assessing the internal controls of the listed issuers. Thus, our Board is of the view that Ms. Geng possess in-depth practical knowledge and experience in overseeing and monitoring the financial reporting, internal control and other accounting related affairs of listed issuers and has the relevant accounting or related financial management experience for the purpose of Rule 3.10(2) of the Listing Rules.



Ms. Geng obtained her PhD degree in management science and engineering from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC in April 2010.

Mr. Hong Kam Le (康錦里), aged 46, was appointed as our independent non-executive Director in October 2023. Mr. Hong is primarily responsible for providing independent advice and judgment to our Board. Mr. Hong ceased to serve as a member of the audit committee of our Board on February 13, 2026.

Mr. Hong was admitted as a solicitor in Hong Kong in September 2007 and has more than 14 years of experience in the legal industry. Mr. Hong has been a partner of DeHeng Law Offices (Hong Kong) LLP, formerly known as Chung's Lawyers, since November 2018 and previously served as a partner of Li & Partners from February 2016 to October 2018.

Mr. Hong acted as company secretary and/or authorized representative of multiple companies, including company secretary and authorized representative of Shengli Oil & Gas Pipe Holdings Limited (勝利油氣管道控股有限公司) (HKEX Main Board stock code: 1080) between December 2013 and June 2021; one of the joint company secretaries of Jujiang Construction Group Co., Ltd. (巨匠建設集團股份有限公司) (HKEX Main Board stock code: 1459) between September 2015 to July 2020; one of the joint company secretaries and authorized representative of Dadi International Group Limited (大地國際集團有限公司) (HKEX GEM stock code: 8130) between March 2022 and February 2024; company secretary and authorized representative of Kidztech Holdings Limited (奇士達控股有限公司) (HKEX Main Board stock code: 6918) between July 2022 to February 2024; and company secretary and authorized representative of Uju Holding Limited (優矩控股有限公司) (HKEX Main Board stock code: 1948) since October 2022. Mr. Hong also served as an independent non-executive director of Hong Kong Johnson Holdings Co., Ltd. (香港莊臣控股有限公司) (HKEX Main Board stock code: 1955) since September 2019.

Mr. Hong obtained a bachelor's degree in commerce and a bachelor's degree in laws from The University of Sydney in June 2003 and May 2004, respectively, and a postgraduate certificate in laws from The University of Hong Kong in June 2005.

Mr. Zhang Jinlong (張金龍), aged 60, currently serves as a party branch secretary of the school of finance and taxation at Hongshan College of Nanjing University of Finance and Economics (南京財經大學紅山學院) and has been serving the said position since September 2025. Mr. Zhang has also been a certified accountant with the Jiangsu Institute of Certified Public Accountants since July 1999. Mr. Zhang is primarily responsible for providing independent advice and judgment to our Board. Mr. Zhang serves as the chairman of the audit committee of our Board and a member of the remuneration and evaluation committee of our Board.



Previously, from July 1992 to September 1994, Mr. Zhang served as the head of the teaching staff department at the Jiangsu Finance and Economics College (江蘇財經高等專科學校). From September 1994 to December 1999, Mr. Zhang concurrently served as the deputy director of the academic affairs department and the head of the teaching staff department at Jiangsu Finance and Economics College. From December 1999 to August 2000, Mr. Zhang concurrently served as the secretary of the second general branch and the deputy director of the academic affairs department at Jiangsu Finance and Economics College. From August 2000 to September 2003, Mr. Zhang concurrently served as the director of academic affairs office in the Qiaotou (橋頭) campus and the deputy director of the academic affairs department at the Nanjing Institute of Economics (南京經濟學院). From September 2003 to April 2004, Mr. Zhang served as the deputy party branch secretary of the school of economics at the Nanjing University of Finance and Economics (南京財經大學). From April 2004 to July 2009, Mr. Zhang served as the party branch secretary of the school of economics at the Nanjing University of Finance and Economics. From July 2009 to December 2012, Mr. Zhang concurrently served as the director of the institute of higher education and a director of the evaluation office at Nanjing University of Finance and Economics. From December 2012 to June 2014, Mr. Zhang served as the party secretary of the law school at the Nanjing University of Finance and Economics. From June 2014 to October 2017, Mr. Zhang served as the party branch secretary of the school of finance and taxation at the Nanjing University of Finance and Economics. From October 2017 to January 2019, Mr. Zhang concurrently served as the director of the office of reform and development and the director of the institute of higher education at the Nanjing University of Finance and Economics. From January 2019 to February 2019, Mr. Zhang concurrently as the head of audit department, the director of the office of reform and development and the director of the institute of higher education at the Nanjing University of Finance and Economics. From February 2019 to March 2025, Mr. Zhang served as the head of audit department at the Nanjing University of Finance and Economics.

In July 1998, Mr. Zhang was awarded the title of advanced worker in the Jiangsu provincial finance system by the academic affairs department at Jiangsu Finance and Economics College.

Mr. Zhang obtained a bachelor's degree in mathematics from the Yangzhou Normal College (揚州師範學院) in July 1987.

Mr. Lu Jian (閻健), aged 52, currently acts as the partner at Jiangsu Suyuan Law Firm.

Mr. Lu will be primarily responsible for providing independent advice and judgment to our Board. Mr. Lu serves as the chairman of the nomination committee of our Board and a member of the audit committee of our Board.

Mr. Lu was admitted as a lawyer in the PRC since July 1996. From January 2003 to May 2008, Mr. Lu has acted as a partner at Jiangsu Suyuan Law Firm. From May 2008 to August 2018, Mr. Lu has acted as a registered lawyer at Jiangsu Suyuan Law Firm. Since September 2018, Mr. Lu has acted and is currently acting as the partner at Jiangsu Suyuan Law Firm. Mr. Lu also has served and is currently serving as a member of (i) the fifth panel of arbitrators of the Taizhou Arbitration Commission since September 2022, and (ii) the sixth panel of arbitrators of the Nanjing Arbitration Commission since March 2023.

In 2007, Mr. Lu was awarded the title of "Advanced Individual for Provincial Directly-Administered Law Firm of the Year 2006" (二零零六年度省直律師事務所先進個人) by Jiangsu Provincial Bar Association Provincial Directly-administered Branch (江蘇省律師協會省直屬分會).

Mr. Lu obtained his bachelor's degree in law from the Nanjing University (南京大學) in December 1998.



SUPERVISORY COMMITTEE

Mr. Xue Jie (薛傑), aged 60, was appointed as our Chairman of the Supervisory Committee since January 2014. He ceased to serve as supervisor with effect from the abolishing of the supervisory committee of the Company on August 8, 2025. He is responsible for supervising the finances, the Directors, Senior Management, and Supervisors of our Group. He has also been serving as the sales director of the marketing department of our Company since May 2005. He currently also serves as a supervisor in other subsidiaries of our Group, including but not limited to Sichuan Liyuan, Jiangsu Kelas and Lopal Lubrication. He is responsible for supervising the finances, the Directors and the senior management of our Group.

Mr. Xue has gained a wealth of management experience from his previous positions. He acted as a director of the chassis room at the research institute (研究所底盤室主任) of Nanjing Dongfeng Special Purpose Vehicle Co., Ltd. Nanjing Dongfeng Special Purpose Vehicle Manufacturing Factory (南京東風專用車製造總廠), from January 1992 to November 1999, and from May 2004 to December 2004. Mr. Xue worked as the process department manager of Nanjing Xugong Automobile Co., Ltd. (南京徐工汽車製造有限公司), formerly known as Nanjing Chunlan Automobile Manufacturing Co., Ltd. (南京春蘭汽車製造有限公司) from December 1999 to April 2004, and vice general manager of Nanjing Golden Dragon Bus Co., Ltd (南京金龍客車製造有限公司), from January 2005 to April 2005.

Mr. Xue obtained his bachelor's degree in automotive major in the department of mechanical engineering from South China University of Technology (華南理工大學) in the PRC in July 1988.

Mr. Zhou Lin (周林), aged 47, was appointed as our Supervisor in January 2014. He ceased to serve as supervisor with effect from the abolishing of the supervisory committee of the Company on August 8, 2025. He is responsible for supervising the finances, the Directors and the senior management of our Group. Mr. Zhou has been serving as the financial manager of our Company since March 2003. He currently also serves as a supervisor and/or senior management member of other subsidiaries of our Group.

Mr. Zhou obtained his graduation certificate in internet of things application technology via the Self-taught Higher Education and Examination (高等教育自學考試) from Hunan University of Arts and Science (湖南文理學院) in the PRC in December 2022.

Ms. Chang Huihong (常慧紅), aged 31, was appointed as a Supervisor in July 2024. She ceased to serve as supervisor with effect from the abolishing of the supervisory committee of the Company on August 8, 2025. She is responsible for supervising the finances, the Directors and the senior management of our Group. Ms. Chang has been serving as a director of the industrial investment and financing management department of the Company since January 2024. She also worked as a specialist at the industrial investment and financing management department of the Company from July 2020 to January 2024 after she joined our Company in July 2020.

Ms. Chang obtained her bachelor's degree in surveying and mapping engineering major from the Binjiang College of Nanjing University of Information Science and Technology (南京信息工程大學濱江學院) in the PRC in June 2017 and her master's degree in business administration major from Nanjing University of Information Science and Technology (南京信息工程大學) in the PRC in June 2020.





SENIOR MANAGEMENT

Mr. Shi Junfeng (石俊峰), aged 60, is our general manager. Please see “Board of Directors — Executive Directors” in this section for Mr. Shi’s biography.

Mr. Qin Jian (秦建), aged 54, is our deputy general manager. Please see “Board of Directors — Executive Directors” in this section for Mr. Qin’s biography.

Mr. Shen Zhiyong (沈志勇), aged 61, is our chief financial officer. Please see “Board of Directors — Executive Directors” in this section for Mr. Shen’s biography.

Mr. Zhang Yi (張羿), aged 47, is the secretary of our Board. Please see “Board of Directors — Executive Directors” in this section for Mr. Zhang’s biography.

Joint Company Secretaries

Mr. Zhang Yi (張羿), is our joint company secretary. Please see “Board of Directors — Executive Directors” in this section for Mr. Zhang’s biography.

Ms. Leung Hoi Yan (梁熾欣), was appointed as the joint company secretary with effect from March 28, 2025. Ms. Leung brings over 14 years of expertise in company secretarial services and corporate governance for listed companies in Hong Kong. She currently serves as the Assistant Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited. Ms. Leung holds a degree of Bachelor of Commerce (Honours) in Accounting from Hong Kong Shue Yan University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Cheung Lai Ha (張麗霞), was appointed as our joint company secretary in September 2023 and resigned as joint company secretary with effect from March 28, 2025. Ms. Cheung has been admitted as an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom in July 2013.





CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

Prior to the Listing, the Group has proactively maintained high standards of corporate governance since its listing in Shanghai Stock Exchange in April 2017. This is done through good corporate governance, accurate, timely and transparent information disclosure and the establishment of a sound investor communication platform to fully protect the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions as set out in the CG Code throughout the Reporting Period.

The Board is of the view that during the Report Period, the Company has complied with all applicable code provisions as set out in the CG code since the Listing Date and up to the date of this annual report, except for the deviation from the code provision C.2.1 of Part 2 of the CG Code as explained in the section “Chairman and General Manager” in this annual report. In addition, our Company closely adheres to its own set of corporate governance since the Listing Date, while the Board will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MISSION, VISION AND STRATEGY

Our Company continues to embark on our mission of “Green New Energy Core Materials for a Sustainable Global Future.” (“用綠色新能源核心材料，共建全球美好生活”), through coordinating and advancing six major strategic initiatives (as set out below). Leveraging the same initiatives, it is our Company’s vision to become a “Global Leader in Core Materials for Green Energy”.

- (1) **Green Development Strategy**
The Company unwaveringly pursues the concept of green development, closely aligns with the national development strategies for new energy and new materials, actively expands into the new energy lithium battery material industry with LFP cathode material as its core, continuously optimises the product structure of traditional businesses such as lubricants, and proactively positions itself in the hydrogen energy sector represented by hydrogen fuel cell catalysts. Through transformation, upgrading and structural optimisation in the green new materials sector, the Company is committed to setting a new benchmark for sustainable development in the industry and contributing to low-carbon, high-quality development.
- (2) **Product Differentiation Strategy**
The Company adheres to technological innovation as its core driving force, closely focuses on market demand to enhance its core industrial competitiveness, continuously strengthens its independent research and development capabilities, and accelerates the commercialisation and industrialisation of scientific and technological achievements. The Company continues to optimise its R&D system, builds a high-level innovation team, creates product differentiation advantages through technological innovation, and continuously meets increasingly stringent environmental regulatory requirements and diversified market demands, driving the Company's high-quality development through innovation.
- (3) **Vertical Integration Strategy**
The Company is firmly implementing a vertical integration strategy, continuously extending its industrial chain upstream, strengthening the self-sufficiency and control over core raw materials, and ensuring a stable supply of key raw materials such as lithium carbonate and iron phosphate through strategic equity investments, cooperative construction and self-built production bases, thereby effectively reducing cost fluctuations and supply chain risks. At the same time, it is actively expanding downstream into resource recovery and recycling businesses, improving the full industrial chain layout, and further enhancing the Company's comprehensive competitiveness and risk resilience.
- (4) **Internationalisation Strategy**
The Company will steadily advance its global industrial footprint, accelerate overseas production capacity deployment and localised production and operation management, collaborate with high-quality business partners to deeply explore emerging overseas markets, and continuously enhance product competitiveness and global market coverage. It will continuously strengthen technological innovation and global supply chain coordination management, and consolidate its leading position in the fine chemicals for new energy sector through value-added products and an efficient, stable supply system. The Company will accelerate the construction of an integrated operation system suitable for global business, while enhancing brand influence and global market share, laying a solid foundation for long-term sustainable and high-quality development.
- (5) **Brand Enhancement Strategy**
In recent years, the Company has continuously advanced its brand upgrading project, conducting brand communication through a diversified media matrix including CCTV channels, radio stations, highway billboard advertising, LED screens at high-speed railway stations, and in-building elevators, effectively enhancing product visibility and market influence. In 2025, the Company leveraged its sponsorship of the “Jiangsu Football Super League” as a key initiative to deepen sports scenarios marketing. In the future, the Company will continue to deepen event cooperation, forging a deep bond between corporate culture, brand spirit and the spirit of football. With a national brand as its foundation and a positioning as a leader in core green new energy materials, the Company is building a three-dimensional brand system integrating traditional media coverage, sports IP empowerment and omni-media communication, thereby solidifying the brand foundation for the Company's global market expansion and high-quality development.
- (6) **Talent Development Strategy**
The Company fully leverages the advantages of its listed company platform, places equal emphasis on attracting and cultivating talent, and on incentive and development. In line with the Company's development strategy and business objectives, it continuously optimises the human resources development and deployment system, establishes a diversified and market-oriented talent incentive mechanism, strengthens the link between value creation and value distribution, and fully stimulates talent innovation vitality. By doing so, it strives to build a high-quality, professional talent team to secure the long-term development foundation of the Company. Aligning with its global development layout, the Company will accelerate the implementation of an international talent strategy with focus on recruiting and cultivating internationally-oriented composite talents with global vision, overseas operation and market development capabilities, and improve the talent pipeline and long-term incentive mechanism adapted to international development, supporting the execution of the Company's globalisation strategy and sustainable high-quality development with a high-level talent team.



Lopal's Development Strategies





Lopal's Dream	To realize the dream of Lopal from excellence to exceptional and from exceptional to everlasting prosperity in the new era and the new Lopal
Corporate Vision	Become the world's leading international group of green new energy core materials
Corporate Mission	"Green New Energy Core Materials for a Sustainable Global Future"
Group Segmentation	Global leader in green new energy core materials
Core Value	Strive to be the "number one" in the world
Corporate Motto	Global Icon, PRC's Lopal
Emotional Value	Prospering, together, with PRC

THE BOARD Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board Committees including the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The Board conducts reviews each year, and believes that during the Reporting Period, the resources, staff qualifications and experience, training programmes and budget of the Company in relation to the accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting were adequate and sufficient.



The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Board recognizes that corporate governance functions should be the collective responsibility of the Directors which includes:

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of Directors, Supervisors and Senior Management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- (f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

Board Composition

As of the date of this annual report, the Board comprises five executive Directors, one non-executive Director and four independent non-executive Directors as follows:

Executive Directors

Mr. Shi Junfeng (*Chairman*)
Mr. Lu Zhenya
Mr. Qin Jian
Mr. Shen Zhiyong
Mr. Zhang Yi

Non-executive Director

Ms. Zhu Xianglan

Independent Non-executive Directors

Ms. Geng Chengxuan
Mr. Hong Kam Le
Mr. Zhang Jinlong
Mr. Lu Jian

The biographies of the Directors are set out under the section headed "Directors, Supervisors and Senior Management" of this annual report.



Mr. Shi Junfeng, our executive Director, is the husband of Ms. Zhu Xianglan. Mr. Shi Junfeng and Ms. Zhu Xianglan are respectively the uncle and aunt of our executive Director, Mr. Qin Jian. Save as disclosed, none of the Directors and the senior management of our Group have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

During the Reporting Period, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

During the Reporting Period, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Board Diversity Policy

The Board has adopted the board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity on the Board. The Board Diversity Policy provides that the Company should endeavour to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy.

Pursuant to the Board Diversity Policy, the Group seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Nomination Committee is delegated by our Board to be responsible for compliance with relevant code governing board diversity under the CG Code.

The Nomination Committee will review our Board Diversity Policy from time to time to ensure its continued effectiveness. The Directors have a balanced mix of experiences, including overall management and strategic development, business and risk management, and finance and accounting experiences.



As of the Latest Practicable Date, the Directors, ranging from 46 years old to 61 years old, are able to bring a balance of diversity perspectives to the Board. The Company is committed to promote gender diversity of the Board and throughout the workforce. The Board portrays a fair representation of female and male, which consists of two female and eight male Directors with experience from different industries and sectors. As of the end of the Reporting Period, the total number of employees of the Group was 4,617, of whom 1,028 were females, amounting to approximately 22.27% of the total number of employees. Therefore, the Board considers that the Group has achieved gender diversity in accordance with Appendix C1 of the Listing Rules. The Group is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to further enhance the effectiveness of its corporate governance.

Going forward and with a view to developing a pipeline of potential successors to the Board, the Group will (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of the Group by recruiting staff of different gender; (iii) consider the possibility of nominating female management members who have the necessary skills and experience to the Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to senior management or the Board so that the Group will have a pipeline of female senior management and potential successors to the Board in a few years' time.

During the Reporting Period, the Board, through the Nomination Committee, has reviewed the implementation and effectiveness of the Board Diversity Policy and confirms that the Board has an appropriate mix of skills and experience to deliver the Company's strategy.

Mechanisms to Ensure Independent Views and Input

The Company has received a written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

In order to ensure that independent views and input of the Independent Non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regard to all relevant factors related to the independent Non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent Non-executive Directors regularly without the presence of the executive Directors.



All Directors are entitled to seek advice the independent professional advisors at the Company's expenses.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of such mechanisms and considered they are effective and adequate.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

According to the information provided by the Directors, a summary of training received by the Directors during the Reporting Period is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
<i>Executive Directors</i>	
Mr. Shi Junfeng	A, B, C, D
Mr. Lu Zhenya	A, B, C, D
Mr. Qin Jian	A, B, C, D
Mr. Shen Zhiyong	A, B, C, D
Mr. Zhang Yi	A, B, C, D
<i>Non-Executive Director</i>	
Ms. Zhu Xianglan	B, C
<i>Independent Non-Executive Directors</i>	
Mr. Li Qingwen	B, C, D
Mr. Ye Xin	B, C, D
Ms. Geng Chengxuan	B, C, D
Mr. Hong Kam Le	B, C, D

Notes:

- A: Attending seminars and/or meetings and/or forums and/or briefings
- B: Giving talks in the seminars and/or meetings and/or forums
- C: Attending training relevant to the Company's business conducted by lawyers
- D: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances



Chairman and General Manager

The Chairman of the Board and the general manager of the Company are currently two separate positions held by Mr. Shi Junfeng. Mr. Shi has been the Chairman of the Board and the general manager of our company, and he has been managing our Group's business and supervising the overall operations of our Group since its foundation in 2003. Although deviating from the code provision C.2.1 of Part 2 of the CG Code, our Directors consider that vesting both roles in Mr. Shi will only be beneficial to the management and business development of our Group and provide a strong consistent leadership to our Group. Our Board will continue to review and consider splitting the roles of the Chairman of our Board and the general manager at times when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Appointment and Re-election of Directors

Each of the executive Directors and non-executive Directors including the independent non-executive Directors entered into a service contract with, and received a letter of appointment from, the Company on October 16, 2024 (the "Service Contracts"). The Service Contracts are commencing from either February 24, 2023 or October 30, 2024 until the end of the fourth session of the Board meeting. Upon the election of the fifth session of the Board on February 13, 2026, service contracts and the letters of appointment from the Company have also been entered into and received by the new session of the Board. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules and Shanghai Listing Rules.

The Articles of Association provides that all Directors shall be elected, replaced and deposed at general meetings and subject to relevant laws, regulations and securities regulatory rules of the place where shares of the Company are listed. A Director shall serve a term of three years and may be re-elected upon their expiration of their terms in accordance with securities regulatory rules of the place where the shares of the Company are listed.

The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. A Director shall sign a confidentiality agreement with the Company within three days of his/her appointment and strictly abide by the obligation to keep the business secrets of the Company.

Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and our Articles of Association until the newly elected Director assumes the office.

The Nomination Committee shall review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year. Notices of not less than ten days are given for all Board meetings to provide all Directors an opportunity to attend and include matters in the agenda for a regular Board meeting.

In case of urgency, an extraordinary Board meeting may be proposed by a) Shareholders representing more than one-tenth of the voting rights; or b) more than one-third of the Directors. The notice of such meeting shall be given by telephone communication or other verbal means at any time provided that the convener of the meeting gives a relevant explanation at the meeting. The quorum of a Board meeting shall consist of more than one half of all Directors. A resolution of the Board shall be passed by more than half of all Directors and each Director shall have one vote.

Where Director(s) have any connected relationship with the enterprise or individual involved in the matter to be decided at the meeting, they shall promptly report it in writing to the Board and shall not exercise their voting rights on the resolution, nor shall exercise voting rights on behalf of other Directors. When any Director is unable to attend a meeting for any reason, he or she may by a written power of attorney appoint another Director to attend the meeting on his or her behalf. The appointed Director as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authorization. Each Director shall sign the Board meeting minutes (including minutes of resolutions), such minutes shall be kept by the Board for at least a period of 10 years.

Board meeting minutes are recorded in sufficient detail, including the matters provided in the Articles of Association and the Board Committees and the decisions reached, including any concerns raised by the Directors. For the year ended December 31, 2025, the record of the Directors attending the Board meetings and general meetings, during their each respective office term, are as follows:

Name of Director	Position	Attendance/ Number of Board Meetings⁽¹⁾	Attendance/ Number of Shareholders' General Meetings⁽²⁾
Mr. Shi Junfeng	Executive Director	17/17	7/7
Mr. Lu Zhenya	Executive Director	17/17	7/7
Mr. Qin Jian	Executive Director	17/17	7/7
Mr. Shen Zhiyong	Executive Director	17/17	7/7
Mr. Zhang Yi	Executive Director	17/17	7/7
Ms. Zhu Xianglan	Non-Executive Director	17/17	7/7
Mr. Li Qingwen (resigned with effect from February 13, 2026)	Independent Non-Executive Director	17/17	7/7
Mr. Ye Xin (resigned with effect from February 13, 2026)	Independent Non-Executive Director	17/17	7/7
Ms. Geng Chengxuan	Independent Non-Executive Director	17/17	7/7
Mr. Hong Kam Le	Independent Non-Executive Director	17/17	7/7

Notes:

- (1) 17 board meetings were held during the Reporting Period.
- (2) 7 shareholders' general meeting were held during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' and former Supervisors' securities transactions. Having made specific enquiries of all the Directors and former Supervisors, each of the Directors and former Supervisors has confirmed that he/she has complied with the Model Code since the Listing Date and up to the date of this report.

The Board has also established written guidelines on terms no less exacting than the Model Code (the "**Guidelines**") for securities transactions by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. Throughout the Reporting Period, the Company strictly standardized information dissemination procedures, ensuring disclosures were truthful, accurate, timely, and complete as required. All insiders with access to confidential information, including Directors, former Supervisors, the senior management of the Company, and other relevant personnel, were duly registered and compliant with insider control policies. Furthermore, the Company will notify all Directors and former Supervisors the blackout period before the commencement of such blackout period, reminding the Directors and former Supervisors not to deal in the Company's securities during the blackout periods before the announcement of results. No incident of non-compliance with the Guidelines by the Company's relevant employees has been noted since the Listing Date and to the date of this annual report after making reasonable enquiry. The Board is of the view that the adoption of the Model Code for the Directors' and the former Supervisors' dealings of securities in the Company are adequate and effective.

BOARD COMMITTEES

Audit Committee

During the Reporting Period, the Audit Committee comprised three members and was chaired by our independent non-executive Director, Ms. Geng Chengxuan, with its two other members being our independent non-executive Directors, Mr. Ye Xin and Mr. Hong Kam Le. As of the Latest Practicable Date, the Audit Committee comprises three members and is chaired by an independent non-executive Director, Mr. Zhang Jinlong, with its two other members being our independent non-executive Directors, Ms. Geng Chengxuan and Mr. Lu Jian.

The principal duties of the Audit Committee include but not limited to:

1. being primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
2. monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, review significant financial reporting judgments contained in them before submitting them to the Board; and
3. reviewing the Company's financial controls, risk management and internal control systems, and related procedures, including the adequacy of the Company's resources, staff qualifications and experience in accounting and financial reporting functions.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.



During the year ended December 31, 2025, 9 meetings of the Audit Committee to discuss and consider i) our Group’s annual report for the year ended December 31, 2024, as well as the interim report for the six months ended June 30, 2025; ii) the year 2024 internal control self-assessment report; iii) the appointment of the Principal Auditor for the year 2025 auditing service; iv) advise on Controlling Shareholders providing guarantees for our Group to secure comprehensive credit facilities from financial institutions; v) proposal on the executive status of 2024 daily related party transactions and forecast of 2025 daily related party transactions; and proposal on the special report regarding the deposit and actual utilization of raised funds in 2024 for A shares; vi) formulation and amendment to our accounting firm selection and appointment system; and vii) reviewing the risk management and internal control systems and the effectiveness of the internal audit function during the Reporting Period.

For the year ended December 31, 2025, the record of the Directors attending the Audit Committee meetings, during their respective office term, are as follows:

Name of Directors	Actual attendance/Required attendance
Ms. Geng Chengxuan (Chairlady and redesignated as a member with effect from February 13, 2026)	9/9
Mr. Ye Xin (ceased to be a member with effect from February 13, 2026)	9/9
Mr. Hong Kam Le (ceased to be a member with effect from February 13, 2026)	9/9
Mr. Zhang Jinlong (appointed as the Chairman with effect from February 13, 2026)	0/0
Mr. Lu Jian (appointed as a member with effect from February 13, 2026)	0/0

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Nomination Committee

During the Reporting Period, the Nomination Committee comprised three members and was chaired by our independent non-executive Director, Mr. Ye Xin, and with its two other members being our executive Director, Mr. Shi Junfeng and our independent non-executive Director, Ms. Geng Chengxuan. As of the Latest Practicable Date, the Nomination Committee comprises three members and is chaired by an independent non-executive Director, Mr. Lu Jian, with its two other members being our independent non-executive Directors, Ms. Geng Chengxuan and Mr. Shi Junfeng.

The principal duties of the Nomination Committee include but are not limited to the following:

1. review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
2. formulate a policy of selection and nomination of directors and the procedures for the sourcing of suitably qualified director for consideration of the Board and implement such plan and procedures approved;



3. identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
4. ensure sufficient biographical details of nominated candidates are provided to the Board and shareholders to enable them to make a decision regarding selection of the Board members;
5. assess the independence of independent non-executive directors; and
6. make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

During the year ended December 31, 2025, the Nomination Committee assessed our Company's needs for new Directors, Supervisors and members of senior management of the Company, through examining the structure, size of the Board and the independence of independent non-executive Directors during the Reporting Period, and conducted comprehensive search within the Group and in the labour market for qualified candidates for respective role. The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities, and with the consideration of the Board Diversity Policy. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2025, the record of the Directors attending the Nomination Committee meetings, during their respective office term, are as follows:

Name of Directors	Actual attendance/Required attendance
Mr. Ye Xin (Chairman and resigned with effect from February 13, 2026)	1/1
Mr. Shi Junfeng	1/1
Ms. Geng Chengxuan	1/1
Mr. Lu Jian (appointed as the Chairman with effect from February 13, 2026)	0/0

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Remuneration and Evaluation Committee

During the Reporting Period, the Remuneration and Evaluation Committee comprised three members and was chaired by our independent non-executive Director, Mr. Li Qingwen, with its two other members being our executive Director, Mr. Lu Zhenya, and our independent non-executive Director, Ms. Geng Chengxuan. As of the Latest Practicable Date, the Remuneration and Evaluation Committee comprises three members and is chaired by an independent non-executive Director, Ms. Geng Chengxuan, with its two other members being our executive Director, Mr. Lu Zhenya and our independent non-executive Director, Mr. Zhang Jinlong.



The principal duties of the Remuneration and Evaluation Committee include but are not limited to the following:

1. make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing the remuneration policy;
2. determine or make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company;
3. review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
4. make recommendations to the Board on the remuneration of non-executive Directors;
5. consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
6. review and approve compensation payable to executive Directors, Supervisors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
8. ensure that no director or any of his/her associates is involved in his/her own performance appraisal and deciding his/her own remuneration; and
9. review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended December 31, 2025, the Remuneration and Evaluation Committee held 2 meetings to discuss on the proposal on the 2025 annual remuneration plan for Directors, Supervisors and senior management of our Company. After reviewing the remuneration plan and policy of Directors, Supervisors and senior management of the Company, the committee is satisfied that their respective plan and policy are reasonable and appropriate. Additionally, advise on the proposal on the cancellation of part of the parted but not exercised A Shares stock option.

During a period from the Listing Date and up to the date of this annual report, the Remuneration and Evaluation Committee has, among others, reviewed the Company's remuneration policy and structure, assessed the performance of Directors and the senior management of the Company, and reviewed matters related to the remuneration packages and service contracts of individual executive directors, supervisors and senior management and made recommendations to the Board.



The record of the Directors attending the Remuneration and Evaluation Committee meetings for the year ended December 31, 2025, during their respective office term, are as follows:

Name of Directors	Actual attendance/Required attendance
Mr. Li Qingwen (Chairman and resigned with effect from February 13, 2026)	2/2
Mr. Lu Zhenya	2/2
Ms. Geng Chengxuan (appointed as the Chairlady with effect from February 13, 2026)	2/2
Mr. Zhang Jinlong (appointed as a member with effect from February 13, 2026)	0/0

The written terms of reference of the Remuneration and Evaluation Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2025, the remuneration before tax paid to a total of 4 senior management (excluding Directors and Supervisors) by our Company is set out below:

Remuneration Bands	Number
RMB1,000,000 or below	4
Over RMB1,000,000	0

Strategy Committee

During the Reporting Period, the Strategy Committee comprised three members and was chaired by our executive Director, Mr. Shi, with its members being our executive Director, Mr. Zhang Yi, and our independent non-executive Director, Mr. Li Qingwen. As of the Latest Practicable Date, the Strategy Committee comprises three members and is chaired by our executive Director, Mr. Shi, with the remaining two members being (i) Mr. Zhang Yi, our executive Director and (ii) Ms. Zhu Xianglan, our non-executive Director.

The principal duties of the Strategy Committee include but are not limited to the following:

1. study and make suggestions on the Company's medium to long-term development strategic plans, including sustainable development and environmental, social and governance (ESG) related matters;
2. study and make suggestions on major investment and financing plans which are subject to the approval of the Board as provided in the Articles of Association;
3. study and make suggestions on major capital operations and asset management projects which are subject to the approval of the Board as provided in the Articles of Association; and
4. study and make suggestions on other major issues that may affect the development of the Company.

The written terms of reference of the Strategy Committee are available on the websites of the Stock Exchange and the Company.



For the year ended December 31, 2025, the record of the Directors attending the Strategy Committee meetings, during their respective office term, are as follows:

Name of Directors	Actual attendance/Required attendance
Mr. Shi Junfeng (Chairman)	3/3
Mr. Zhang Yi	3/3
Mr. Li Qingwen (ceased to be a member with effect from February 13, 2026)	3/3
Ms. Zhu Xianglan (appointed as a member with effect from February 13, 2026)	0/0

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 88 to 94 of this annual report.



DIVIDEND POLICY

Pursuant to the CG Code and the Articles of Association, our Company fully regards reasonable returns to the investment of investors as an important matter in dividend distribution in our profit distribution policy and had adopted a policy on payment of dividend taking into consideration of our Company's profitability, cash flow position, business growth, net asset per share, and other true and reasonable factors. Besides, the policy sets out the procedures, methods and intervals of the payment of dividends.

The dividend distributed by the Company shall not exceed the amount of distributable profits accumulated, and shall be in the interest of the Company in the long term and the interests of all Shareholders as a whole and in line with the sustainable development of the Company.

Our Company shall distribute profits in the form of cash, shares or a combination of cash and shares, and shall give priority to cash dividends when the conditions for cash dividends are met. When the conditions for dividends are met, our cash dividend for distribution shall not be lower than 20% of the distributable profit realized in the current year, if there is uncovered loss in previous years, the profit distributed in cash shall not be lower than 20% of the distributable profit after making up for losses.

RISK MANAGEMENT AND INTERNAL CONTROL

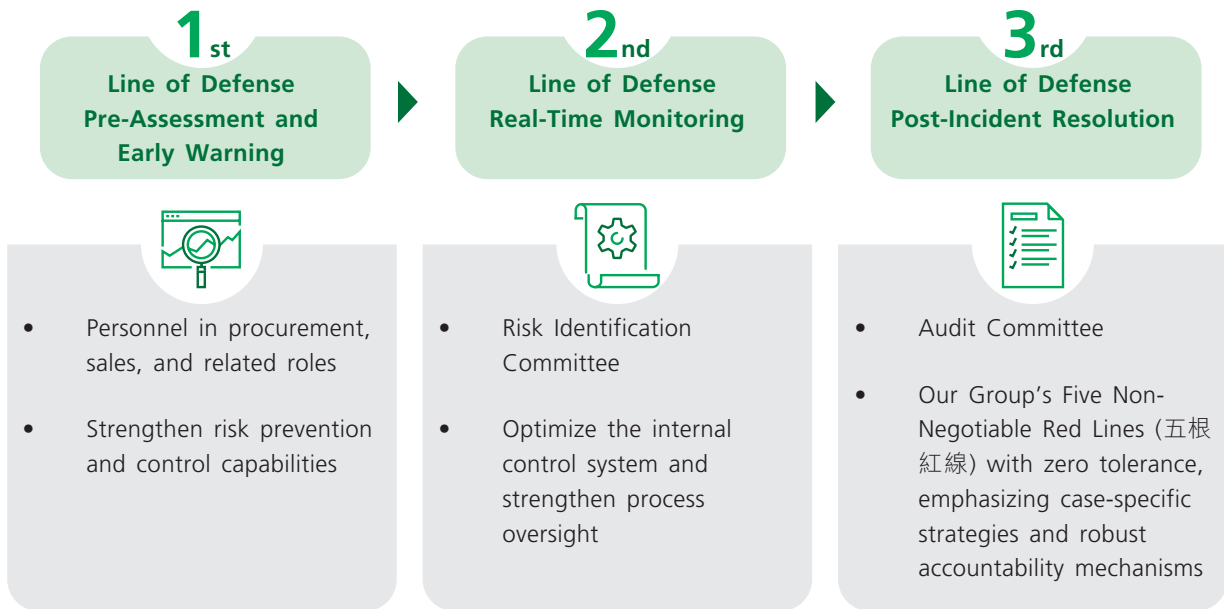
Risk Management

Our Company highly prioritizes corporate risk management. The key operational risks faced by us in the course of our business are set out in the section headed "Principal Risks and Uncertainties" in this annual report. To mitigate these risks, we have established the audit committee to review our internal control system, set up the risk management procedures, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by the Board. During the Reporting Period, the audit committee consisted of three Directors, being Ms. Geng Chengxuan, Mr. Ye Xin and Mr. Hong Kam Le. For details of the qualification and experience of these members, see the section "Directors and Senior Management" in the annual report.

During the Reporting Period, our Company continuously implemented a risk training framework by delivering seven sessions and tailored materials to employees, with new hires trained on fraud, contracts, confidentiality, and regulatory risks, ensuring adherence to governance standards. Notably, we also established and strictly adhere to internal protocols, including the Risk Management Policy (風險管理制度), Comprehensive Risk Management Procedures (全面風險管理程序), and Contract Risk Classification Standards (合同風險等級標準).



On top of the above, our Group has established a three-lines defense risk management framework. To strengthen the Company’s risk control capabilities and effectively mitigate operational risks, we put in place a full-cycle process of pre-assessment and early warning, real-time monitoring, and post-incident resolution as illustrated below:



During the Reporting Period, our Company strengthened its risk management capabilities by collaborating with its senior management to deploy a digital risk early-warning platform (風險預警數字化平台). This initiative proactively shifts risk interventions earlier in operational workflows, enhancing the agility and foresight of risk prevention. Concurrently, our Company established an integrated risk database spanning all functional centers and subsidiaries, which identified and resolved 123 risks in 2025.

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such system on an annual basis. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or loss.

INTERNAL AUDIT FUNCTION

The Group’s internal audit department and the auditors of our Company play a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial condition, business activities, and internal control of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The internal audit department is also responsible for reviewing the approval status, implementation status, and cash management as well as verifying the accounting procedure. The head of audit shall be accountable to and report to the Board.



The Board, through its review and the review made by Strategy Committee and internal audit department, concluded that the risk management and internal control systems were effective and adequate during the year ended December 31, 2025. However, as previously discussed, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or loss. The Board also reviewed and considered that during the year ended December 31, 2025, the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

ANTI-CORRUPTION POLICY

Our Company recognizes that fostering a culture of integrity and ethical awareness is fundamental to trustworthy business practices. We maintain a zero-tolerance stance toward corruption and strictly adhere to laws and regulations, including the PRC Company Law, relevant PRC Law and Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). Internally, we enforce robust governance frameworks such as the supervision and compliance management measures and the disciplinary guidelines for employees to institutionalize accountability. To strengthen oversight, we have established a disciplinary inspection committee at the corporate level, with subordinate inspection units embedded across all organizational tiers, ensuring adherence to ethical standards and fostering a corruption-free environment.

During the Reporting Period, we conducted anti-corruption training for both the Board and all employees, enhancing awareness of compliance risks. This included comprehensive education on the Five Non-Negotiable Red Lines, covering safety, environmental protection, quality, integrity, confidentiality, legal interpretations, and case studies, to reinforce critical boundaries. Our disciplinary inspection committee further organized seminars such as "Warning Education" and "Anti-Corruption Advocacy", where employees collectively viewed the integrity education film "Zero Tolerance" and participated in workshops. These sessions analyzed common disciplinary violations within their respective functions and formulated corrective measures, deepening employees' commitment to ethical conduct and fortifying their resolve against misconduct.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended December 31, 2025 was approximately as follows:

Type of Service	Amount RMB'000
Audit services	2,800
Non-audit services	650
Total	3,450

Notes:

- (1) The audit services include, but are not limited to, audit services and internal control audit services of this annual report.
- (2) The non-audit services include, but are not limited to, the ESG consulting services and the valuation of the total equity of the subsidiary Changzhou Liyuan, with December 31, 2024 as the valuation date.



JOINT COMPANY SECRETARIES

Mr. Zhang Yi (“**Mr. Zhang**”), our executive Director, is a joint company secretary of the Company and of our Board. Mr. Zhang is responsible for managing the operation of our Board, advising the Board on corporate governance matters and ensuring compliance with the Board’s policies and procedures and applicable laws, rules and regulations.

In order to maintain good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Hoi Yan (“**Ms. Leung**”) as a joint company secretary with effect from March 28, 2025 to assist Mr. Zhang in performing his duties (Ms. Cheung Lai Ha (“**Ms. Cheung**”), a member of a company secretarial service provider, who was previously appointed). Ms. Leung’s primary contact person in the Company is designated as Mr. Zhang.

Ms. Cheung has tendered her resignation as a joint company secretary of the Company with effect from March 28, 2025. Ms. Cheung has confirmed that she has no disagreement with the Board and that there is no matter in relation to her resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Waiver from Strict Compliance with Rules 3.28 and 8.17 of the Listing Rules

Reference is made to the waiver (the “**Existing Waiver**”) granted to the Company by the Stock Exchange from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the eligibility of Mr. Zhang to act as a joint company secretary for a three-year period starting from the H Shares of the Company are listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange (i.e. October 30, 2024) (the “**Original Waiver Period**”), on the condition that Mr. Zhang must be assisted by Ms. Cheung as a joint company secretary during the Original Waiver Period to enable him to acquire relevant experience (as defined in Note 2 to Rule 3.28 of the Listing Rules), in order to discharge his duties under the position of a joint company secretary. Such waiver will be revoked upon Ms. Cheung’s resignation on March 28, 2025. Relevant details of the Existing Waiver were disclosed in the Prospectus of the Company dated October 22, 2024. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a new waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with respect to the eligibility of Mr. Zhang to act as a joint company secretary (the “**New Waiver**”) from March 28, 2025 (i.e. from the effective date of Ms. Leung’s appointment as the Joint Company Secretary) to October 29, 2027 (i.e. the remaining period of the Existing Waiver) (the “**New Waiver Period**”). The New Waiver is granted on the following conditions:

- (i) Mr. Zhang must be assisted by Ms. Leung as a joint company secretary during the New Waiver Period; and
- (ii) the New Waiver could be revoked if there are material breaches of the Listing Rules by the Company.

Before the end of the New Waiver Period, the Company must demonstrate and seek confirmation from the Stock Exchange that Mr. Zhang, having had the benefit of Ms. Cheung’s and Ms. Leung’s assistance for approximately three years, has attained the relevant experience and is capable of discharging the functions of a company secretary under Rule 3.28 of the Listing Rules such that a further waiver will not be necessary. The Stock Exchange may withdraw or change the New Waiver if the Company’s situation changes.

During the year ended December 31, 2025, Mr. Zhang and Ms. Leung completed not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.



COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains our website at <https://www.lopal.cn/>, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the Reporting Period, the Company has reviewed and examined the implementation and effectiveness of the Shareholders' communication policy. The Company is of the view that the Shareholders' communication policy of the Company has facilitated sufficient shareholders' communication and considered the policy is effective and adequate.

The annual general meetings of our Company provide the opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Board will attend the annual general meetings of our Company to answer Shareholders' questions. The auditors of our Company will also attend the annual general meetings of our Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. For the details of 2025 annual general meeting of our Company, please refer to 2025 annual general meeting circular of our Company to be published on the website of the Stock Exchange.

Shareholders' Rights

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and the Double-security

Pursuant to the Articles of Association, Shareholders may put forward proposals for consideration at general meetings of the Company. Any one or more Shareholder(s) of the Company holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written proposal at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, to require an extraordinary general meeting to be convened by the Company for the transaction of any business specified in such proposal; and the Board shall give a written response within 10 days after the receipt of the proposal and give a notice convening such meeting within 5 days after the Board has so resolved.

If the Board does not agree to the proposal or fails to give response within 10 days after the receipt of the proposal, the Shareholders may propose, in writing, to Supervisory Committee to convene an extraordinary general meeting and expect a written response from the same within 10 days. An extraordinary general meeting will be convened within 5 days upon the Supervisory Committee agrees. In any case, the Supervisory Committee fails to give notice within the period specified hereinabove, the shareholders that hold, individually or collectively, 10% or more of the shares in the Company for 90 days or more consecutively may convene and preside.



Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at No. 6 Hengtong Avenue, Nanjing Economic and Technological, Development Zone, PRC (email address: lpkj@lopal.cn).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association were amended during the Reporting Period with details set out in the announcement published by the Company on the website of Shanghai Stock Exchange and the Stock Exchange on June 27, 2025 and July 22, 2025 and such amendments came into effect on July 18, 2025 and August 8, 2025, respectively.

At the 2025 third extraordinary general meeting of the Company held on July 18, 2025, a special resolution was approved by the shareholders of the Company in relation to amendments of the Articles of Association. With the completion of the placing of 20,000,000 new H Shares under the general mandate having taken place on June 12, 2025, the number of total issued Shares of the Company has increased from 665,078,903 Shares to 685,078,903 Shares as a result of the issue of the placing shares. The registered capital of the Company correspondingly increased from RMB665,078,903 to RMB685,078,903. Therefore, the amendments to the Articles of Association were made to reflect these changes in the total issued Share capital and the registered capital. These amendments to the Articles of Association became effective upon July 18, 2025.

At the 2025 fourth extraordinary general meeting of the Company held on August 8, 2025, a special resolution was approved by the shareholders of the Company for amendments of its Articles of Association for the purposes of abolishing the Supervisory Committee. Each of the supervisors, Mr. Xue Jie, Mr. Zhou Lin and Ms. Chang Huihong, has confirmed that he or she has no disagreement with the Board and the Supervisory Committee in any respect and that there are no other matters that need to be brought to the attention of the Shareholders and the Stock Exchange.

At the 2nd meeting of the fifth session of the board of directors of the Company held on March 17, 2026, the Proposal on the Change of Purpose of and Cancellation of the Repurchased Shares and Reduction of Registered Capital was considered and approved. Under the proposal, the registered capital of the Company and the total number of shares of the Company would be altered. Due to the above proposed changes of total Share capital and registered capital, in accordance with the relevant provisions of laws, regulations and regulatory documents, it is proposed that certain provisions of the Articles of Association are to be amended. Except for those articles proposed to be amended, the other articles of the Articles of Association shall remain unchanged, and such amendments came into effect on April 2, 2026 upon the Shareholders' approval by way of special resolution at the 2026 third extraordinary general meeting of the Company held on the same date.

Save for the above, there has been no amendment made to the Articles of Association during the Reporting Period and up to the date of this annual report.

The latest version of the Articles of Association is available on the Company's website and the Stock Exchange's website.



The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

GENERAL INFORMATION

The Company was established in March 2003 under the laws of the PRC. In April 2017, our A Shares were listed on the Shanghai Stock Exchange. Our H Shares were later listed on the Main Board of the Stock Exchange on October 30, 2024.

PRINCIPAL ACTIVITIES

The Company is the holding company of our Group. The Company principally engaged in the production and sale of LFP cathode materials and automotive specialty chemicals, which included the production of lubricants and engine coolants. In recent years, we have strategically and successfully expanded our product portfolio to also include diesel exhaust fluids and car maintenance products. Details of the principal activities of the subsidiaries of the Company are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

The business review and performance analysis of the Group for the year ended December 31, 2025 as required by Schedule 5 to the Companies Ordinance is set out in the section headed "Management Discussion and Analysis" from pages 10 to 11 of this annual report which constitute part of this directors' report. In 2025, our Company remains a major LFP cathode material manufacturer in the world and a renowned automotive specialty chemical manufacturer in PRC. Notably, our emerging business segment, lithium carbonate processing services, is gaining positive momentum.

OUTLOOK FOR 2026

In 2026, the Group will continue to (i) strengthen R&D investment and enhance R&D capabilities; (ii) improve cash flow and optimize asset-liability structure; (iii) deepen brand promotion and facelift corporate brand image; (iv) enhance managerial capabilities and consolidate corporate soft power; (v) accelerate the development of emerging production forces and adhere to the path of green development; and (vi) accelerate AI development to drive high-quality growth through digitalisation and intelligent transformation. Further discussion of the future development in the Group's business is set out in the section headed "Management Discussion and Analysis" on pages 11 to 13 of this annual report which constitutes part of this directors' report.

KEY RELATIONSHIPS

Relationship with Raw Materials Suppliers

With the aim of obtaining high quality supplies from reliable sources, we only select and maintain a list of qualified suppliers after careful and thorough evaluation and assessment covering a range of criteria, including production capacity, quality control, innovation, technical strength, financial conditions and market reputation. In order to strengthen the business relationships and further secure sufficient supplies of our quality raw materials and procurements, we may also enter into strategic cooperative agreements with key suppliers, pursuant to which we are able to determine the price based on a benchmark price by referring to the then prevailing market prices and annual price-lock arrangements. Moreover, we periodically review and adjust the locked prices through negotiations with suppliers in order to realign pricing with the latest commodity market situation. This provides greater certainty for our raw material costs and budgets amid fluctuating market dynamics.





For the year ended December 31, 2025, the total purchases from our five largest raw materials suppliers in aggregate accounted for approximately 24.44%, and our purchases from our largest supplier accounted for approximately 5.75% of our total purchases. We did not experience any material disruption in the delivery of our products or suffer any loss as a result of delays in delivery or poor handling of goods that had any material adverse impact on our business or results of operations during the year ended December 31, 2025.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

Relationship with Customers

We have a multi-channel sale (online and offline) and distribution network for our automotive specialty chemical business including distributors, corporate clients, OEM customers and online channels, particularly in China, and around the world. Our customers are primarily include major lithium-ion battery manufacturers, distributors of automotive chemical products, automobile manufacturers, engineering equipment manufacturers, automotive chemical brands and retail consumers in China. Revenue derived from our largest customer and five largest customers accounted for approximately 31.16% and approximately 68.41% respectively of our total revenue for the year ended December 31, 2025.

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who, to the knowledge of our Directors, own more than 5% of the issued share capital of our Company) had any interest in any of our top five largest customers that is required to be disclosed under the Listing Rules for the year ended December 31, 2025.

Relationship with Employees

We acknowledge our employees as invaluable assets for our long-term growth and development, and we are profoundly reliant on their expertise, experience, and continuous progress. Consequently, we place significant emphasis on attracting and recruiting exceptionally qualified and talented individuals. Employee remuneration is determined based on performance, skills, knowledge, experience, and prevailing market trends. The Group regularly reviews its remuneration policies and packages, making necessary adjustments in alignment with industry standards. Beyond basic salaries, employees may receive discretionary bonuses, cash awards, and share awards based on individual performance. The Group offers training periodically across various operational functions, including introductory programs for new hires, technical training, product training, management training, and work safety training, to foster the fundamental skills of new employees and enhance the relevant competencies of existing staff. To incentivize our employees for their contributions and to attract and retain skilled and experienced personnel, we have implemented and adopted the 2023 Share Option Scheme and 2025 Share Option Scheme, providing share awards and share options to eligible employees as incentives. Details of these initiatives are outlined in the section titled "2023 Share Option Scheme" and "2025 Share Option Scheme" in this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to upholding its social responsibilities by safeguarding the environment, prioritizing employee well-being and growth, supporting the community, and striving for sustainable development. Information about the Company's ESG policies and performance during the year ended December 31, 2025 has been disclosed in the ESG Report for the Reporting Period.



LICENCES, REGULATORY APPROVALS AND COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended December 31, 2025, the Group has not committed no material breaches or violations of relevant laws and regulations in the PRC, where the Group has business entities and operations, and the Group has duly obtained licenses, permits and approvals from relevant government authorities that are material to our business operations in mainland China. Details of our compliance with relevant laws and regulations has been disclosed in the ESG Report for the Reporting Period.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operation of the Group. The principal risks and uncertainties that the Group faces and key mitigations that the Group adopts are summarized as follows:

1. Risks related to market competition and cyclical overcapacity

In the lithium iron phosphate cathode material sector, alongside the rapid development of downstream new energy vehicles and energy storage industries, the pace of industry capacity expansion has significantly outstripped the growth rate of market demand. Continuous production expansion by existing manufacturers, coupled with accelerated positioning by new entrants, has led to risks of cyclical supply-demand imbalance in the industry, potentially exerting pressure on product pricing power and gross profit margins. In the automotive environmental protection fine chemicals sector, traditional products such as lubricants and coolants face dual competitive pressure from international giants and state-owned petrochemical enterprises. The diesel engine exhaust fluid market continues to see an influx of new competitors, while the automotive care products market is characterised by multi-layered fragmented competition. If the Company fails to establish product performance barriers through technological iteration, or fails to accurately capture the evolving dynamics of market segments, it may face the dual challenges of reduced customer loyalty and loss of market share.

In response, the Company will increase R&D investment, continuously innovate and upgrade products, enhance product performance, and develop products with differentiated competitive advantages. We will maintain existing customer relationships and actively develop new customers, while simultaneously advancing the construction of a global marketing network to build multi-dimensional competitive advantages.

2. Risks related to procurement of major raw materials and price fluctuations

The production activities of the Company are highly sensitive to fluctuations in commodity prices. The price of lithium carbonate, a core raw material for LFP, is influenced by the interplay between lithium mining output and downstream demand, resulting in significant price volatility. Meanwhile, raw materials such as base oil, used in automotive environmental-friendly specialty chemicals, are closely linked to international crude oil prices, while the price of products like urea is notably affected by energy restructuring policies. Although the Company has established a flexible procurement mechanism and seeks to mitigate cost pressures through strategic reserves, under extreme market conditions, it still faces operational risks such as inventory impairment or delayed cost pass-through. Furthermore, as the Company expands the global footprint of its production sites, the demand for raw materials increases substantially. Should the Company fail to establish stable supply chain relationships, it may face raw material shortages, which could disrupt its daily operations.

The Company will closely monitor price trends of major raw materials, flexibly adjust inventory levels, improve procurement quality, and reduce procurement costs. In addition, the Company will further optimize its industrial chain layout, enhance its in-house production capacity for raw materials, and build a more resilient supply chain ecosystem.



3. Risks related to macroeconomic conditions and downstream industry fluctuations

The business development of the Company is strongly correlated with macroeconomic conditions and industrial policies. Demand in the power battery and energy storage markets is closely tied to new energy vehicle policy orientations and the pace of energy storage infrastructure development, while the market for automotive environmental-friendly specialty chemicals is driven by multiple factors, including cyclical fluctuations in the automotive industry, consumer upgrade trends, and the evolution of environmental regulations. Significant changes in the macroeconomic environment or adjustments to industry support policies may lead to structural shifts in market demand, requiring the Company to possess the technological reserves and strategic agility to respond swiftly to market dynamics. If the Company fails to capitalize on opportunities arising from market changes, its competitive position and market standing may be adversely affected.

The Company will closely monitor changes in industry policies, strengthen policy interpretation and analysis, promptly adjust its business strategies, and pursue new market opportunities.

4. Risks related to adjustments in industry technology routes

Currently, although LFP technology holds a dominant position in the market due to its cost-effectiveness, potential technological transformations such as the accelerated commercialization of solid-state battery technology, breakthroughs in sodium-ion battery material system, and the expansion of application scenarios for hydrogen fuel cells may alter the weighting of different lithium battery technology routes. If, as a result of adjustments in industry technology routes, more advantageous new technologies and materials emerge, leading to a reduced application of LFP in lithium battery cathode materials, and the Company fails to promptly and effectively develop new products to respond to market changes, it will adversely affect the Company's market competitiveness and results of operations. Additionally, with the increasing penetration of new energy vehicles, traditional automotive environmental specialty chemical products such as lubricants and coolants for conventional fuel vehicles also face structural adjustments in demand. If enterprises fail to anticipate technological changes and keep pace with technological iterations in a timely manner, they may encounter issues such as product certification invalidation or market access barriers.

The Company will keep a close eye on industry development, continuously track cutting-edge technologies, promptly update its technological reserves, and launch high-quality products that closely align with customer needs and market development trends.

5. Risks related to safety production

As a fine chemical enterprise, safety production risks permeate the entire chain of research and development, production, warehousing, and transportation. Although the Company is equipped with relatively complete safety facilities and has established relatively robust accident early warning and handling mechanisms, the entire production process is in a controlled state, and the possibility of safety incidents is very small. Nevertheless, the possibility of unexpected safety incidents caused by imperfect equipment or processes, improper storage or operation, or natural disasters cannot be entirely ruled out, which could affect normal production and operations.

In response, the Company will continue to strictly control the production process, conduct regular safety inspections, and standardize employee operations to prevent the occurrence of safety incidents.



SUBSEQUENT EVENT

Please see details set out in the section headed "Management Discussion and Analysis — Significant Events after the Reporting Period" in this report.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2025 and the state of the Group's financial position as at that date are set out in the consolidated financial statements from pages 95 to 98 of this annual report.

Final Dividend

The Board has not declared any payment of final dividend for the year ended December 31, 2025.

Distributable Reserves

Details of movements in the distributable reserves of the Group during the year ended December 31, 2025 are set out in note 34 to the consolidated financial statements in this annual report.

Reserves and Distributable Reserves

Changes to the reserves of the Group during the year ended December 31, 2025 are set out in note 34 to the consolidated financial statements in this annual report.

Charitable Donations

During the Reporting Period, the total donations made by the Company and its subsidiaries were RMB170,000.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in note 13 to the consolidated financial statements in this annual report.

Share Capital

Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in note 31 to the consolidated financial statements in this annual report.

Retained Profits

Details of retained profits of the Company as at December 31, 2025 are set out in note 45 to the consolidated financial statements of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC, which oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Bank Borrowings and other Loans

Details of bank borrowings and other loans of the Group as at December 31, 2025 are set out in note 25 to the consolidated financial statements of this annual report.



Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 9 of this annual report. This summary does not form part of the audited consolidated financial statements.

2023 Share Option Scheme

Pursuant to the written resolutions passed by the Board on September 22, 2023, the Company has adopted the 2023 Share Option Scheme under which A Shares were granted as awards to eligible participants at the determination of the Board (the “**2023 Share Option Scheme**”). The purpose of the 2023 Share Option Scheme is: (i) to align the interests of our Company, Shareholders and employees, facilitate the parties’ mutual interests to focus on the long-term development of our Company, thus bring about more attractive and sustainable returns for our Shareholder; (ii) to improve the corporate governance structure and the long-term and effective incentive mechanisms of our Company to ensure long-term and stable development of our Company; and (iii) to incentivize the management personnel and employees, attract and retain management talents and key personnel, prevent loss of talents, and enhance cohesiveness and competitiveness of our Company.

The total number of underlying Shares which may be issued upon exercise of all outstanding options granted under the 2023 Share Option Scheme (the “**2023 Scheme Mandate Limit**”) shall be 5,295,000 A Shares and the total number of Shares involved in all equity incentive schemes of our Company within their validity period shall not be more than 10% of the share capital of our Company in aggregate. The 2023 Scheme Mandate Limit shall be adjusted in the event of any alteration in the capital structure of our Company whilst any option remains exercisable, in order to proportionally reflect any capitalization of profits or reserves, bonus issue, rights issue, sub-division, consolidation of shares, dividend distribution, etc. of our Company. Any grant of the options to any grantees in respect of all the options granted to such person under all validly subsisting share option schemes of the Company in aggregate shall not exceed 1% of the Shares in issue.

As determined by the Board or the scheme administrator from time to time, the eligible participants of the 2023 Share Option Scheme shall include Directors, senior management, mid-level management and key technical (business) personnel of our Company and shall not include the independent Directors, Supervisors and any Shareholders or actual controllers of over 5% equity interests of our Company, together with their spouses, parents and children (the “**2023 Eligible Participants**”).

The 2023 Share Option Scheme shall be valid and effective for the period of time commencing from the date of grant of options, i.e. September 22, 2023 (the “**2023 Scheme Effective Date**”) and expiring on the day when all options granted to the 2023 Eligible Participants under the 2023 Share Option Scheme are exercised or cancelled, which shall in any event be no later than the date which is 36 months after the 2023 Scheme Effective Date. As of the Latest Practicable Date, the remaining life of the 2023 Share Option Scheme is approximately 0.5 years.

The A Shares to be issued to the grantees pursuant to the exercise of the options are subject to lock-up restrictions in accordance with the PRC Company Law, the PRC Securities Law and other relevant laws and regulations and the Articles of Association, in particular, where the grantee is a director or a member of the senior management of our Company, the number of Shares which may be transferred by the grantee each year during his/her tenure of office shall not exceed 25% of the total number of the Shares held by him/her, and the grantee shall not transfer any Shares held by him/her within six months after his/her resignation from the positions held in our Group. The options granted to the 2023 Eligible Participants shall not be transferred or used as guarantee or for repayment of debts during the vesting period.

As of the Latest Practicable Date, a total of 162 2023 Eligible Participants has been granted outstanding options under the 2023 Share Option Scheme to subscribe for 2,375,000 A Shares in aggregate, representing 0.35% of the total issued Shares. The said options to subscribe for in aggregate 2,375,000 A Shares will be cancelled in due course subject to, among others, approval by the Board and the Shareholders due to the failure to meet the performance criteria and thus the conditions of exercise is not met.

Since no options or awards has been nor would be granted by the Company pursuant to the 2023 Share Option Scheme after the Listing, the provisions of Chapter 17 of the Hong Kong Listing Rules do not apply to the terms of the 2023 Share Option Scheme. Further details of the principal terms of the 2023 Share Option Scheme are set out in the section headed "Statutory and General Information — A. Further Information about Our Group — 5. 2023 Share Option Scheme" in Appendix IV to the Prospectus.

Details of the movement in the share options granted under the 2023 Share Option Scheme during the reporting period ended December 31, 2025 are set out below:

Name/ Category of the grantees	Position or connected relationship	Exercise price (RMB per Share)	Number of A Shares underlying the outstanding options as of January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of A Shares underlying the outstanding options as of December 31, 2025	Date of grant	Vesting period	Exercise period	Approximate% of Share Capital of Our Company as of December 31, 2025 ⁽¹⁾
Shi Yingfei (史瑩飛)	Deputy general manager of the technical department of Changzhou Liyuan, Nephew of Mr. Shi	11.92	790,000	—	—	395,000	—	395,000	September 22, 2023	See Note (2)	See Note (3)	0.06%
Shen Zhiyong (沈志勇)	Executive Director and chief financial officer of our Company	11.92	690,000	—	—	345,000	—	345,000	September 22, 2023	See Note (2)	See Note (3)	0.05%
Zhang Yi (張羿)	Executive Director, secretary of our Board and joint company secretary of our Company	11.92	190,000	—	—	95,000	—	95,000	September 22, 2023	See Note (2)	See Note (3)	0.01%
Lu Zhenya (呂振亞)	Executive Director	11.92	190,000	—	—	95,000	—	95,000	September 22, 2023	See Note (2)	See Note (3)	0.01%
Qin Jian (秦建)	Executive Director and deputy manager of our Company	11.92	180,000	—	—	90,000	—	90,000	September 22, 2023	See Note (2)	See Note (3)	0.01%
Chen Li (陳麗)	Head of the tendering department of our Company ⁽⁴⁾	11.92	105,000	—	—	52,500	—	52,500	September 22, 2023	See Note (2)	See Note (3)	0.01%
Gao Qilin (高啓林)	Special assistant to the general manager of the Hubei Campus, Nephew of Mr. Shi	11.92	90,000	—	—	45,000	—	45,000	September 22, 2023	See Note (2)	See Note (3)	0.01%
Sun Liyuan (孫麗媛)	Supervisor of Changzhou Liyuan, Jiangsu Liyuan and Tianjin Liyuan ⁽⁵⁾	11.92	80,000	—	—	40,000	—	40,000	September 22, 2023	See Note (2)	See Note (3)	0.01%
Lu Congjiang (呂從江)	Supervisor of Shandong Liyuan ⁽⁶⁾	11.92	70,000	—	—	70,000	—	—	September 22, 2023	See Note (2)	See Note (3)	0.01%

Directors' Report

Name/ Category of the grantees	Position or connected relationship	Exercise price (RMB per Share)	Number of A Shares underlying the				Number of A Shares underlying the				Date of grant	Vesting period	Exercise period	Approximate% of Share Capital of Our Company as of December 31, 2025 ⁽¹⁾
			options as of January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	options as of December 31, 2025						
Xie Yichao (解一超)	Deputy general manager of operations of Changzhou Liyuan	11.92	70,000	—	—	35,000	—	35,000	September 22, 2023	See Note (2)	See Note (3)	0.01%		
Zhang Bingying (張炳英)	Supervisor of Shandong Kelas ⁽⁷⁾	11.92	50,000	—	—	25,000	—	25,000	September 22, 2023	See Note (2)	See Note (3)	0.00%		
Shi Baoshan (石寶山)	Technical consultant of Jiangsu Kelas, Elder brother of Mr. Shi ⁽⁸⁾	11.92	40,000	—	—	20,000	—	20,000	September 22, 2023	See Note (2)	See Note (3)	0.00%		
Zhu Lei (朱磊)	General manager of Jiangsu Ruilifeng	11.92	40,000	—	—	20,000	—	20,000	September 22, 2023	See Note (2)	See Note (3)	0.00%		
Chen Xiaomin (陳小民)	Supervisor of Changzhou Liyuan ⁽⁹⁾	11.92	30,000	—	—	30,000	—	—	September 22, 2023	See Note (2)	See Note (3)	0.00%		
Yu Xiang (于翔)	Supervisor and head of human resources and administration department of Changzhou Liyuan ⁽¹⁰⁾	11.92	20,000	—	—	10,000	—	10,000	September 22, 2023	See Note (2)	See Note (3)	0.00%		
Wu Jiansheng (吳建生)	Chair of the trade union of Lopal Times, Brother-in-law of Ms. Zhu	11.92	15,000	—	—	7,500	—	7,500	September 22, 2023	See Note (2)	See Note (3)	0.00%		
Other 2023 Eligible Participants who are employees		11.92	2,645,000	—	—	1,545,000	—	1,100,000	September 22, 2023	See Note (2)	See Note (3)	0.00%		
Total			5,295,000	—	—	2,920,000	—	2,375,000				0.35%		

Notes:

- (1) The calculation is based on 682,996,503 Shares in issue (having excluded 2,082,400 A Shares held as treasury shares) as of December 31, 2025.
- (2) The vesting periods are 12 months and 24 months commencing from the grant date of the 2023 Share Option Scheme, i.e. September 22, 2023.
- (3) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from September 22, 2024 to September 21, 2025, and 50% of the options shall be exercisable from September 22, 2025 to September 21, 2026.
- (4) Ms. Chen Li is a mid-level management member of our Group and is not an independent Director or Supervisor. Ms. Chen Li is thus a 2023 Eligible Participant.
- (5) Ms. Sun Liyuan is a mid-level management member of our Company and is not an independent Director or Supervisor. Ms. Sun Liyuan is thus a 2023 Eligible Participant.
- (6) Mr. Lu Congjiang is a mid-level management member of our Group and is not an independent Director or Supervisor. Mr. Lu Congjiang is thus a 2023 Eligible Participant.

- (7) Mr. Zhang Bingying is a mid-level management member of our Group and is not an independent Director or Supervisor. Mr. Zhang Bingying is thus a 2023 Eligible Participant.
- (8) Mr. Shi Baoshan was an employee of the Group and had retired as of December 31, 2025. Options held by him are expected to be cancelled subject to approval by the Board and Shareholders of the Company.
- (9) Mr. Chen Xiaomin is a mid-level management member of our Company and is not an independent Director or Supervisor. Mr. Chen Xiaomin is thus a 2023 Eligible Participant.
- (10) Mr. Yu Xiang is a mid-level management member of the Group and is not an independent Director or Supervisor. Mr. Yu Xiang is thus a 2023 Eligible Participant.
- (11) The exercise price of the cancelled share options was RMB11.92 per Share.

Pursuant to the rules of the 2023 Share Option Scheme, no further share options would be granted. Hence, the number of options available for grant under the scheme mandate at the beginning and the end of the Reporting Period are both zero.

As no options and awards were granted during the Reporting Period, thus, the number of shares that may be issued in respect of options and awards granted under all schemes of the issuer during the Reporting Period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the Reporting Period is not available.

2025 Share Option Incentive Scheme

On December 31, 2025, the 2025 Share Option Incentive Scheme was approved by the extraordinary general meeting by way of special resolutions (the “**2025 Share Option Scheme**”). The purpose of the 2025 Share Option Scheme is: (i) to establish and improve the interest sharing mechanism between the management and the Shareholders to align the interests of the Company, Shareholders and employees, fostering a shared focus on the Company’s long-term development, thereby bringing more efficient and sustainable returns to the Shareholders; (ii) to further improve the Company’s corporate governance structure and establish a long-term and effective incentive and constraint mechanism to ensure the Company’s long-term and stable development; and (iii) to effectively motivate the proactivity of management and employees, attract and retain quality management talent and key personnel, prevent loss of talent, and enhance the Company’s cohesion and competitiveness.

With our Board being of the view that all conditions of grant have been satisfied, a total of 6,850,000 options was granted on January 5, 2026 (the “**Date of Grant**”). However, on February 12, 2026, the total number of options granted has been revised from 6,850,000 to 6,810,000.

As such, the total number of underlying Shares which may be issued upon exercise of all outstanding options granted under the 2025 Share Option Scheme (the “**2025 Scheme Mandate Limit**”) shall be 6,810,000 A Shares and the total number of Shares involved in all equity incentive schemes of our Company within their validity period shall not be more than 10% of the share capital of our Company in aggregate. The 2025 Scheme Mandate Limit shall be adjusted in the event of any alteration in the capital structure of our Company whilst any option remains exercisable, in order to proportionally reflect any capitalization of profits or reserves, bonus issue, rights issue, sub-division, consolidation of shares, dividend distribution, etc. of our Company. Any grant of the options to any grantees in respect of all the options granted to such person under all validly subsisting share option schemes of the Company in aggregate shall not exceed 1% of the Shares in issue.



As determined by the Board or the scheme administrator from time to time, the eligible participants of the 2025 Share Option Scheme shall include Directors, senior management, middle management and core technical (business) backbones of our Group and shall not include the independent Directors, Supervisors and any Shareholders or actual controllers of over 5% of the shares of our Company (excluding treasury Shares), together with their spouses, parents and children (the **"2025 Eligible Participants"**).

On January 5, 2026, the Board considered and approved the proposal on adjustment of the total number of 2025 Eligible Participants at the 48th meeting of the fourth session of the Board. As some participants proposed to be granted share options under the 2025 Share Option Scheme were no longer employees of the Group, the total number of 2025 Eligible Participants is reduced from 300 to 285. Further, on February 12, 2026, as three grantees resigned and thus were no longer eligible grantees, the total number of 2025 Eligible Participants has been further reduced from 285 to 282. These downward adjustments to the total number of 2025 Eligible Participants do not have a material effect on the financial conditions and operating results of the Company, and the grant is in line with those considered and approved at the relevant extraordinary general meeting.

The 2025 Share Option Scheme shall be valid and effective for the period of time commencing from the date of grant of options, i.e. January 5, 2026 (the **"2025 Scheme Effective Date"**) and expiring on the day when all options granted to the 2025 Eligible Participants under the 2025 Share Option Scheme are exercised or cancelled, which shall in any event be no later than the date which is 36 months after the 2025 Scheme Effective Date. As of the Latest Practicable Date, the remaining life of the 2025 Share Option Scheme is approximately 32 months.

The A Shares to be issued to the grantees pursuant to the exercise of the options are subject to lock-up restrictions in accordance with the PRC Company Law, the PRC Securities Law and other relevant laws and regulations and the Articles of Association, in particular, where the grantee is a director or a member of the senior management of our Company, the number of Shares which may be transferred by the grantee each year during his/her tenure of office shall not exceed 25% of the total number of the Shares held by him/her, and the grantee shall not transfer any Shares held by him/her within six months after his/her resignation from the positions held in our Group. The options granted to the 2025 Eligible Participants shall not be transferred or used as guarantee or for repayment of debts during the vesting period.

As of the Latest Practicable Date, a total of 282 2025 Eligible Participants has been granted outstanding options under the 2025 Share Option Scheme to subscribe for 6,810,000 A Shares in aggregate, representing 1.00% of the total issued Shares.



Details of the options granted to the 2025 Eligible Participants under 2025 Share Option Scheme as of December 31, 2025 regarding the fair value, accounting standard and policy adopted are disclosed in note 32 to the consolidated financial report in this annual report. Details of the movement in the share options granted under the 2025 Share Option Scheme during the Reporting Period are set out in the table below:

Name of the grantees	Position or connected relationship	Exercise price (RMB per Share)	Number of A Shares				Lapsed during the Reporting Period	Number of A Shares underlying the outstanding options granted as of the date of this report	Date of grant	Vesting period	Exercise period	Approximate% of Share Capital of Our Company as of December 31, 2025 ⁽¹⁾
			Options granted during the Reporting Period	Options exercised during the Reporting Period	Options cancelled during the Reporting Period	Options outstanding as of January 1, 2025						
Zhang Yi (張羿)	Executive Director, secretary of our Board and joint company secretary of our Company	15.35	—	130,000	—	—	—	130,000	January 5, 2026	See Note (2)	See Note (3)	0.02%
Lu Zhenya (呂振亞)	Executive Director	15.35	—	120,000	—	—	—	120,000	January 5, 2026	See Note (2)	See Note (3)	0.02%
Qin Jian (秦建)	Executive Director and deputy manager of our Company	15.35	—	90,000	—	—	—	90,000	January 5, 2026	See Note (2)	See Note (3)	0.01%
Shi Yingfei (史瑩飛)	Deputy General Manager of Technology, Changzhou Liyuan, Nephew of Mr. Shi	15.35	—	75,000	—	—	—	75,000	January 5, 2026	See Note (2)	See Note (3)	0.01%
Wu Jiansheng (吳建生)	Chairman of Longpan Times Labor Union, Brother-in-law of Ms. Zhu	15.35	—	30,000	—	—	—	30,000	January 5, 2026	See Note (2)	See Note (3)	0.00%
The five highest-paid individuals in 2025		15.35	—	175,000	—	—	—	175,000	January 5, 2026	See Note (2)	See Note (3)	0.03%
Other 2025 Eligible Participants who are employees		15.35	—	6,230,000	—	—	—	6,190,000	January 5, 2026	See Note (2)	See Note (3)	0.90%
Total			—	6,850,000	—	40,000	—	6,810,000				1.00%

Notes:

- (1) The calculation is based on 682,996,503 Shares in issue (having excluded 2,082,400 A Shares held as treasury shares) as of December 31, 2025.
- (2) The vesting period of 50% of the granted Share Options is 16 months and that of the remaining 50% is 28 months commencing from the grant date of the 2025 Share Option Scheme, i.e. January 5, 2026. During the Vesting Period, the Participants shall not exercise the Share Options granted under the Scheme.
- (3) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from the first trading day after expiry of 16 months from the Date of Grant and ending on the last trading day of 28 months from the Date of Grant, and 50% of the options shall be exercisable from the first trading day after expiry of 28 months from the Date of Grant and ending on the last trading day of 40 months from the Date of Grant.



DIRECTORS

The Directors during the year ended December 31, 2025 and up to the Latest Practicable Date were:

Name	Position/Title
Mr. Shi Junfeng	Executive Director and chairman of the Board
Mr. Lu Zhenya (former name: Lu Zhenya)	Executive Director
Mr. Qin Jian	Executive Director
Mr. Shen Zhiyong	Executive Director
Mr. Zhang Yi	Executive Director
Ms. Zhu Xianglan	Non-executive Director
Mr. Li Qingwen	Independent non-executive Director (resigned with effect from February 13, 2026)
Mr. Ye Xin	Independent non-executive Director (resigned with effect from February 13, 2026)
Ms. Geng Chengxuan	Independent non-executive Director
Mr. Hong Kam Le	Independent non-executive Director
Mr. Zhang Jinlong	Independent non-executive Director (appointed with effect from February 13, 2026)
Mr. Lu Jian	Independent non-executive Director (appointed with effect from February 13, 2026)

The biographical details of the Directors, Senior Management, and Supervisors of the Company as of the Latest Practicable Date are set out in the chapter headed "Directors, Supervisors and Senior Management" in this annual report.

Changes of Information of Directors Under Rule 13.51B(1) of Listing Rules

Reference is made to the announcement of the Company dated January 23, 2026 and the circular dated January 26, 2026, Mr. Li Qingwen and Mr. Ye Xin ceased to serve as independent non-executive Directors of the Company nor any position in the Board committees of the Company from the date of election of the fifth session of the Board of the Company (i.e. February 13, 2026). With effect from February 13, 2026, Mr. Zhang Jinlong and Mr. Lu Jian were appointed as independent non-executive Directors of the fifth session of the Board of the Company.

With effect from February 13, 2026, (i) Ms. Geng Chengxuan was redesignated as a member from the Chairlady of the Audit Committee, while Mr. Zhang Jinlong was appointed as the Chairman of the Audit Committee and Mr. Lu Jian was appointed as a member of the Audit Committee. Mr. Ye Xin and Mr. Hong Kam Le ceased to be members of the Audit Committee; (ii) Ms. Geng Chengxuan was appointed as the Chairlady of the Remuneration and Evaluation Committee and Mr. Zhang Jinlong was appointed as a member of the Remuneration and Evaluation Committee, while Mr. Li Qingwen ceased to be the Chairman of the Remuneration and Evaluation Committee; (iii) Mr. Lu Jian was appointed as the Chairman of the Nomination Committee while Mr. Ye Xin ceased to be the Chairman of the Nomination Committee; (iv) Ms. Zhu Xianglan was appointed as a member of the Strategy Committee while Mr. Li Qingwen ceased to be a member of the Strategy Committee.

Save as disclosed above, during the relevant period, no information was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



Directors' Service Contracts and Letters of Appointment

Each of the executive Directors and non-executive Directors including an independent non-executive Director entered into a service contract with, and received a letter of appointment from, the Company on October 16, 2024 (the "Service Contracts"). The Service Contracts commence from either February 24, 2023, or October 30, 2024 until the end of Fourth session of the Board meeting (i.e. February 12, 2026). Upon the election of the fifth session of the Board on February 13, 2026, service contracts and the letters of appointment from the Company have also been entered into and received by the new session of the Board. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules and Shanghai Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Mr. Li Qingwen, Mr. Ye Xin, Ms. Geng Chengxuan, Mr. Hong Kam Le), and the Company considers such Directors to be independent for the year ended December 31, 2025.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

There was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any of his/her connected entity had a material interest, whether directly or indirectly, and there was no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the year ended December 31, 2025.

Interests of Directors, Supervisors and Chief Executive

As at December 31, 2025, the interests and short positions of our Directors, Supervisors and chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which had been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be separately notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were set out as follows:

(i) Interest in our Company

Name of Director, Supervisor or chief executive	Nature of Interest	Class	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant class of shares of the Company ⁽²⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽³⁾
Mr. Shi ⁽⁴⁾⁽⁷⁾	Beneficial owner	A Shares	212,662,195	37.63%	31.04%
	Interest held by controlled corporation	A Shares	1,901,208	0.34%	0.28%
	Interest of spouse	A Shares	23,618,649	4.18%	3.45%
Ms. Zhu ⁽⁶⁾	Other ⁽⁵⁾	A Shares	2,082,400	0.37%	0.30%
	Beneficial owner	A Shares	23,618,649	4.18%	3.45%
	Interest of spouse	A Shares	214,563,403	37.97%	31.32%
Mr. Lu Zhenya (former name: Lu Zhenya)	Other	A Shares	2,082,400	0.37%	0.30%
	Beneficial owner	A Shares	336,988	0.06%	0.05%
	Beneficial owner	A Shares	320,832	0.06%	0.05%
Mr. Qin Jian ⁽⁸⁾	Interest of spouse	A Shares	33,056	0.01%	0.00%
	Beneficial owner	A Shares	563,112	0.10%	0.08%
Mr. Shen Zhiyong	Beneficial owner	A Shares	290,792	0.05%	0.04%
Mr. Zhang Yi	Beneficial owner	A Shares			

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 565,078,903 A Shares or 120,000,000 H Shares in issue as of December 31, 2025, depending on the class of Shares involved.
- (3) The calculation is based on the total number of 685,078,903 Shares as of December 31, 2025 and without taking into account the options granted under the 2023 Share Option Scheme and the 2025 Share Option Scheme.
- (4) Mr. Shi is the spouse of Ms. Zhu. By virtue of the SFO, Mr. Shi is deemed to be interested in the Shares in which Ms. Zhu is interested. In addition, Mr. Shi and Ms. Zhu may be taken to have an interest in those treasury shares held by the Company as shareholders controlling more than one-third or more voting power in the Company.
- (5) As of December 31, 2025, our Company holds 2,082,400 A shares as treasury shares. Mr. Shi controls one-third or more of the voting power at general meetings of the Company is to be taken to have an interest in the aforesaid 2,082,400 A shares held in treasury under Part XV of the SFO. As of December 31, 2025, Mr. Shi has pledged 56,800,000 A Shares as security in favor of certain PRC financial institutions regulated by the NAFR or the CSRC.
- (6) Ms. Zhu is the spouse of Mr. Shi. By virtue of the SFO, Ms. Zhu is deemed to be interested in the Shares in which Mr. Shi is interested.
- (7) Nanjing Bailey is a limited partnership established in the PRC, which is managed by Lopal International as its general partner. Lopal International is a limited company established in the PRC, which is owned as to 90% by Mr. Shi and 10% by Ms. Zhu. Accordingly, Mr. Shi is deemed to be interested in the Shares held by Nanjing Bailey.
- (8) Ms. Xu Suxia (徐素娥) is the spouse of Mr. Qin Jian. As of December 31, 2025, Ms. Xu Suxia held 33,056 A Shares. By virtue of the SFO, Mr. Qin Jian is deemed to be interested in the Shares held by Ms. Xu Suxia.

Save as disclosed above, as at December 31, 2025, none of our Directors, former Supervisors and chief executive of our Company had interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be otherwise notified to the Company and the HKEX pursuant to the Model Code.

(ii) Interest in associated corporations

Name of Director or chief executive	Nature of interests ⁽¹⁾	Associated corporations	Approximate percentage of holding in associated corporations
Mr. Shi	Interest held by controlled corporation	Changzhou Liyuan	70.62% ⁽²⁾
Mr. Shen Zhiyong	Interest held by controlled corporation	Changzhou Liyuan	2.10% ⁽³⁾

Notes:

- (1) All the interests stated are long positions.
- (2) As of the Latest Practicable Date, Changzhou Liyuan was owned as to approximately 66.42% by our Company in which Mr. Shi controlled more than one-third of voting power and approximately 4.20% by Changzhou Youbeili Venture Capital Center (Limited Partnership) (常州優貝利創業投資中心(有限合夥)), in which Mr. Shi served as the general partner and owned 99.9% interest, respectively. Therefore, Mr. Shi is deemed to be interested in the shares in Changzhou Liyuan held by Changzhou Youbeili Venture Capital Center (Limited Partnership) (常州優貝利創業投資中心(有限合夥)) and the shares in Changzhou Liyuan held by our Company under the SFO.
- (3) As of the Latest Practicable Date, Changzhou Liyuan was owned as to approximately 2.10% by Nanjing Jinbeili Venture Capital Center (Limited Partnership) (南京金貝利創業投資中心(有限合夥)) in which Mr. Shen served as the general partner and owned 99% interest. Therefore, Mr. Shen is deemed to be interested in the shares in Changzhou Liyuan held by Nanjing Jinbeili Venture Capital Center (Limited Partnership) (南京金貝利創業投資中心(有限合夥)) under the SFO.

Directors' and Supervisors' Rights to Acquire Shares and Debentures

Save as disclosed in this report, none of the Company, or any of its subsidiaries have entered into any arrangement to enable the Directors or former Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body, and none of the Directors and former Supervisors or their spouses and children under the age of 18 had any right to subscribe for the share capital or debt securities of the Company or any other corporate body or had exercised any such right at any time during the Reporting Period.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at December 31, 2025, to the knowledge of the Directors, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Shareholder	Nature of interests	Class	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant class of shares of the Company ⁽²⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽³⁾
China Credit Trust Co., Ltd ⁽⁴⁾	Interest held by controlled corporation	H Shares	20,000,000 (L)	16.67%	2.92%
Harvest Fund Management Co., Ltd. ⁽⁴⁾	Interest held by controlled corporation	H Shares	20,000,000 (L)	16.67%	2.92%
UBS AG	Person having a security interest in shares	H shares	6,653,500 (L)	5.54%	0.97%
UBS Group AG	Interest held by controlled corporation	H shares	8,350,000 (L)	6.96%	1.22%
			3,398,096 (S)	2.83%	0.50%

Notes:

- (1) Interests labelled with (L) are long positions, and interests labelled with (S) are short positions.
- (2) The calculation is based on the total number of 565,078,903 A Shares or 120,000,000 H Shares in issue as of December 31, 2025, depending on the class of Shares involved.
- (3) The calculation is based on the total number of 685,078,903 Shares as of December 31, 2025 and without taking into account the options granted under the 2023 and 2025 Share Option Scheme.
- (4) Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Oriental SP, who held 20,000,000 H Shares, is owned as to 91% by Harvest Global Investments Limited. Harvest Global Investments Limited is 100% owned by Harvest Fund Management Co., Ltd. Harvest Fund Management Co., Ltd. is owned as to 40% by China Credit Trust Co., Ltd.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2025.

EMOLUMENT POLICY

We recognize our employees are prominent assets for our long-term development and we place great emphasis on attracting and recruiting qualified employees. We adopt a fair treatment for our employees to ensure that they enjoy fair opportunities and conditions. For emolument policy, we provide our employees with remuneration packages covering matters including wages, employee benefits, safety and sanitary conditions in the workplace. We also enter into standard confidentiality agreements with all of our employees. As required by PRC Law, we participate in various social security plans for our employees including housing provident fund, pension insurance, medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance. Additionally, we also operated 2023 Share Option Scheme to incentivise and motivate our employees, under which qualified employees are granted with share awards or share options, details of which are set out under the section headed "2023 Share Option Scheme" in this director's report. A remuneration and Evaluation committee has also been established by the Group to review the policy and structure of the remuneration for our Directors, Senior Management, and Supervisors and make recommendations on the remuneration packages of individual Directors, Senior Management, and Supervisors. Particulars on the remuneration for the Directors, Supervisors and five highest paid individuals during the Reporting Period are set out in notes 8 and 9 to the consolidated financial statements.

EMPLOYEE BENEFITS

Particulars of the employee benefits of the Group are set out in note 1 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the senior management by band for the year ended December 31, 2025 is set out below:

Remuneration band	Number of senior management
Nil to RMB1,000,000	4
Over RMB1,000,000	0

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, it has been confirmed that the portion of the H Shares listed on the Stock Exchange and held by the public represents no less than 5% of the Company's total number of issued shares in the class to which the listed H Shares belong (excluding treasury Shares as required under Rule 19A.28B(2)(b) of the Listing Rules).



RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as disclosed under the sections headed "2023 Share Option Scheme" and "2025 Share Option Scheme" in this directors' report, at no time during the year ended December 31, 2025 was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

CONNECTED TRANSACTIONS

The Company has conducted the below partially-exempted or non-exempt continuing connected transactions during the Reporting Period:

Weilejia Framework Agreement

On October 14, 2024, our Company and Nanjing Weilejia Lubricants Co., Ltd. (南京威樂佳潤滑油有限公司) ("Nanjing Weilejia") entered into a framework agreement, for a term commencing from the Listing Date to December 31, 2026 (both dates inclusive) (the "Weilejia Framework Agreement").

Under the Weilejia Framework Agreement, our Company (i) appoints Nanjing Weilejia as a distributor of our Group's Kelas (可蘭素) brand products (the "Kelas Brand Products") in the PRC, Nanjing Weilejia shall distribute such Kelas Brand Products to its customers at prices that generally follow the guidance price lists provided by our Group from time to time; and (ii) may supply our Group's Lopal (龍蟠) brand products (the "Lopal Brand Products") in the PRC to Nanjing Weilejia, prices of such supply arrived after taking into account the price lists provided by our Group (which may be adjusted and updated by our Group from time to time), the order size and transportation costs. The details of the Weilejia Framework Agreement are disclosed in the Prospectus.

As Mr. Qin Jian is an executive director of our Company and Mr. Xue Lingjian (薛領建), Mr. Qin Jian's brother-in-law, owns approximately 100% of the equity interest in Nanjing Weilejia, Nanjing Weilejia is a majority-controlled company and thus an associate of Mr. Qin Jian. Therefore, Nanjing Weilejia is our connected person under Chapter 14A of the Listing Rules.

Reasons for Transactions

We rely on our distribution network as one of the channels for the sales of our automotive specialty chemical products. Taking into account (i) our long-standing business relationship with Nanjing Weilejia, which began in around 2012; (ii) Nanjing Weilejia's past performance in meeting our sales targets; (iii) our pricing policy adopted for the transactions under the Weilejia Framework Agreement is consistent with our pricing policy for other distributors of our Kelas Brand Products and (iv) sales to Nanjing Weilejia will enable us to maintain our coverage to meet demands of our Lopal Brand Products in the market. Our Directors are of the view that it is commercially beneficial for us to continue to appoint Nanjing Weilejia as one of our distributors and to continue the sales of Lopal Brand Products to Nanjing Weilejia, and it is in the interests of our Group and Shareholders to enter into the Weilejia Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the Weilejia Framework Agreement was RMB7.1912 million.



Annual Caps

Our annual caps for the years ending December 31, 2024, 2025 and 2026 transactions under the Weilejia Framework Agreement will be RMB8.85 million, RMB8.85 million and RMB8.85 million, respectively.

Hengan Framework Agreement

On October 14, 2024, our Company and Taizhou Hengan Commerce Co., Ltd. (泰州市恆安商貿有限公司) ("Taizhou Hengan") entered into a framework agreement, for a term commencing from the Listing Date to December 31, 2026 (both dates inclusive) (the "**Hengan Framework Agreement**"). Under the Hengan Framework Agreement, our Company appoints Taizhou Hengan as a distributor of our Lopal Brand Products and Kelas Brand Products in the PRC. The price of which shall set according to the distributor price lists provided by our Group (which may be adjusted and updated by our Group from time to time), and Taizhou Hengan shall distribute such Lopal Brand Products and Kelas Brand Products to its customers at prices that generally follow the guidance price lists provided by our Group from time to time and only within the regions as agreed between Taizhou Hengan and our Group in writing. Our Group may from time to time offer discounts to the prices set out in the distributor price lists as part of our Group's promotional efforts. The details of the Hengan Framework Agreement are disclosed in the Prospectus. As Mr. Shi is an executive Director and a controlling shareholder of our Company and Ms. Shi Zhenhong (石珍紅), Mr. Shi's younger sister, owns 100% of the equity interest in Taizhou Hengan, Taizhou Hengan is a majority controlled company and thus an associate of Mr. Shi. Therefore, Taizhou Hengan is our connected person under Chapter 14A of the Listing Rules.

Reasons for Transactions

We rely on our distribution network as one of the channels for the sales of our automotive specialty chemical products. Taking into account (i) our long-standing business relationship with Taizhou Hengan, which began in around 2014; (ii) Taizhou Hengan's past performance in meeting our sales targets; and (iii) our pricing policy adopted for the transactions under the Hengan Framework Agreement is consistent with our pricing policy for other distributors of our Lopal Brand Products and Kelas Brand Products. Our Directors are of the view that it is commercially beneficial for us to continue to appoint Taizhou Hengan as one of our distributors, and it is in the best interests of our Group and Shareholders to enter into the Hengan Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the Hengan Framework Agreement was RMB1.57 million.

Annual Caps

Our annual caps for the years ending December 31, 2024, 2025 and 2026 transactions under the Hengan Framework Agreement will be RMB6 million, RMB6 million and RMB6 million, respectively.



Changnengrui Framework Agreement

On October 14, 2024, our Company and Taizhou Changnengrui Commerce Co., Ltd. (泰州市暢能瑞商貿有限公司) (“**Taizhou Changnengrui**”) entered into a framework agreement for a term commencing from the Listing Date to December 31, 2026 (both dates inclusive) (the “**Changnengrui Framework Agreement**”). Under the Changnengrui Framework Agreement, our Company appoints Taizhou Changnengrui as a distributor of our Lopal Brand Products and Kelas Brand Products in the PRC, and Taizhou Changnengrui shall distribute such Lopal Brand Products and Kelas Brand Products to its customers at prices that generally follow the guidance price lists provided by our Group from time to time and only within the regions as agreed between Taizhou Changnengrui and our Group in writing. Our Group may from time to time offer discounts to the prices set out in the distributor price lists as part of our Group’s promotional efforts. The details of the Changnengrui Framework Agreement are disclosed in the Prospectus. As Mr. Shi is an executive Director and a controlling shareholder of our Company and Ms. Shi Shuhong (石書紅) and Ms. Shi Zhenhong (石珍紅), both Mr. Shi’s sisters, own 98% and 2%, respectively, of the equity interest in Taizhou Changnengrui, Taizhou Changnengrui is a majority-controlled company and thus an associate of Mr. Shi. Therefore, Taizhou Changnengrui is our connected person under Chapter 14A of the Listing Rules.

Reasons for Transactions

We rely on our distribution network as one of the channels for the sales of our automotive specialty chemical products. Taking into account (i) our long-standing business relationship with Taizhou Changnengrui, which began in around 2011; (ii) Taizhou Changnengrui’s past performance in meeting our sales targets; and (iii) our pricing policy adopted for the transactions under the Changnengrui Framework Agreement is consistent with our pricing policy for other distributors of our Lopal Brand Products and Kelas Brand Products, our Directors are of the view that it is commercially beneficial for us to continue to appoint Taizhou Changnengrui as one of our distributors, and it is in the best interests of our Group and Shareholders to enter into the Changnengrui Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the Changnengrui Framework Agreement was RMB7.908 million.

Proposed Annual Caps

Our proposed annual caps for the years ending December 31, 2024, 2025 and 2026 transactions under the Changnengrui Framework Agreement will be RMB15 million, RMB15 million and RMB15 million, respectively.

CATL Sales Framework Agreement and CATL Purchase Framework Agreement

On January 17, 2025, our Company and CATL entered into the CATL Sales Framework Agreement and CATL Purchase Framework Agreement, a term commencing from January 1, 2025 to December 31, 2025 (both dates inclusive) (the “**CATL Sales Framework Agreement**” and/or “**CATL Purchase Framework Agreement**”).



Under the CATL Sales Framework Agreement, CATL, its subsidiaries and 30%-controlled companies (excluding Lopal Times) (collectively, the “**CATL CP Group**”) may supply products (the “**CATL Products**”) to our Group, including but not limited to raw materials and/or other processed products required by our Group in our daily production operations. All purchase transactions by our Group from CATL CP Group of CATL Products, may it be raw materials such as lithium-mica concentrate or processed products such as lithium carbonate, will be covered under the same agreement, i.e. the CATL Sales Framework Agreement. The price of the CATL Products to be supplied by CATL CP Group to our Group shall be determined on normal commercial terms and on an arm's length basis. We shall take into account (i) the prevailing market price of the relevant materials posted on the SMM, the PRC government or other industry recognized organizations and (ii) the cost of production of the relevant CATL Products.

Regarding the CATL Purchase Framework Agreement, CATL CP Group may purchase products (the “**Lopal Products**”) manufactured and/or processed by our Group in accordance with the specifications provided by CATL CP Group (including the products processed by our Group using raw materials provided by CATL CP Group). All sale transactions from our Group to CATL CP Group of Lopal Products including but without limitation LFP cathode materials will be covered under the same agreement, i.e. the CATL Purchase Framework Agreement. The price shall be determined on normal commercial terms and on an arm's length basis. We shall take into account (i) the price of the relevant materials posted on the SMM, the PRC government or other industry recognized organizations and (ii) the production cost of the Lopal Products (whereby raw materials are supplied to our Group for processing, the processing cost of the Lopal Products). Our Group will provide to our customers material price lists (which may be adjusted and updated by us from time to time) and may from time to time offer discounts on the Lopal Products as part of their promotional efforts.

Lopal Times is a direct non-wholly owned subsidiary of our Company, which is owned as to 70% by our Company and 30% by Yichun Times. As Yichun Times owns 30% of the equity interest in Lopal Times, Yichun Times is a substantial shareholder of a subsidiary of our Company and thus is a connected person of our Company. As Yichun Times will be a connected person of our Company, the CATL CP Group (comprising CATL, its subsidiaries and 30%-controlled companies (excluding Lopal Times)) will be associates of Yichun Times and will therefore is connected persons of our Company under Chapter 14A of the Listing Rules.

Reasons for Transactions

We entered into the CATL Sales Framework Agreement with CATL in order to ensure the sufficient and stable supply of raw materials and other processed products for our production needs, while entered into the CATL Purchase Framework Agreement with CATL is to leverage on CATL's sales network and sizable base of customers. Both CATL Sales Framework Agreement and CATL Purchase Framework Agreement are beneficial for the growth of our business. Given the established relationship between our Group and CATL Group, our Directors are of the view that both agreements are i) CATL is capable of providing raw materials and other processed products in a reliable and cost-effective manner with competitive prices as compared to the independent third parties in respect of materials of similar specification, model, type and quality mutually beneficial; and ii) economical for us to sell our LFP cathode material products to CATL CP Group, and it is in the interests of our Group and Shareholders to enter into the CATL Sales Framework Agreement and CATL Purchase Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the CATL Sales Framework Agreement and CATL Purchase Framework Agreement were RMB3,050.80 million and RMB447.57 million, respectively.



Annual Caps

Our annual caps for the year ending December 31, 2025, transactions under the CATL Sales Framework Agreement and CATL Purchase Framework Agreement will be RMB1,320.0 million and RMB7,000.0 million, respectively.

Procurement Cooperation Agreement

On September 15, 2025, LBM AP (an indirect non-wholly owned subsidiary of the Company) entered into the Procurement Cooperation Agreement with CATL, pursuant to which the LBM AP Group shall, among others, provide LFP cathode material to CATL from the second quarter of 2026 to December 31, 2031.

Under the Procurement Cooperation Agreement:

- (i) LBM AP Group will, as a supplier of CATL, participate in the development of CATL's overseas projects. CATL will prioritize cooperation with LBM AP in its project development and supply of lithium iron phosphate cathode materials.
- (ii) CATL and LBM AP Group will maintain and enhance communication with each other in areas including industry policies, product development, customers' demand, technological support and cooperation, certification of LBM AP's production lines.
- (iii) LBM AP Group shall provide LFP cathode material to CATL for its overseas project, in compliance with CATL's specified technical requirements and standards (including applicable industry standards) as required under the Procurement Cooperation Agreement.

The price of the LFP cathode materials to be supplied by the Group to CATL shall be determined on normal commercial terms and on an arm's length basis. The Group shall take into account (i) the prevailing market price of the relevant materials posted on the SMM, the PRC government, any relevant government or other industry recognized organizations and (ii) the production costs of the LFP cathode material.

Reasons for Transactions

The entering into of the Procurement Cooperation Agreement with CATL will enable the Group to ensure the stable demand of LFP cathode materials. The transactions contemplated under the Procurement Cooperation Agreement are beneficial for the growth of the Group's business, as we shall be the supplier of LFP cathode materials for CATL's overseas project and can secure a strong customer base to expand our production capabilities by leveraging CATL's sizable scale, reputation and purchasing power. Given the established relationship between the Company and CATL, the Directors are of the view that CATL is capable of maintaining a stable product demand and can provide competitive prices of the LFP cathode materials as compared to the Independent Third Parties in respect of materials of similar specification, model, type and quality.

Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the Procurement Cooperation Agreement was nil.

Annual Caps

For each of the years ending December 31, 2026 to 2031, the annual caps with respect to the continuing connected transactions under the Procurement Cooperation Agreement will be RMB2,200.0 million.



Review by and Confirmation of Independent Non-executive Directors and our Company

Our independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were carried out in the ordinary and usual course of business of the Group and made on normal commercial terms. The terms of Weilejia Framework Agreement, Hengan Framework Agreement, Changnengrui Framework Agreement, CATL Sales Framework Agreement and CATL Purchase Framework Agreement are fair and reasonable, and in the interests of the Company and its shareholders as a whole. Our Company also confirms that we have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules and have followed the policies and guidelines in relation to the corresponding framework agreement when determining the price and terms of the transactions conducted during the year.

Review by and Confirmation of Auditor

The auditors of our Company were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young sent a letter to the Board of the Company based on its review of the above-mentioned continuing connected transactions, expressing the following opinions in respect of the disclosed continuing connected transactions:

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.



RELATED PARTY TRANSACTIONS

Details of our related party transactions of the Group for the Reporting Period are set out in notes 39 to the consolidated financial statements of this annual report. The related party transactions disclosed in notes 39 to the consolidated financial statements include transactions with Nantong Jutu Trading Co., Ltd. (南通聚途商貿有限公司), Nanjing Ruifute Chemical Co., Ltd. (南京瑞福特化工有限公司), Hubei Fengli New Energy Technology Co., Ltd. (湖北豐鋰新能源科技有限公司) Nanjing Houlongchang Automobile Co., Ltd. (南京厚隆昌汽車有限公司, deregistered on July 10, 2025), Anhui Tomorrow New Energy Technology Co., Ltd. (安徽明天新能源科技有限公司) and AnHui MingTian Hydrogen Technology Co., Ltd. (安徽明天氫能科技股份有限公司), who will not be classified as our connected persons as of the Latest Practicable Date, and do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of Listing Rules. The other transactions which constitute continuing connected transactions of our Company has been disclosed above.

MANAGEMENT CONTRACTS

During the Reporting Period and up to the Latest Practicable Date, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors and the controlling shareholders of the Company was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group for the year ended December 31, 2025 which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

Mr. Shi has been the chairman of Hunan Farnlet New Energy Technology Co., Ltd. (湖南法恩萊特新能源科技有限公司) ("**Hunan Farnlet**") since June 2021 and Ms. Zhu has been a director of Hunan Farnlet since May 2022. As of the Latest Practicable Date, Mr. Shi directly held 45% of the equity interest in Hunan Farnlet, Nanjing Duoli Venture Capital Center (Limited Partnership) (南京多利創業投資中心(有限合夥)) ("**Nanjing Duoli**") held 4.5% of the equity interest in Hunan Farnlet, and Nanjing Hongli Venture Capital Center (Limited Partnership) (南京弘利創業投資中心(有限合夥)) ("**Nanjing Hongli**") held 4.5% equity interest in Hunan Farnlet. As of the Latest Practicable Date, Nanjing Duoli was managed by and owned as to 34.22% by Ms. Zhu as its general partner, and owned as to 18.15% by Mr. Zhang Yi (our executive Director), 17.01% by Mr. Shen Zhiyong (our executive Director), 2.27% by Mr. Lu Zhenya (our executive Director) and 2.27% by Mr. Qin Jian (our executive Director); Nanjing Hongli was managed by and owned as to 80% by Mr. Shi as its general partner, owned as to 10% by Ms. Zhu and owned as to 10% by Lopal International. There is clear delineation between Hunan Farnlet and our Group. Hunan Farnlet is primarily engaged in the production of lithium-ion electrolyte in mainland China. Our Group is not involved in the production of lithium-ion electrolyte. Hunan Farnlet is not in competition with our Group, as lithium-ion electrolyte (which Hunan Farnlet produces) and LFP cathode materials (which our Group produces) are different raw materials that are commonly used in parallel with each other in the production of lithium-ion batteries.



From January 1, 2025 to January 14, 2025 (the “**Pre-Acquisition Period**”), Lopal International directly owned the entire equity interest of each of Jiangsu Meiduo and Shandong Meiduo. On January 15, 2025, we have completed the acquisition of Shandong Meiduo, the details of such acquisition is also disclosed under the section “Completion of Shandong Meiduo Acquisition” in this annual report. Mr. Shi has been a director of Jiangsu Meiduo since its incorporation in September 2022 and a director of Shandong Meiduo since its incorporation in September 2022. During the Pre-Acquisition Period, there was clear delineation between Meiduo Companies and our Group. Meiduo Companies are primarily engaged in the business of recycling lithium-ion batteries. Our Group was not involved in recycling of lithium-ion batteries during the Pre-Acquisition Period and that the Shandong Meiduo Acquisition is in line with our strategic expansion upstream along the production value chain.

For the purpose of the listing of our A Shares on the Shanghai Stock Exchange and in order to avoid any potential competition between our Group and the companies controlled by Mr. Shi and/or Ms. Zhu, Mr. Shi and Ms. Zhu provided a non-competition undertaking in favor of our Company on February 10, 2015 (the “**Non-competition Undertaking**”). Pursuant to the Non-competition Undertaking, each of Mr. Shi and Ms. Zhu has undertaken that he/she is irrevocably bound by non-compete obligations prohibiting direct or indirect engagement in activities (including investments, joint ventures, or holding equity/control) that compete with the Company’s current or future businesses, both during his/her tenure as a Director and for six months post-resignation. This extends to abstaining from roles (e.g., director, senior management) in competing entities and assisting third parties in such activities. Breaches require immediate disclosure by the Company, forfeiture of gains to the Company, and compensation for damages. Both Mr. Shi and Ms. Zhu must also submit legally valid replacement undertakings, subject to shareholder approval. These obligations take immediate effect upon signing and remain enforceable as long as the individual holds 5% or more of the Company’s shares or retains significant control over it.

The Company has received the annual confirmation from the Mr. Shi and Ms. Zhu in respect of their compliance with the non-competition undertakings during the Reporting Period and has disclosed the same in this annual report.

The independent non-executive Directors, having reviewed the compliance with the non-competition undertakings during the Reporting Period based on information and the confirmation provided or given by Mr. Shi and Ms. Zhu, are satisfied that there no decisions that would conflict with the interests of the Company, and that Mr. Shi and Ms. Zhu have complied with the non-competition undertakings during the Reporting Period.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors and officers of the Company shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. Such provisions were in force throughout the year ended December 31, 2025 and are currently in force.

The Company has arranged for appropriate insurance cover for Directors’ liabilities in respect of legal actions that may be brought against the Directors during the year ended December 31, 2025.



USE OF PROCEEDS FROM THE GLOBAL OFFERING

Our shares were listed on the Main Board of the Stock Exchange on October 30, 2024. A total of 100,000,000 ordinary shares comprising the Global Offering with nominal value of RMB1.00 each of the Company were issued at HK\$5.50 per Share. The net proceeds raised by the Company from the Global Offering is approximately HK\$495.0 million. Details of the use of proceeds of the Company from the Global Offering as of 31 December 2025 are set out in the section headed "Management Discussion and Analysis — Use of Proceeds" in this annual report.

SIGNIFICANT EVENTS AFTER THE REPORT PERIOD

Please see details set out in the section headed "Management Discussion and Analysis — Significant Events after the Reporting Period" in this report.

MAJOR LITIGATION AND ARBITRATION

Save as mentioned in the note 37 to the consolidated financial statements, during the Reporting Period, the Group was not involved in any major litigation or arbitration.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report from pages 41 to 42 of this annual report.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2025.



AUDITOR

Prior to our Listing, our Board considered that Jonten Certified Public Accountants (Limited Liability Partnership) (中天運會計師事務所(特殊普通合夥)) (“**Jonten**”) has served as the domestic auditor of our Company for consecutive years, and in order to ensure independence and objectivity of auditing procedures of our Company, our Company has reached a mutual consensus with Jonten on the non-renewal of its appointment and Jonten would thereby retired as the domestic auditor of the Company on August 31, 2023. As recommended by our Audit Committee, our Board proposed to the appointment of Gongzheng Tianye Certified Public Accountants (公證天業會計師事務所) (“**Gongzheng Tianye**”) as the domestic auditor of our Company for the year 2023 on August 31, 2023 and reappointed for the year 2024 on July 16, 2024. After our Listing, the Board, Audit Committee, and with the approval of Shareholders to appoint Moore CPA Limited (“**Moore**”) as an international auditor of our Company for the year 2024 on December 30, 2024. Moore is registered in accordance with the Accounting and Financial Reporting Council Ordinance. Gongzheng Tianye and Moore retired as the domestic and international auditors of the Company, respectively, and Ernst & Young Hua Ming LLP and Ernst & Young respectively were appointed as the domestic and international auditors of the Company at the conclusion of the 2024 annual general meeting of the Company held on May 28, 2025. Gongzheng Tianye has served as the Company’s domestic auditor for two years, while Moore has served as the Company’s international auditor for annual audit services for a year.

Save as disclosed above, the Company did not change its auditor in the past three years.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this directors' report.

On behalf of the Board

Mr. Shi Junfeng

Chairman and Executive Director



INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Jiangsu Lopal Tech. Group Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Jiangsu Lopal Tech. Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 95 to 204, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter:
<p>Revenue recognition</p> <p>The Group is principally engaged in the production and sales of lithium iron phosphate cathode materials and automotive specialty chemicals.</p> <p>The Group recorded revenue of RMB8,937,777,000 in the consolidated financial statements for the year ended 31 December 2025. We identified the revenue recognition as a key audit matter because revenue is one of the key performance indicators and driving factors of profit of the Group. Besides, the amount was significant to the consolidated financial statements as a whole.</p> <p>Information about the revenue recognition is disclosed in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 4 "Revenue and segment information" to the consolidated financial statements.</p>	<p>The audit procedures we performed included, but were not limited to, the following:</p> <p>We understood, tested and evaluated the design and operating effectiveness of relevant controls related to revenue recognition;</p> <p>We reviewed the key terms of sales contracts, on a sampling basis, and assessed the appropriateness of the revenue recognition policy applied by the Group;</p> <p>We performed overall analytical review procedures to assess the reasonableness of fluctuations of revenue and gross profits;</p> <p>We performed tests of details on the recognition of revenue, on a sampling basis, by checking relevant supporting documents such as sales orders, delivery notes, reconciliation statements, invoices, and delivery receipts;</p> <p>We sent confirmations for the sales amount and trade receivables, on a sampling basis;</p> <p>We performed cut-off tests to evaluate whether revenue was recorded in the correct reporting periods; and</p> <p>We evaluated the appropriateness of the relevant disclosure of revenue recognition in the consolidated financial statements.</p>



KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter:

Impairment assessment of goodwill

As at 31 December 2025, the Group recorded goodwill of RMB214,173,000 in the consolidated financial statements.

Goodwill is tested for impairment at least annually by the management of the Group and the carrying value of goodwill is adjusted according to the result of the impairment test, which depends, to a large extent, on the estimates made and the assumptions adopted by the management, such as, the estimates of future cash flows expected to be generated from cash-generating units ("CGUs") and discount rates. Those estimates are affected by the judgements made by the management on the future market and economic environment. The adoption of different estimates and assumptions would cause a material impact on the recoverable amount of the CGUs.

Given the significant judgements and estimates made by management in the impairment assessment of goodwill, we identified it as a key audit matter.

Information about the impairment of goodwill is disclosed in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 15 "Goodwill" to the consolidated financial statements.

The audit procedures we performed included, but were not limited to, the following:

We understood, tested and evaluated the design and operating effectiveness of relevant controls related to the impairment test of goodwill;

We evaluated the management's identification of the CGUs to which the goodwill is allocated;

We assessed the competence, capabilities and independence of the independent third-party valuer engaged by the management;

We reviewed the reasonableness of significant estimates used in the test by the management, such as the assumptions of revenue growth rate and earnings before interest and taxes rate by comparing with historical and industry data and performing sensitivity analysis;

We involved our internal valuation specialist to assist us in reviewing the methodology and certain assumptions adopted in the assessment of impairment of goodwill; and

We also reviewed the appropriateness of the relevant disclosure of the impairment assessment of goodwill in the consolidated financial statements.



KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter:
<p>Provision for inventory</p> <p>As at 31 December 2025, the Group recorded inventories with a gross amount of RMB1,636,237,000 and a provision of RMB38,739,000.</p> <p>The inventories are measured at the lower of cost and net realisable value. The management determined the provision for inventories by taking into account the purpose of holding the inventories and their selling price and costs to be incurred to completion and costs necessary to make the sale. We identified it as a key audit matter because it involves significant management judgement and estimation.</p> <p>Information about the provision for inventory is disclosed in 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates", and note 19 "Inventories" to the consolidated financial statements.</p>	<p>The audit procedures we performed included, but were not limited to, the following:</p> <p>We understood, tested and evaluated the design and operating effectiveness of relevant controls related to inventory provision;</p> <p>We performed the stocktaking procedures, on a sampling basis, observed the quantity and condition of the inventories;</p> <p>We assessed the policy of inventory provision adopted by the management, reviewed the method, inspected inventory ageing report, on a sampling basis, and recalculated the provision made by the management;</p> <p>We reviewed the appropriateness of the key assumptions used in the net realisable value calculation, on a sampling basis, by comparing the estimated selling price with the latest selling price and evaluated the costs to be incurred to completion and costs necessary to make the sale; and</p> <p>We assessed the appropriateness of the relevant disclosure of the provision for inventory in the consolidated financial statements.</p>



OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.





AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence (practising certificate number: P04202).

Ernst & Young

Certified Public Accountants

Hong Kong
24 April 2026



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000 (restated)
REVENUE	4	8,937,777	7,677,046
Cost of sales		(7,802,178)	(7,178,578)
Gross profit		1,135,599	498,468
Other income, gains and losses	5	257,740	185,649
Selling and distribution expenses		(175,957)	(163,764)
Administrative expenses		(389,326)	(473,563)
Research and development expenses		(460,921)	(484,565)
(Impairment losses on)/reversal of impairment losses on financial assets, net		(34,955)	29,306
Fair value losses/(gains) on financial instruments:			
Financial liabilities at fair value through profit or loss		(178,093)	(41,342)
Derivatives		(74,381)	32,840
Financial assets at fair value through profit or loss		10,035	(25,269)
Finance costs	7	(299,093)	(258,804)
Share of results of associates		(12,244)	(28,747)
LOSS BEFORE TAX		(221,596)	(729,791)
Income tax credit/(expense)	10	72,372	(75,879)
LOSS FOR THE YEAR		(149,224)	(805,670)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, after tax:			
Exchange differences arising on translation of foreign operations		(14,126)	(5,087)
Change in fair value of hedging instruments designated as cash flow hedges		2,641	1,946
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, after tax:			
Changes in fair value of equity investments designated at fair value through other comprehensive loss		(14,129)	—
Other comprehensive loss for the year, net of tax		(25,614)	(3,141)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(174,838)	(808,811)





CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2025

<i>Notes</i>	2025 RMB'000	2024 RMB'000 (restated)
LOSS FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the Company	(170,578)	(642,342)
Non-controlling interests	21,354	(163,328)
	(149,224)	(805,670)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the Company	(194,553)	(644,690)
Non-controlling interests	19,715	(164,121)
	(174,838)	(808,811)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Basic (RMB)	(0.25)	(1.11)
Diluted (RMB)	(0.28)	(1.11)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	31 December 2025 RMB'000	31 December 2024 RMB'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	6,769,200	6,787,868
Right-of-use assets	14	1,360,085	1,239,640
Goodwill	15	214,173	214,173
Other intangible assets	16	48,195	49,488
Investments in an associate	17	36,555	47,659
Equity investments at fair value through other comprehensive income	21	126,845	141,450
Deferred tax assets	29	466,417	344,332
Other non-current assets	18	47,977	32,291
Total non-current assets		9,069,447	8,856,901
CURRENT ASSETS			
Inventories	19	1,597,498	1,392,470
Trade and bills receivables	20	2,246,477	1,460,645
Prepayments, other receivables and other assets	18	944,199	757,798
Tax recoverable		5,852	9,630
Financial assets at fair value through profit or loss	21	502,198	505,364
Debt investments at fair value through other comprehensive income	21	517,618	296,752
Derivative financial instruments	24	1,286	68
Pledged deposits	22	519,531	265,957
Cash and cash equivalents	22	3,267,740	2,509,603
Total current assets		9,602,399	7,198,287
CURRENT LIABILITIES			
Trade and other payables	23	2,750,608	1,997,116
Financial liabilities at fair value through profit or loss	30	2,461,872	878,019
Derivative financial instruments	24	84,610	878
Interest-bearing bank and other borrowings	25	5,286,665	5,600,783
Contract liabilities	26	90,431	92,296
Lease liabilities	14	124,593	58,203
Tax payable		25,964	5,325
Total current liabilities		10,824,743	8,632,620
NET CURRENT LIABILITIES		(1,222,344)	(1,434,333)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,847,103	7,422,568



Consolidated Statement of Financial Position
31 December 2025

	<i>Notes</i>	31 December 2025 RMB'000	31 December 2024 RMB'000 (restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	2,859,655	2,417,605
Financial liabilities at fair value through profit or loss	30	114,040	—
Lease liabilities	14	827,869	800,265
Deferred tax liabilities	29	12,391	6,646
Deferred income	27	206,676	175,078
Provision	28	49,220	—
Total non-current liabilities		4,069,851	3,399,594
Net assets		3,777,252	4,022,974
EQUITY			
Share capital	31	685,079	665,079
Reserves	34	2,142,775	2,504,669
Equity attributable to owners of the parent		2,827,854	3,169,748
Non-controlling interests		949,398	853,226
Total equity		3,777,252	4,022,974

Shi Junfeng
Director

Zhang Yi
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent											
	Share capital RMB'000 (Note 31)	Capital reserve* RMB'000	Treasury shares* RMB'000	Translation reserve* RMB'000	Share-based payment reserve* RMB'000	Hedging reserve* RMB'000	Fair value reserve of investments in other equity instruments* RMB'000	Statutory reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 as originally stated	665,079	2,744,352	(50,273)	(3,484)	3,443	(216)	—	83,262	(361,914)	3,080,249	853,226	3,933,475
Effect of adopting merger accounting for common control combination (Note 33)	—	100,000	—	—	—	—	—	—	(10,501)	89,499	—	89,499
At 1 January 2025 as restated	665,079	2,844,352	(50,273)	(3,484)	3,443	(216)	—	83,262	(372,415)	3,169,748	853,226	4,022,974
Loss for the year	—	—	—	—	—	—	—	—	(170,578)	(170,578)	21,354	(149,224)
Fair value changes of investments in other equity instruments	—	—	—	—	—	—	(17,356)	—	—	(17,356)	3,227	(14,129)
Exchange differences arising on translation of foreign operations	—	—	—	(8,651)	—	—	—	—	—	(8,651)	(5,475)	(14,126)
Change in fair value of hedging instruments designated as cash flow hedges, net of tax	—	—	—	—	—	2,032	—	—	—	2,032	609	2,641
Total comprehensive loss for the year	—	—	—	(8,651)	—	2,032	(17,356)	—	(170,578)	(194,553)	19,715	(174,838)
Dividends paid to the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(5,296)	(5,296)
Appropriation to maintenance and production funds	—	—	—	—	—	—	—	5,860	(5,860)	—	2,511	2,511
Utilisation of maintenance and production funds	—	—	—	—	—	—	—	(3,908)	3,908	—	(1,675)	(1,675)
Forfeiture of equity-settled share-based payments (Note 32)	—	—	—	—	(3,292)	—	—	—	—	(3,292)	(151)	(3,443)
Deemed partial disposal of interest in a subsidiary without losing control	—	—	—	—	—	—	—	—	—	—	114,040	114,040
Recognition of a financial liability arising from a put option held by non-controlling shareholders (Note 30)	—	(85,424)	—	—	—	—	—	—	—	(85,424)	(28,616)	(114,040)
Consideration paid for acquisition of subsidiaries under common control	—	(100,539)	—	—	—	—	—	—	—	(100,539)	—	(100,539)
Acquisition of non-controlling interests	—	5,809	—	—	—	—	—	—	—	5,809	(76,342)	(70,533)
Dilution of non-controlling interests due to parent company's capital increase	—	(71,700)	—	—	—	—	—	—	—	(71,700)	71,700	—
Issue of shares (Note 31)	20,000	86,951	—	—	—	—	—	—	—	106,951	—	106,951
Share of reserve of an associate	—	854	—	—	—	—	—	—	—	854	286	1,140
Others	—	—	—	—	(151)	—	—	—	151	—	—	—
At 31 December 2025	685,079	2,680,303	(50,273)	(12,135)	—	1,816	(17,356)	85,214	(544,794)	2,827,854	949,398	3,777,252

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Share capital	Capital reserve*	Treasury shares*	Translation reserve*	Share-based payment reserve*	Hedging reserve*	Statutory reserve*	Retained profits*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	565,079	2,580,366	(50,273)	260	2,682	(1,612)	80,636	275,229	3,452,367	728,699	4,181,066
Effect of adopting merger accounting for common control combination	—	50,000	—	—	—	—	—	(1,201)	48,799	—	48,799
At 1 January 2024 as restated	565,079	2,630,366	(50,273)	260	2,682	(1,612)	80,636	274,028	3,501,166	728,699	4,229,865
Loss for the year	—	—	—	—	—	—	—	(642,342)	(642,342)	(163,328)	(805,670)
Exchange differences arising on translation of foreign operations	—	—	—	(3,744)	—	—	—	—	(3,744)	(1,343)	(5,087)
Change in fair value of hedging instruments designated as cash flow hedges, net of tax	—	—	—	—	—	1,396	—	—	1,396	550	1,946
Total comprehensive loss for the year	—	—	—	(3,744)	—	1,396	—	(642,342)	(644,690)	(164,121)	(808,811)
Dividends paid to the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(6,013)	(6,013)
Appropriation to maintenance and production funds	—	—	—	—	—	—	6,521	(6,521)	—	—	—
Utilisation of maintenance and production funds	—	—	—	—	—	—	(3,895)	3,895	—	—	—
Recognition of equity-settled share-based payments (Note 32)	—	—	—	—	761	—	—	—	761	—	761
Deemed partial disposal of interest in a subsidiary without losing control	—	185,301	—	—	—	—	—	—	185,301	200,126	385,427
Recognition of a financial liability arising from a put option held by non-controlling shareholders (Note 30)	—	(385,427)	—	—	—	—	—	—	(385,427)	—	(385,427)
Contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	93,060	93,060
Issue of shares (Note 31)	100,000	362,196	—	—	—	—	—	—	462,196	—	462,196
Capital injection	—	50,000	—	—	—	—	—	—	50,000	—	50,000
Share of reserve of an associate	—	1,916	—	—	—	—	—	—	1,916	—	1,916
Others	—	—	—	—	—	—	—	(1,475)	(1,475)	1,475	—
At 31 December 2024 as restated	665,079	2,844,352	(50,273)	(3,484)	3,443	(216)	83,262	(372,415)	3,169,748	853,226	4,022,974

* These reserve accounts comprise the consolidated reserves of RMB2,142,775,000 (2024: RMB2,504,669,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	4	(221,596)	(729,791)
Adjustments for:			
Finance costs	7	299,093	258,804
Share of results of associates		12,244	28,747
Depreciation of property, plant and equipment	13	722,262	517,299
Depreciation of right-of-use assets	14	90,316	87,881
Amortisation of other intangible assets	16	12,652	29,038
Write-down of inventories to net realisable value	19	89,628	171,436
Impairment losses/(reversal of impairment losses) on trade and bills receivables	20	35,248	(33,370)
(Reversal of impairment losses)/impairment losses on other receivables	18	(293)	4,065
Impairment losses on goodwill	15	—	75,653
Impairment losses on property, plant and equipment	13	—	17,754
(Forfeiture)/recognition of share-based payments		(3,443)	761
(Gain)/loss from disposal of property, plant and equipment and other intangible assets	5	(7,319)	582
Investment income from financial assets at fair value through profit or loss	5	(24,947)	(24,860)
Loss on early termination of leases	5	—	12,131
Investment income from derivatives	5	(9,218)	(1,768)
Loss from changes in fair value of other borrowings at FVTPL	30	178,093	41,342
Loss/(gain) from changes in fair value of derivatives	24	74,381	(32,840)
(Gain)/loss from changes in fair value of financial assets at fair value through profit or loss		(10,035)	25,269
Operating cash flow before movements in working capital		1,237,066	448,133
(Increase)/decrease in inventories	19	(294,656)	46,355
(Increase)/decrease in trade and bills receivables	20	(1,015,405)	717,102
(Increase)/decrease in prepayments, other receivables and other assets		(165,071)	204,939
Increase in debt investments at fair value through other comprehensive income	21	(220,866)	—
Increase/(decrease) in trade and other payables	23	1,097,125	(749,807)
(Decrease)/increase in contract liabilities	26	(1,865)	70,350
Increase in deferred income	27	31,598	86,742
Increase in restricted bank deposits		(253,574)	—
Cash generated from operations		414,352	823,814
Income taxes paid		(20,713)	(25,418)
NET CASH FLOWS FROM OPERATING ACTIVITIES		393,639	798,396

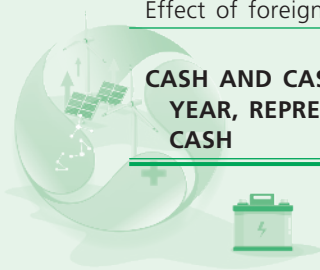




CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		38,521	1,919
Proceeds from disposal of financial assets at FVTPL		504,498	43,345
Purchase of property, plant and equipment and other intangible assets		(965,937)	(613,273)
Purchase of financial assets at FVTPL		(454,849)	(473,789)
Placement of deposits related to investing activities		(798)	(6,206)
Withdrawal of deposits related to investing activities		44,639	13,074
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(833,926)	(1,034,930)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(216,932)	(243,257)
New bank borrowings		6,695,707	6,015,088
Proceeds from shareholders		—	1,100
Repayments of bank and other borrowings		(6,372,287)	(7,134,865)
Repayments of lease liabilities		(139,258)	(93,194)
Dividends paid to non-controlling interests of subsidiaries		(5,296)	(6,013)
Proceeds from issuance of preferred shares of a subsidiary	30	1,433,981	—
Issuance of shares	31	106,951	462,196
Proceeds from non-controlling investors of a subsidiary		114,040	385,427
Cash paid for business combination under common control		(100,539)	—
Acquisition of non-controlling interests		(70,533)	—
Contribution from non-controlling interest		—	93,060
Proceeds from disposals of sale-leasebacks		2,144	—
Proceeds from sale-leasebacks		—	400,000
Repayments of sale-leasebacks		(207,833)	(170,233)
Payment of transaction costs incurred in obtaining trading financial liabilities		(26,785)	—
Payment of cost for issuing shares to specific investors		(697)	—
Contribution from the controlling shareholder to a subsidiary adopting merger accounting for common control combination		—	50,000
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		1,212,663	(240,691)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		772,376	(477,225)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,509,603	2,986,413
Effect of foreign exchange rate changes, net		(14,239)	415
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH		3,267,740	2,509,603



NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Jiangsu Lopal Tech. Group Co., Ltd. (the “Company”, formerly known as Jiangsu Lopal Tech. Co., Ltd.) is a joint stock company with limited liability established in the People’s Republic of China (hereafter, the “PRC”) on 11 March 2003. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and the Company’s shares were listed on the Shanghai Stock Exchange (stock code: 603906.SH) on 10 April 2017. On 30 October 2024, the Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. The registered address and principal place of business of the office of the Company is 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the production and sale of lithium iron phosphate (“LFP”) cathode materials and automotive specialty chemicals.

In the opinion of the directors, the controlling shareholders are Mr. Shi Junfeng, Ms. Zhu Xianglan, Lopal International Holding Co., Ltd. and Nanjing Bailey Venture Capital Center (Limited Partnership).

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
LBM NEW ENERGY (AP) PTE. LTD. (“LBM New Energy”)	Singapore	USD74,685,367	—	66.42	Provision of marketing and financial support within the Group
Lopal Lubrication New Material (Tianjin) Co., Ltd.* 龍蟠潤滑新材料(天津)有限公司	PRC/Chinese mainland	RMB265,000,000	100	—	Production and sale of lubricating oil, antifreeze, and urea for vehicles
Yichun Lopal Times Lithium Industry Technology Co., Ltd. (“Lopal Times”)* 宜春龍蟠時代鋰業科技有限公司	PRC/Chinese mainland	RMB100,000,000	70	—	Research and development (“R&D”), production and sale of battery materials
Jiangsu Sanjin Lithium Technology Co., Ltd. (“Jiangsu Sanjin”) 江蘇三金鋰電科技有限公司	PRC/Chinese mainland	RMB300,000,000	100	—	R&D, production and sale of battery materials



1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Changzhou Liyuan Source New Energy Technology Co., Ltd. ("Changzhou Liyuan") 常州鋰源新能源 科技有限公司	PRC/Chinese mainland	RMB834,127,585	66.42	—	R&D, production and sale of battery materials
Hubei Liyuan New Energy Technology Co., Ltd.* 湖北鋰源新能源 科技有限公司	PRC/Chinese mainland	RMB410,000,000	—	66.42	R&D, production and sale of battery materials
Liyuan (Jiangsu) Technology Co., Ltd.* 鋰源(江蘇)科技有限公司 (Formerly known as Jiangsu BTR NANO Technology Co., Ltd.) (原名: 江蘇貝特瑞納米科 技有限公司)	PRC/Chinese mainland	RMB300,000,000	—	66.42	R&D, production and sale of battery materials
Hubei Green Melon Biotechnology Co., Ltd. 湖北綠瓜生物科技 股份有限公司	PRC/Chinese mainland	RMB100,000,000	100	—	R&D, production and sale of disinfection and other products
Nanjing Liyuan Nanotechnology Co., Ltd.* 南京鋰源納米 科技有限公司	PRC/Chinese mainland	RMB100,000,000	—	66.42	R&D, production and sale of battery materials
Shandong Kelansu Environmental Protection Technology Co., Ltd.* 山東可蘭素環保 科技有限公司	PRC/Chinese mainland	RMB100,000,000	—	100	Production and sale of urea for vehicles
Shandong Liyuan Technology Co., Ltd.* 山東鋰源科技有限公司	PRC/Chinese mainland	RMB410,000,000	—	66.42	R&D, production and sale of battery materials
Jiangsu Longpan New Materials Technology Co., Ltd. 江蘇龍蟠新材料 科技有限公司	PRC/Chinese mainland	RMB145,000,000	100	—	Production and sale of lubricating oil, antifreeze, and urea for vehicles



1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Liyuan (Tianjin) Technology Co., Ltd.* 鋰源(天津)科技有限公司 (Formerly known as Beiterui (Tianjin) Nano Material Manufacturing Co., Ltd.) (原名: 貝特瑞(天津)納米材料製造有限公司)	PRC/Chinese mainland	RMB20,000,000	—	66.42	R&D, production and sale of battery materials
Kelas Environmental Protection Technology Co., Ltd. 江蘇可蘭素環保科技有限公司	PRC/Chinese mainland	RMB435,531,144	100	—	R&D, production and sale of battery materials
Shandong Meiduo Technology Co., Ltd. 山東美多科技有限公司	PRC/Chinese mainland	RMB10,000,000	100	—	R&D, production and sale of battery materials
Sichuan Liyuan New Material Co., Ltd.* 四川鋰源新材料有限公司	PRC/Chinese mainland	RMB500,000,000	—	66.42	R&D, production and sale of battery materials
Zhangjiagang TEEC Automotive Chemicals Co., Ltd.* 張家港迪克汽車化學品有限公司	PRC/Chinese mainland	USD30,000,000	—	57.01	Production, R&D and sale of antifreeze and brake fluid
PT. LBM ENERGI BARU INDONESIA	Indonesia	IDR 1,279,654,000,000	—	53.14	R&D, production and sale of battery materials

* The English names of these subsidiaries registered in the PRC represent the translated names of these companies as no English names have been registered. These entities are limited liability companies established under PRC law.

On 21 January 2025, the Group acquired 100% equity interest in Shandong Meiduo Technology Company Limited (山東美多科技有限公司) for an aggregate cash consideration of RMB100,539,000 from Lopal International Holdings Co., Ltd (龍蟠國際控股有限公司), which is controlled by Mr. Shi, one of the controlling shareholders of the Company. Further details of this acquisition are included in note 33 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, derivative financial instruments, financial liabilities at fair value through profit or loss and financial assets which have been measured at fair value through other comprehensive income. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB1,222 million (2024: RMB1,434 million). The net current liabilities primarily arose from the convertible redeemable preferred shares of a subsidiary amounting to approximately RMB1,406 million as at 31 December 2025, which are classified as current liabilities due to the holders of the preferred shares being able to exercise the right to convert the preferred shares into ordinary shares of the subsidiary at any time. The directors of the Company have considered the Group's continuous available net cash flows from operations, current sources of funds, unutilised banking facilities, and other sources of financing from banks and other financial institutions given the Group's credit history. The directors of the Company believe that the Group has adequate resources to continue operations for the foreseeable future of not less than 12 months from 31 December 2025. Accordingly, the directors of the Company are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Adoption of merger accounting and restatement

As disclosed in note 33 to the consolidated financial statements, a business combination under common control was effected during the year. The consolidated financial statements incorporate the financial information of the combining entity as if it had been combined from the date when the combining entity first came under the common control of the controlling party.

The net assets of the combining entity are consolidated using the existing book values from the controlling party's perspective. No adjustments are made to reflect fair values or to recognise any new assets or liabilities as a result of the business combination under common control and no amount is recognised in respect of goodwill.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group include the results and cash flows of the combining entity from the earliest date presented or since the date when the combining entity first came under the common control of the controlling party, where this is a shorter period, regardless of the date of the business combination under common control. The comparative amounts in the consolidated financial statements are restated as if the entity had been combined at the beginning of the previous reporting period or when it first came under common control, whichever is later. The impact on the Group arising from the common control combination is disclosed in note 33 to the consolidated financial statements.



2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Basis of consolidation

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

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

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

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

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

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

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





2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

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

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

2.3 Issued but not yet effective IFRS Accounting Standards

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards</i> — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption



2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

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 and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income 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 IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.



2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.



2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has 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.

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 recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised 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 unrealised 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.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises 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 recognised in profit or loss.

Business combinations not under common control 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.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Business combinations not under common control and goodwill (Continued)

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.

Any contingent consideration to be transferred by the acquirer is recognised 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 recognised 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 recognised for non-controlling interests and any fair value of the Group's previously 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, recognised 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 31 December. 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 recognised. An impairment loss recognised 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.





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Fair value measurement

The Group measures its financial instruments at fair value 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements 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 reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), 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.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Impairment of non-financial assets (Continued)

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 recognised 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 reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised 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/amortisation) had no impairment loss been recognised 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.

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);



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Related parties (Continued)

- (b) the party is an entity where any of the following conditions applies: (Continued)
- (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; and the sponsoring employers of the post-employment benefit plan;
 - (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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. 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.

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 capitalised 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 recognises such parts as individual assets with specific useful lives and depreciates them accordingly.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Property, plant and equipment and depreciation (Continued)

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 estimated useful lives used for this purpose are as follows:

Buildings	20 years
Plant and machinery	5 to 10 years
Motor vehicles	5 to 10 years
Other equipment	5 years
Leasehold Improvements and material amortisation	5 to 10 years

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 method 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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised 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.

Intangible assets (other than goodwill)

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 intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Intangible assets (other than goodwill) (Continued)

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Patents

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure incurred on projects to develop new products is capitalised 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised 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 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 recognised, 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:

Leasehold land	Term of land use right
Leasehold properties and other equipments	1.5 to 20 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.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised 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 a 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 recognised 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.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

(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 machinery and equipment (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 equipment that are considered to be of low value.

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

(d) Sale and lease back

The Group entered into sale and leaseback transactions in respect of certain property, plant and equipment. If the Group retains control over the underlying assets, these transactions will not be recognised as sales under IFRS 15, and the proceeds from the sale will be accounted for as borrowings.





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 amortised 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 amortised 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.

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



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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.

Financial assets at fair value through profit or loss

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





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Derecognition of financial assets (Continued)

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 recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises 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 recognises 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 recognised 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).

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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor;
- an actual or expected significant deterioration in the value of collateral pledged as security for the debt or the quality of guarantees or credit enhancements provided by third parties has materially deteriorated, and such deterioration is expected to reduce the debtor's economic incentive to make repayments according to the contractual terms or affect the probability of default;
- an actual or expected significant deterioration in the expected performance and repayment of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers a financial asset in default when contractual payments are 1 year 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.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills 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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade and bills 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 recognises 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. Lifetime ECLs for certain trade and bills receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings, where available.

The grouping is regularly reviewed by management to ensure that the constituents of each group continue to share similar credit risk characteristics.

The Group measures ECL for the remaining trade and bills receivables on an individual basis.

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 recognised 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 payables, bills payables, other payables and accruals, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

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





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (financial liabilities related to redemption rights and convertible redeemable preferred shares)

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 IFRS 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 IFRS 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 amortised cost (trade and other payables, and accruals, and interest-bearing bank and other borrowings)

After initial recognition, trade and bills payables and other payables and accruals, and interest-bearing borrowings are subsequently measured at amortised 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 recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised 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 amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, 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 recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise 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 contracts, to hedge its risk of changes in commodity prices and any speculative transactions are prohibited to safeguard the Group's long-term stable development. Such derivative financial instruments are initially recognised 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 change of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised 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 recognised 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

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.

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 recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised 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 recognised 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.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

Discontinuation of hedge accounting

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.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss in the "Other income, gains and losses" line item. 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 recognised in profit or loss in the "Other income, gains and losses" line item.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation 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 derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised 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 recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised 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 realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

The Group has entered into delayed pricing clauses in certain lithium carbonate procurement contracts with suppliers, whereby the transaction amounts under these purchase contracts are subject to adjustment based on changes in the prices of linked futures contracts. Upon the transfer of control of the procured raw materials, the Group recognises the inventory procurement costs and accounts payable. Since the delayed pricing clauses are no longer closely related to the host contract, they are split out from the payables and accounted for separately as derivative instruments.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents as defined above and form an integral part of the Group's cash management.

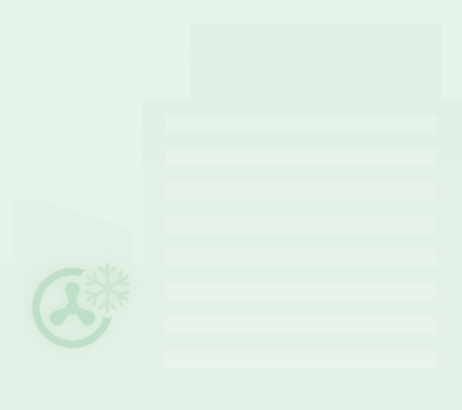
Provisions

A provision is recognised 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 recognised for a provision is the present value at the end of the 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 profit or loss.

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for the sale of automotive specialty chemicals and LFP cathode materials are recognised at the date of sale of the relevant products, based on the directors' best estimate of the expenditure required to settle the Group's obligation. The warranty-related cost is revised annually.

Provisions for the Group's obligations related to lithium slag generated from the lithium carbonate production activities of subsidiaries of the Group, represent the estimated restoration expenditure for the cleanup and rehabilitation costs to be incurred upon the closure of the dedicated lithium slag disposal sites for the proper handling of lithium slag produced during production. The amount is recognised at the present value of the estimated costs to be incurred in fulfilling the obligation.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised 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 the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or 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 does not give rise to equal taxable and deductible temporary differences;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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 recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, 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 does not give rise to equal taxable and deductible temporary differences;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised 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 utilised.





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (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 utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements of IAS 12 *Income Taxes* to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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 realise 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 recognised 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 recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses".

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 instalments.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised 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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

i. Revenue from the sale of goods

The Group sells lithium iron phosphate cathode materials and automotive specialty chemicals in accordance with the contracts entered into with the customers. Control is transferred when the products have been accepted by the customer. The normal credit term is within 90 days effective from the date when the goods are accepted by the customers. When the customer pays in advance for the orders, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

When the Group sells LFP cathode materials with the procurement of lithium carbonate and raw materials from customers, the Group does not control the lithium carbonate and raw materials provided by the customers before those goods are transferred to the customers. In this case, the Group acts as an agent, and recognises revenue in the amount net of the cost paid for the lithium carbonate and raw materials provided by customers.

ii. Provision of processing services

Revenue from the processing of lithium carbonate is recognised at a point in time when the completed product is transferred to customers, which is when the customer accepts the completed product and the Group has present a right to payment and collection of the consideration is probable.





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Revenue recognition (Continued)

Other income

Interest income is recognised 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 recognised 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.

Contract liabilities

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

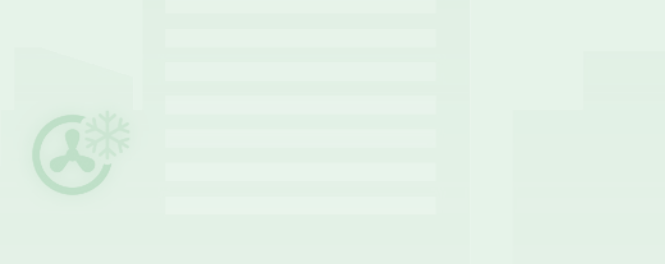
Share-based payments

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 of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on an assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to capital reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payment reserve will be transferred to capital reserve.



2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Other employee benefits

Pension scheme

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC, under which the Group and the PRC-based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group's contributions to the aforesaid defined contribution retirement schemes are expensed as incurred.

No forfeited contribution is available to reduce the existing level of contribution during the years ended 31 December 2025 and 2024.

Housing funds, medical insurances and other social insurances

Contributions to a defined contribution housing fund administered by the Public Accumulation Funds Administration Centre in the Chinese mainland are charged to profit or loss as incurred. The Group's liability in respect of the housing fund is limited to the contribution payable in each period.

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 capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. 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 authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised 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 recognised 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.





2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. 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 recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The consolidated financial statements are presented in RMB, which is also 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 currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests). On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

When a change in the functional currency is required due to significant changes in the primary economic environment in which the entity operates, all items shall be translated into the new functional currency using the spot exchange rate at the date of change. The resulted translated amounts for non-monetary items are treated as their historical cost. The effect of change in functional currency is accounted for prospectively.



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Principal versus agent consideration

In determining whether the Group is acting as a principal or as an agent in the sale of lithium carbonate requires judgements and consideration of all relevant facts and circumstances. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the goods or services before they are transferred to the customer, the indicators of which include but are not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified goods or services; (b) whether the entity has inventory risk before the goods or services are transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or services. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgement when assessing the indicators depending on different circumstances.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Classification of current and non-current liabilities

When classifying liabilities by liquidity, the Group shall consider whether it has a right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date and the right must have substance. This assessment is not affected by the likelihood of the Group exercising that right.





3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Classification of Current and Non-current Liabilities (Continued)

For liabilities that are determined to be loan arrangements with covenants, the Group shall determine whether it has the right to defer settlement at the reporting date on a case-by-case basis:

- Covenants required to be satisfied on or before the reporting date affect the classification of liabilities by liquidity.
- Covenants required to be satisfied after the reporting date do not affect the classification of liabilities by liquidity.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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 31 December 2025 was RMB214,173,000 (2024: RMB214,173,000). Further details are given in note 15.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. These estimates are affected by the judgement made by the management on the future market and economic environment. They could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market conditions. The Group will reassess the estimations at each statement of financial position date. As at 31 December 2025, the carrying amount of inventories was RMB1,597,498,000 (2024: RMB1,392,470,000).



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables

If the credit risk characteristics of a certain counterparty are significantly different from those of other counterparties in the portfolio, the provision for expected credit losses shall be assessed for the receivables individually. In addition, 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 geography, customer type and rating). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

The Group's historical credit loss experience and forecast of economic 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 20 to the financial statements.

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 reporting period. 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.

Fair value measurement of financial instruments

As at 31 December 2025, the Group measures financial assets and financial liabilities at fair value including unlisted funds classified as financial assets at FVTPL, investments in wealth management products classified as financial assets at FVTPL, unlisted equity investments classified as financial assets at fair value through other comprehensive income, debt investments at fair value through other comprehensive income, derivative instruments and financial liabilities at fair value through profit or loss. The instruments issued to investors are not traded in an active market and the respective fair value is determined by using valuation techniques, including the back-solve method, discounted cash flow method and option pricing model. Such valuation is based on key parameters about discount rate, risk-free interest rate, discounts for lack of marketability and volatility. See note 41 for further disclosures.



4. REVENUE AND SEGMENT INFORMATION

(a) Disaggregated revenue information

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000 (restated)
Revenue from contracts with customers within the scope of IFRS 15:		
Sales of LFP cathode materials	6,195,177	5,618,865
Sales of automotive specialty chemicals	1,970,968	1,835,861
Processing income from lithium carbonate	575,634	70,000
Others	195,998	152,320
Total revenue	8,937,777	7,677,046
Timing of revenue recognition within the scope of IFRS 15:		
At a point in time	8,937,777	7,677,046

The major customers which contributed more than 10% of the total revenue for the year are listed below:

	2025 RMB'000	2024 RMB'000 (restated)
Customer A	2,785,057	2,751,703
Customer B	1,432,076	N/A
Customer C	976,092	N/A
Customer D	N/A	975,561

- (i) The revenue contributed by Customers A and B is mainly from the sale of LFP cathode materials.
- (ii) The revenue contributed by Customers B and C was less than 10% of the total revenue for 2024.
- (iii) The revenue contributed by Customer D was less than 10% of the total revenue for 2025.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Performance obligations

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

Sale of LFP cathode materials and automotive specialty chemicals

The performance obligation is satisfied upon acceptance of the products by the customers in accordance with the contracts. Payment is generally due within 90 days from delivery or acceptance by the customers, except for some customers, where payment in advance is normally required.

Rendering processing services of lithium carbonate

Upon completion of the processing, the service obligation is fulfilled at the point of the customer's acceptance of the completed product.

(c) Operating segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer and directors of the Company who make strategic decisions.

The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

The CODM assesses the performance based on the nature of the Group's businesses which are principally located in the Chinese mainland and comprise (i) Sale of automotive specialty chemicals, (ii) sale of LFP cathode materials and (iii) processing of lithium carbonate and raw materials.

Segment results represent the gain/(loss) generated by each segment without allocation of other income, gain and losses, fair value losses/(gains) on financial instruments, share of results of associates, finance costs and income tax (credit)/expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

No information about segment assets and liabilities is presented as such information is not regularly provided to the CODM for resource allocation and performance assessment purposes.



4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Operating segment information (Continued)

For the year ended 31 December 2025

	Sale of LFP cathode materials RMB'000	Sale of automotive specialty chemicals RMB'000	Processing of lithium carbonate and raw materials RMB'000	Other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
Sales to external customers	6,265,492	1,999,392	586,301	86,592	—	8,937,777
Recognised at a point in time	6,265,492	1,999,392	586,301	86,592	—	8,937,777
Inter-segment sales	22,764	302,658	1,556,323	159,594	(2,041,339)	—
Total segment revenue	6,288,256	2,302,050	2,142,624	246,186	(2,041,339)	8,937,777
Segment profit/(loss)	(94,831)	265,187	96,671	(192,587)	—	74,440
Other income, gains and losses						257,740
Fair value losses/(gains) on financial instruments:						
Financial liabilities at fair value through profit or loss						(178,093)
Derivatives						(74,381)
Financial assets at fair value through profit or loss						10,035
Finance costs						(299,093)
Share of results of an associate						(12,244)
Loss before tax						(221,596)
Income tax credit						72,372
Loss for the year						(149,224)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Operating segment information (Continued)

For the year ended 31 December 2024 (restated)

	Sale of LFP cathode materials RMB'000	Sale of automotive specialty chemicals RMB'000	Processing of lithium carbonate and raw materials RMB'000	Other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
Sales to external customers	5,643,448	1,930,529	89,928	13,141	—	7,677,046
Recognised at a point in time	5,643,448	1,930,529	89,928	13,141	—	7,677,046
Inter-segment sales	1,774	59,372	1,032,111	20,186	(1,113,443)	—
Total segment revenue	5,645,222	1,989,901	1,122,039	33,327	(1,113,443)	7,677,046
Segment profit/(loss)	(678,004)	140,901	(4,647)	(38,973)	—	(580,723)
Other income, gains and losses						185,649
Fair value losses/(gains) on financial instruments:						
Financial liabilities at fair value through profit or loss						(41,342)
Derivatives						32,840
Financial assets at fair value through profit or loss						(25,269)
Finance costs						(258,804)
Listing expenses						(13,395)
Share of results of an associate						(28,747)
Loss before tax						(729,791)
Income tax expense						(75,879)
Loss for the year						(805,670)

5. OTHER INCOME AND GAINS

An analysis of other income, gains and losses is as follows:

	2025 RMB'000	2024 RMB'000 (restated)
Interest income	50,091	21,074
Government grants*	170,597	153,274
Gain/(loss) on disposal of property, plant and equipment	7,319	(582)
Loss on early termination of leases	—	(12,131)
Investment income from financial assets at fair value through profit or loss	24,947	24,860
Investment income from derivatives	9,218	1,768
Others	(4,432)	(2,614)
Total	257,740	185,649

* During the year ended 31 December 2025, government grants amounting to RMB30,583,000 (2024: RMB17,884,000) were released from deferred income.

6. LOSS BEFORE TAX

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

	<i>Notes</i>	2025 RMB'000	2024 RMB'000 (restated)
Cost of inventories sold*		7,802,178	7,178,578
Depreciation of property, plant and equipment	13	722,262	517,299
Depreciation of right-of-use assets	14	90,316	87,881
Amortisation of other intangible assets**	16	12,652	29,038
Impairment loss on goodwill	15	—	75,653
Write-down of inventories to net realisable value		89,628	171,436
Impairment loss on property, plant and equipment	13	—	17,754
Impairment losses/(reversal of impairment losses) on trade and bills receivables	20	35,248	(33,370)
Impairment losses/(reversal of impairment losses) on other receivables	18	(293)	4,065
Staff costs (including directors', chief executive's, and supervisors' remuneration)***:			
Wages, salaries and bonuses		549,755	555,725
Retirement benefit expense		52,476	55,849
Equity-settled share-based payment		(3,443)	761
Social security costs, housing benefits and other employee benefits		54,584	56,570
Foreign exchange differences, net		8,747	(2,843)
Investment income from financial assets at fair value through profit or loss	5	(24,947)	(24,860)
Loss from changes in fair value of financial liabilities at fair value through profit or loss		178,093	41,342
Loss/(gain) from changes in fair value of derivatives		74,381	(32,840)
(Gain)/loss from changes in fair value of financial assets at fair value through profit or loss		(10,035)	25,269
Transaction costs incurred in acquiring financial liabilities at FVTPL		26,835	—
Investment income from derivatives	5	(9,218)	(1,768)
Bank interest income	5	(50,091)	(21,074)
Auditor's remuneration			
— audit service		2,800	2,585
— non-audit services		650	220

* Cost of inventories sold includes expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs and write down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The amortisation of intangible assets is included in "Cost of sales", "Research and development expenses", "Selling and distribution expenses" and "Administrative expenses" in profit or loss.

*** The employee benefit expense is included in "Cost of sales", "Research and development expenses", "Selling and distribution expenses" and "Administrative expenses" in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000 (restated)
Interest expenses on:		
— Bank and other borrowings*	229,276	252,252
— Lease liabilities	43,666	34,149
Transaction costs related to financial liabilities at FVTPL	26,835	—
Increase in discounted amounts of provisions arising from the passage of time	608	—
	300,385	286,401
Less: interest capitalised	(1,292)	(27,597)
Total	299,093	258,804

* The amount of borrowing costs capitalised has been included in construction in progress.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors', chief executive's and supervisors' remuneration for the year, 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:

	2025 RMB'000	2024 RMB'000 (restated)
Fee	400	317
Other emoluments:		
Salary and other benefits	3,830	5,065
Performance related bonuses	1,977	966
Retirement benefits scheme contributions	248	364
Other social security costs, housing benefits and other employee benefits	291	402
Share-based compensation	—	311
Total	6,746	7,425

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (CONTINUED)

Mr. Shi Junfeng ("Mr. Shi") is the chief executive of the Company and his emoluments disclosed below include those for services rendered by him as the chief executive of the Company and other group entities.

(a) Executive directors, a non-executive director, the chief executive and supervisors

	Fee RMB'000	Salary and other benefits RMB'000	Performance related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total remuneration RMB'000
2025						
Executive directors:						
Shi Junfeng	—	721	217	23	32	993
Lu Zhenya	—	586	925	7	10	1,528
Qin Jian	—	522	110	47	51	730
Shen Zhiyong	—	487	192	—	—	679
Zhang Yi	—	499	324	48	64	935
Subtotal	—	2,815	1,768	125	157	4,865
Non-executive director:						
Zhu Xianglan	—	—	—	—	—	—
Independent non-executive directors:						
Ye Xin	100	—	—	—	—	100
Li Qingwen	100	—	—	—	—	100
Geng Chengxuan	100	—	—	—	—	100
Hong Kam Le (Note (a))	100	—	—	—	—	100
Subtotal	400	—	—	—	—	400
Supervisors:						
Hu Renjie (Note (b))	—	—	—	—	—	—
Xue Jie	—	529	101	47	58	735
Zhou Lin	—	310	96	48	56	510
Chang Huihong (Note (c))	—	176	12	28	20	236
Subtotal	—	1,015	209	123	134	1,481
Total	400	3,830	1,977	248	291	6,746

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (CONTINUED)

(a) Executive directors, a non-executive director, the chief executive and supervisors (Continued)

	Fee RMB'000	Salary and other benefits RMB'000	Performance related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation RMB'000	Total remuneration RMB'000
2024							
Executive directors:							
Shi Junfeng	—	786	182	47	55	—	1,070
Lu Zhenya	—	805	97	47	55	47	1,051
Qin Jian	—	643	326	46	49	45	1,109
Shen Zhiyong	—	673	88	47	55	122	985
Zhang Yi	—	957	94	47	55	97	1,250
Subtotal	—	3,864	787	234	269	311	5,465
Non-executive director:							
Zhu Xianglan	—	—	—	—	—	—	—
Independent non-executive directors:							
Ye Xin	100	—	—	—	—	—	100
Li Qingwen	100	—	—	—	—	—	100
Geng Chengxuan	100	—	—	—	—	—	100
Hong Kam Le (<i>Note (a)</i>)	17	—	—	—	—	—	17
Subtotal	317	—	—	—	—	—	317
Supervisors:							
Hu Renjie (<i>Note (b)</i>)	—	86	—	18	14	—	118
Xue Jie	—	561	108	46	55	—	770
Zhou Lin	—	383	61	47	51	—	542
Chang Huihong (<i>Note (c)</i>)	—	171	10	19	13	—	213
Subtotal	—	1,201	179	130	133	—	1,643
Total	317	5,065	966	364	402	311	7,425

Notes:

- (a) Mr. Hong Kam Le was appointed as an independent non-executive director of the Company on 30 October 2024.
- (b) Mr. Hu Renjie resigned as a supervisor of the Company on 15 July 2024.
- (c) Ms. Chang Huihong was appointed as a supervisor of the Company on 15 July 2024.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (CONTINUED)

(a) Executive directors, a non-executive director, the chief executive and supervisors (Continued)

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the years ended 31 December 2025 and 2024.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company during the years ended 31 December 2025 and 2024.

During the years ended 31 December 2025 and 2024, there was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the four (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	5,314	4,498
Performance related bonuses	1,246	1,014
Retirement benefit expense	141	85
Social security costs, housing benefits and other employee benefits	193	139
Total	6,894	5,736

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

	Number of employees	
	2025	2024
HKD1,000,001 to HKD1,500,000	1	1
HKD1,500,001 to HKD2,000,000	3	3

During the years ended 31 December 2025 and 2024, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX (CREDIT)/EXPENSE

	2025 RMB'000	2024 RMB'000 (restated)
Current income tax — Chinese mainland		
Charge for the year	38,618	28,885
Underprovision in prior years	2,036	1,305
Current income tax — Elsewhere	2,838	—
Deferred income tax	(115,864)	45,689
Total	(72,372)	75,879

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax (credit)/expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000 (restated)
Loss before tax	(221,596)	(729,791)
Tax at the statutory tax rate of 15%	(33,240)	(109,469)
Effects of different tax rates applicable to different subsidiaries of the Group	(45,880)	(15,439)
Underprovision of taxation in prior years	2,036	1,305
Effect on opening deferred tax of changes in rates	(5,924)	22,797
Tax effect of income that is not taxable for tax purposes	(3,119)	(2,719)
Tax effect of expenses that are not deductible for tax purposes	10,676	11,407
Utilisation of unrecognised tax losses and temporary differences	(13,470)	—
Tax effect of temporary difference not recognised	115,113	230,526
Recognition of deferred income tax for deductible losses not previously recognised	(56,537)	—
Tax effect of additional tax deduction for eligible research and development expenses	(42,027)	(62,529)
Income tax (credit)/expense at the effective rate	(72,372)	75,879

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

10. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

Chinese mainland

Tax on profits assessable in the Chinese mainland has been calculated at the applicable enterprise income tax ("EIT") rate under the Law of the PRC. The Company has been entitled to enjoy the preferential Corporate Income Tax policies for new and high technology enterprises and has been entitled to a tax concession with an income tax rate of 15% since 2023. Subsidiaries in the Chinese mainland were subject to EIT at a 25% tax rate for the year ended 31 December 2025 (2024: 25%). Certain subsidiaries of the Group are qualified as high and new technology enterprises and therefore were entitled to a preferential income tax rate of 15% for the reporting period.

Singapore

The subsidiary of the Group operating in Singapore was subject to income tax at the rate of 17% on the taxable income during the reporting period.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to income tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the reporting period. No Hong Kong profits tax was provided for as the Group did not have any assessable profits arising in Hong Kong during the reporting period (2024: Nil).

Indonesia

The subsidiary incorporated in Indonesia was subject to income tax at the rate of 22% on any estimated assessable profits arising in Indonesia during the reporting period, except for a certain subsidiary of the Company, which is exempt or taxed at preferential rates of 0% as entitled by the subsidiary in accordance with relevant tax rules and regulations in Indonesia or approvals obtained by the tax bureaus in Indonesia.

11. DIVIDENDS

No dividend was declared or proposed by the Company in respect of the years ended 31 December 2025 and 2024.



12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 671,747,000 (2024: 580,210,000) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted to reflect the dilutive effect of financial instruments with conversion feature issued or entered into by a subsidiary.

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

	2025 RMB'000	2024 RMB'000 (restated)
Losses		
Loss for the year attributable to the ordinary equity holders of the Company for the purpose of basic loss per share	(170,578)	(642,342)
Less: dilutive effect of financial instruments with conversion feature issued or entered into by a subsidiary	17,528	—
Adjusted loss attributable to the ordinary equity holders of the Company for the period	(188,106)	(642,342)
	2025	2024
Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	671,747	580,210

13. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Leasehold improvements and material amortisation RMB'000	Total RMB'000
31 December 2025							
At 1 January 2025:							
Cost	684,294	1,936,731	5,015,069	31,943	281,332	314,809	8,264,178
Accumulated depreciation and impairment	—	(222,771)	(940,306)	(17,103)	(137,470)	(158,660)	(1,476,310)
Net carrying amount	684,294	1,713,960	4,074,763	14,840	143,862	156,149	6,787,868
At 1 January 2025, net of accumulated depreciation and impairment	684,294	1,713,960	4,074,763	14,840	143,862	156,149	6,787,868
Additions	670,982	—	37,387	2,701	11,241	20,841	743,152
Disposals	—	(9,032)	(12,916)	(204)	(2,802)	(74)	(25,028)
Depreciation provided during the year	—	(102,290)	(502,912)	(3,698)	(39,353)	(74,009)	(722,262)
Transfers	(622,415)	144,213	433,504	—	35,379	9,319	—
Others	—	(7,432)	9,511	(39)	(987)	(1,053)	—
Exchange realignment	—	(7,463)	(6,660)	(5)	(222)	(180)	(14,530)
At 31 December 2025, net of accumulated depreciation and impairment	732,861	1,731,956	4,032,677	13,595	147,118	110,993	6,769,200
At 31 December 2025:							
Cost	732,861	2,048,491	5,501,772	34,198	314,908	344,076	8,976,306
Accumulated depreciation and impairment	—	(316,535)	(1,469,095)	(20,603)	(167,790)	(233,083)	(2,207,106)
Net carrying amount	732,861	1,731,956	4,032,677	13,595	147,118	110,993	6,769,200

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Construction in progress RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Leasehold improvements and material amortisation RMB'000	Total RMB'000
31 December 2024 (restated)							
Cost at 31 December 2023, net of accumulated depreciation and impairment, as previously reported	2,575,729	566,626	2,930,620	15,404	119,317	152,233	6,359,929
Business combinations under common control	82,023	—	126	397	—	—	82,546
Cost at 1 January 2024, net of accumulated depreciation and impairment, as restated	2,657,752	566,626	2,930,746	15,801	119,317	152,233	6,442,475
Additions	558,714	50,339	237,575	3,514	21,603	14,582	886,327
Disposals	—	—	(5,402)	(14)	(465)	—	(5,881)
Depreciation provided during the year	—	(58,775)	(399,322)	(4,779)	(38,759)	(15,664)	(517,299)
Impairment	—	—	(17,620)	(38)	(96)	—	(17,754)
Transfers	(2,532,172)	1,155,770	1,328,786	356	42,262	4,998	—
At 31 December 2024	684,294	1,713,960	4,074,763	14,840	143,862	156,149	6,787,868
At 31 December 2024, as restated:							
Cost	684,294	1,936,731	5,015,069	31,943	281,332	314,809	8,264,178
Accumulated depreciation and impairment	—	(222,771)	(940,306)	(17,103)	(137,470)	(158,660)	(1,476,310)
Net carrying amount	684,294	1,713,960	4,074,763	14,840	143,862	156,149	6,787,868

At 31 December 2025, certain of the Group's buildings with a net carrying amount of approximately RMB197,936,000 (2024: RMB729,000) were pledged to secure general banking facilities granted to the Group (note 25).

No impairment losses were recognised in respect of property, plant and equipment for the year ended 31 December 2025 (2024: RMB17,754,000).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant generally have lease terms between 2 and 20 years. Other equipment generally has lease terms of 18 months. The lease term of a land leased by an overseas subsidiary is 76 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Leasehold properties RMB'000	Other equipment RMB'000	Total RMB'000
As at 1 January 2024	365,645	920,548	—	1,286,193
Additions	—	41,557	—	41,557
Lease modification	—	18,400	—	18,400
Early termination	—	(18,629)	—	(18,629)
Depreciation charge for the year	(10,448)	(77,433)	—	(87,881)
As at 31 December 2024 and 1 January 2025	355,197	884,443	—	1,239,640
Additions	—	217,890	574	218,464
Early termination	(6,458)	(1,206)	—	(7,664)
Depreciation charge for the year	(10,486)	(79,801)	(29)	(90,316)
Exchange realignment	(39)	—	—	(39)
As at 31 December 2025	338,214	1,021,326	545	1,360,085

14. LEASES (CONTINUED)

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000 (restated)
Lease liabilities payable:		
Within one year	124,593	58,203
Within a period of more than one year but not more than two years	265,820	36,434
Within a period of more than two years but not more than five years	424,105	642,005
Within a period of more than five years	137,944	121,826
Less: amounts due for settlement within 12 months shown under current liabilities	(124,593)	(58,203)
Amounts due for settlement after 12 months shown under non-current liabilities	827,869	800,265

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

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

	2025 RMB'000	2024 RMB'000 (restated)
Interest on lease liabilities	43,666	34,149
Depreciation charge of right-of-use assets	90,316	87,881
Expense relating to short-term leases	3,914	806
Total amount recognised in profit or loss	137,896	122,836

15. GOODWILL

	RMB'000
At 1 January 2024	
Cost	391,713
Accumulated impairment	(101,887)
Net carrying amount	289,826
Cost at 1 January 2024, net of accumulated impairment	289,826
Impairment during the year	(75,653)
Cost and net carrying amount at 31 December 2024	214,173
At 31 December 2024:	
Cost	391,713
Accumulated impairment	(177,540)
Net carrying amount	214,173
Cost and net carrying amount at 1 January and 31 December 2025	214,173
At 31 December 2025:	
Cost	391,713
Accumulated impairment	(177,540)
Net carrying amount	214,173

15. GOODWILL (CONTINUED)

Impairment testing of goodwill

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

	2025 RMB'000	2024 RMB'000
Jiangsu Ruilifeng New Energy Technology Co., Ltd. and its subsidiary ("Jiangsu Ruilifeng CGU") engaged in the sale of automotive chemicals specialty products	177,846	177,846
Changzhou Liyuan and its subsidiaries ("Changzhou Liyuan CGU") engaged in the sale of LFP cathode materials	36,327	36,327
Total	214,173	214,173

The recoverable amounts of the CGUs are determined based on value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets and estimated future cash flows covering a 5-year period, with the period beyond the budgeted period using a zero growth rate as approved by the directors of the Company.

The key assumptions used in the estimation of value in use are as follows:

	2025	2024
Jiangsu Ruilifeng CGU		
Earnings before interest and taxes ("EBIT") rate	14.1%	14.6%
Revenue (average growth rate)	9.0%	9.0%
Pre-tax discount rate	11.1%	10.9%
Changzhou Liyuan CGU		
EBIT rate	3.9%	0.8%
Revenue (average growth rate)	17.7%	2.9%
Pre-tax discount rate	12.8%	11.8%

The directors of the Company have determined the values assigned to each of the key assumptions as follows:

- (i) The average revenue growth rate and EBIT rate over the five-year forecast period is based on past performance and management's expectation of market development;
- (ii) The pre-tax discount rate reflects current market assessments of the time value of money and the risk specific to the CGUs.

The carrying amount of goodwill allocated to other cash-generating units were fully impaired in prior years.

15. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

Impact of possible changes in key assumptions

The recoverable amount of the Jiangsu Ruilifeng CGU was estimated to exceed its carrying amount as at 31 December 2025 by approximately RMB24,282,000 (2024: RMB24,116,000).

The recoverable amount of the Changzhou Liyuan CGU was estimated to exceed its carrying amount as at 31 December 2025 by approximately RMB42,367,000.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The recoverable amount of each CGU would equal its carrying amount (net of impairment loss) if each key assumption were to change as follows with all other variables held constant:

	2025	2024
Jiangsu Ruilifeng CGU		
Decrease in EBIT rate	-3.0%	-3.4%
Decrease in revenue (growth rate)	-0.4%	-1.3%
Increase in pre-tax discount rate	0.3%	0.3%
Changzhou Liyuan CGU		
Decrease in EBIT rate	-0.3%	N/A*
Decrease in revenue (average growth rate)	-5.9%	N/A*
Increase in pre-tax discount rate	0.8%	N/A*

The directors of the Company believe that any reasonably possible changes in the key assumptions on which the recoverable amount is based would not cause the carrying amount of CGU to exceed its recoverable amount.

* The recoverable amount of Changzhou Liyuan CGU was estimated to be lower than its carrying amount as at 31 December 2024 and impairment of RMB75,653,000 was recognised for the year ended 31 December 2024.

16. OTHER INTANGIBLE ASSETS

	Software RMB'000	Patents RMB'000	Others RMB'000	Total RMB'000
31 December 2024 (restated)				
Cost at 31 December 2023, net of accumulated amortisation, as previously reported	23,067	45,150	—	68,217
Business combinations under common control	51	—	—	51
Cost at 1 January 2024, net of accumulated amortisation, as restated	23,118	45,150	—	68,268
Additions	10,067	—	191	10,258
Amortisation provided during the year	(8,150)	(20,697)	(191)	(29,038)
At 31 December 2024	25,035	24,453	—	49,488
At 31 December 2024, as restated:				
Cost	56,869	61,428	621	118,918
Accumulated amortisation	(31,834)	(36,975)	(621)	(69,430)
Net carrying amount	25,035	24,453	—	49,488
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	25,035	24,453	—	49,488
Additions	10,272	1,168	—	11,440
Amortisation provided during the year	(8,434)	(4,218)	—	(12,652)
Exchange realignment	(81)	—	—	(81)
At 31 December 2025	26,792	21,403	—	48,195
At 31 December 2025:				
Cost	67,062	62,011	—	129,073
Accumulated amortisation	(40,270)	(40,608)	—	(80,878)
Net carrying amount	26,792	21,403	—	48,195

Impairment assessment

During the year ended 31 December 2025, the management conducted a review of the Group's other intangible assets due to an indication of impairment. The carrying amount of the other intangible assets did not exceed the recoverable amount and no impairment has been recognised.

17. INVESTMENTS IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000 (restated)
Cost of unlisted investment	80,000	80,000
Share of post-acquisition loss and other comprehensive loss	(43,445)	(32,341)
Total	36,555	47,659

Details of the Group's associate at the end of the reporting period are as follows:

Name	Registered/ paid up capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Hubei Fengli New Energy Technology Co., Ltd. 湖北豐鋰新能源科技 有限公司	RMB200,000,000	PRC/Chinese mainland	40%	Technical service related; research and development of new material technology; sale of special chemical products, and so on.

The associate is accounted for using the equity method in the consolidated financial statements.

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

	2025 RMB'000	2024 RMB'000
Share of the associate's profit for the year	(12,244)	(28,747)
Share of the associate's other reserve	1,140	1,916
Share of the associate's total comprehensive income	(12,244)	(28,747)
Aggregate carrying amount of the Group's investments in the associate	36,555	47,659

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000 (restated)
Prepayments for inventories	399,915	282,403
Recoverable VAT	332,947	379,385
Deposits	122,043	95,864
Procurement of raw materials from customers*	84,182	—
Other receivables	22,042	17,345
Prepaid expenses	5,852	6,063
Prepayments for property, plant and equipment	47,977	32,291
	1,014,958	813,351
Impairment allowance	(22,782)	(23,262)
Carrying amount at 31 December	992,176	790,089
Analysed into:		
Current portion	944,199	757,798
Non-current portion	47,977	32,291

* This represents materials procured from customers who engaged with the Group to manufacture products under the client-supplied material arrangement, and the Group recognise revenue on net basis.

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

	2025 RMB'000	2024 RMB'000 (restated)
At beginning of year	23,262	19,248
Amount written off as uncollectible	(2)	(51)
Impairment losses, net	(293)	4,065
Exchange realignment	(185)	—
At end of year	22,782	23,262

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	439,475	331,272
Work in progress	81,262	56,599
Finished goods	695,999	644,355
Goods in transit	380,762	360,244
Total	1,597,498	1,392,470

At 31 December 2025, the inventories are net of a write-down of approximately RMB38,739,000 (2024: RMB115,010,000).

20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000 (restated)
Trade receivables	2,338,840	1,527,821
Bills receivable	30,382	22,458
Impairment	(122,745)	(89,634)
Net carrying amount	2,246,477	1,460,645

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	2025 RMB'000	2024 RMB'000 (restated)
Within 1 year	2,210,486	1,425,687
1 year to 2 years	15,457	33,191
Over 2 years	20,534	1,767
Total	2,246,477	1,460,645

All bills receivable received by the Group are with a maturity period of less than one year.

The ECLs below incorporate forward-looking information. The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2025 RMB'000	2024 RMB'000 (restated)
At beginning of year	89,634	124,322
Amount written off as uncollectible	(2,137)	(1,318)
Impairment losses, net	35,248	(33,370)
At end of year	122,745	89,634

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

As at 31 December 2025

	Past due				Total
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	
On a collective basis:					
Expected credit loss rate	4.33%	10.00%	20.00%	60.03%	4.56%
Gross carrying amount (RMB'000)	2,310,590	17,174	25,284	768	2,353,816
Expected credit losses (RMB'000)	100,104	1,717	5,057	461	107,339
On an individual basis:					
Expected credit loss rate					100.00%
Gross carrying amount (RMB'000)					15,406
Expected credit losses (RMB'000)					15,406

As at 31 December 2024

	Past due				Total
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	19.99%	55.12%	5.16%
Gross carrying amount (RMB'000)	1,493,747	36,879	1,776	771	1,533,173
Expected credit losses (RMB'000)	74,687	3,688	355	425	79,155
On an individual basis:					
Expected credit loss rate					61.26%
Gross carrying amount (RMB'000)					17,106
Expected credit losses (RMB'000)					10,479

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through profit or loss

	2025 RMB'000	2024 RMB'000 (restated)
Current assets		
Listed equity investments, at fair value (a)	1,043	419
Wealth management products (b)	304,781	30,082
Unlisted funds investment (c)	196,374	474,863
Total	502,198	505,364

Equity investments at fair value through other comprehensive income

	2025 RMB'000	2024 RMB'000 (restated)
Equity investments at fair value through other comprehensive income		
Non-current assets		
Unlisted equity investments, at fair value (d)	126,845	141,450
Current assets		
Bills receivable (e)	517,618	296,752

Notes:

- (a) As at 31 December 2025 and 2024, the fair values of the listed shares in the PRC were determined based on the quoted bid price available on the Shenzhen Stock Exchange.
- (b) The wealth management products were issued by banks in the PRC and were low-risk in nature. The wealth management products are structured fixed deposits with financial institutions with maturities within one year. The principal of the structured fixed deposits is invested in debt instruments or derivative markets. The Group received variable returns depending on the performance of the products. The returns on these investments were determined by reference to the performance of the expected return rates stated in the contracts.
- (c) The unlisted funds investment consists of bond funds and the fair value of the Group's interests in the funds are determined by reference to their net asset value per share at the end of the reporting period, since the Group has the right to request redemption of some or all of its interests in the fund at a redemption price equal to the net asset value, according to the private placing memorandum of the fund. The fair value of the Group's interests in the fund is categorised as Level 2 under the fair value measurement hierarchy.
- (d) The unlisted equity investments, at fair value consist of equity interests in privately held enterprises. In 2019, the Company acquired 9.5745% of Anhui Tomorrow New Energy Technology Co., Ltd. at a cost of RMB80 million, and 3.238% of Huanggang Linli New Energy Technology Co., Ltd. at a cost of RMB12.45 million. In 2023, the Company acquired 4.9% of Yiwei Automotive Technology Co., Ltd. at a cost of RMB49 million. These investments have been designated as financial assets measured at fair value through other comprehensive income.
- (e) The Group's business model for the management of bills receivable is aimed at both receiving contractual cash flows and selling. As a result, they were classified and presented as debt investments at fair value through other comprehensive income.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000 (restated)
Cash and bank balances		
Cash on hand	676	81
Cash at bank	3,267,064	2,509,522
Pledged bank deposits	519,531	265,957
Subtotal	3,787,271	2,775,560
Less:		
Pledged bank deposits	(519,531)	(265,957)
Cash and cash equivalents	3,267,740	2,509,603
Denominated in:		
RMB	2,140,194	2,373,645
HKD	114,883	48,072
USD	1,005,921	87,884
RUB	3,049	—
IDR	3,693	—
JPY	—	2
Total	3,267,740	2,509,603

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Pledged bank deposits carry interest at fixed rates ranging from 0.05% to 1.20% as at 31 December 2025 (31 December 2024: 0.05% to 1.80%). Pledged deposits amounting to RMB496,048,000 (31 December 2024: RMB265,957,000) have been pledged to secure bills payable.

The term of time deposits is within one year, depending on the cash management of the Group. Time deposits carry interest at fixed rates ranging from 0.03% to 2.20%.

The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

23. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000 (restated)
Trade payables for materials	1,352,417	948,092
Bills payable	555,318	98,747
Payables for purchase of property, plant and equipment	608,590	808,756
Deposits	106,212	23,371
Salary payables	71,873	63,384
Payable of various taxes	38,647	23,409
Other payables and accruals	17,551	31,357
Total	2,750,608	1,997,116

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

	2025 RMB'000	2024 RMB'000 (restated)
Within 1 year	1,294,526	778,929
1 year to 2 years	13,307	125,320
2 years to 3 years	43,507	39,541
Over 3 years	1,077	4,302
Total	1,352,417	948,092

The trade payables for materials are non-interest-bearing and are normally settled on terms ranging from 30 to 60 days.

The bills payable are guaranteed by banks in the PRC and have maturities of 1 month to 1 year.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2025		2024	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Derivatives designated as hedging instruments:				
— Commodity derivative contracts	—	830	64	55
Derivatives not designated as hedging instruments:				
— Commodity derivative contracts	1,098	4,795	4	823
— Price-to-be-confirmed contracts	188	61,205	—	—
— Commodity option contracts	—	13,572	—	—
— Futures contracts	—	4,208	—	—
Total	1,286	84,610	68	878

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — unsecured	2.20–2.65	2026	1,552,701	2.65–3.05	2025	1,616,138
Bank loans — secured	2.15–3.20	2026	2,535,000	2.65–3.30	2025	2,362,870
Current portion of long-term bank loans — unsecured	2.25–3.20	2026	298,790	2.65	2025	200,000
Current portion of long-term bank loans — secured	2.20–3.40	2026	777,658	2.65–3.65	2025	1,251,640
Sale-leasebacks	3.50–6.30	2026	118,754	3.50–6.30	2025	163,391
Interest payable	—	—	3,762	—	—	6,744
Total — current			5,286,665			5,600,783
Non-current						
Bank loans — unsecured	2.30–3.20	2027	89,750	—	—	—
Bank loans — secured	2.20–3.40	2027–2035	2,705,833	2.65–3.65	2027–2035	2,204,015
Sale-leasebacks	3.50–6.30	2027	64,072	3.50–6.30	2027	213,590
Total — non-current			2,859,655			2,417,605
Total			8,146,320			8,018,388



25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2025 RMB'000	2024 RMB'000 (restated)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	5,167,911	5,437,392
In the second year	1,153,764	479,934
In the third to fifth years, inclusive	1,641,819	1,724,081
Subtotal	7,963,494	7,641,407
Other borrowings repayable:		
Within one year	118,754	163,391
In the second year	64,072	209,098
In the third to fifth years, inclusive	—	4,492
Subtotal	182,826	376,981
Total	8,146,320	8,018,388

Notes:

- (a) Bank borrowings of the Group of RMB579,134,000 (31 December 2024: RMB809,609,214) as at 31 December 2025 are guaranteed by Mr. Shi.

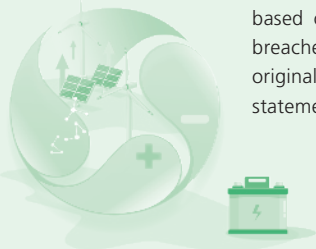
Bank borrowings of the Group of RMB760,000,000 (31 December 2024: RMB800,000,000) as at 31 December 2025 are guaranteed by Mr. Shi and Ms. Zhu Xianglan ("Mrs. Shi"), the spouse of Mr. Shi.

Other borrowings of the Group of RMB20,441,000 (31 December 2024: RMB40,946,000) as at 31 December 2025 are guaranteed by Mr. Shi.

Bank borrowings of the Group of RMB995,758,000 (31 December 2024: RMB380,000,000) as at 31 December 2025 are secured by property, plant and equipment, term deposits and long-term equity investments of RMB2,309,243,000 (31 December 2024: RMB1,657,201,000).

- (b) To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and lease back arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of IFRS15 to be accounted for as a sale of the machinery.

- (c) As at 31 December 2025, a subsidiary's bank borrowings amounted to RMB180,000,000.00 are subject to loan covenants based on the Group's balance sheet ratios and the relevant loan covenants based on its balance sheet ratios had been breached as at 31 December 2025, resulting the balance of bank borrowing amounted to RMB180,000,000.00 with an original maturity date after 31 December 2026 has been reclassified as current bank loans. As of the date of this financial statement, the relevant bank has not taken any action against the Group or requested any repayment on demand.



26. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2025 RMB'000	2024 RMB'000 (restated)
Sale of automotive specialty chemicals	12,286	29,467
Sale of LFP cathode materials	77,909	61,899
Processing of lithium carbonate and raw materials	—	26
Others	236	904
Total	90,431	92,296

As at 1 January 2024, contract liabilities amounted to RMB21,940,000. The contract liabilities as at 1 January 2025 and 2024 were fully recognised as revenue during the years ended 31 December 2025 and 2024, respectively.

27. DEFERRED INCOME

	RMB'000 (restated)
At 1 January 2024	88,336
Addition during the year	100,676
Recognised in profit or loss	(17,884)
At 31 December 2024, as previously reported	171,128
Business combinations under common control	3,950
At 31 December 2024 and 1 January 2025	175,078
Addition during the year	62,181
Recognised in profit or loss	(30,583)
At 31 December 2025	206,676

Deferred income mainly represents the PRC local government grants received from relevant PRC authorities to compensate the Group's development costs and fixed asset investments. Government grants received to compensate for the Group's development costs which have not yet been undertaken are included in deferred income and recognised as income on a systematic basis over the periods that the costs which they are intended to compensate. Government grants received relating to assets invested in laboratory equipment and plant are credited to deferred income and are recognised as income over the expected useful lives of the relevant assets.

28. PROVISION

	2025 RMB'000	2024 RMB'000 (restated)
Provision for rehabilitation	49,220	—
Less: Current portion	—	—
Non-current portion	49,220	—

Provisions for the Company's obligations related to lithium slag generated from the lithium carbonate production activities of a subsidiary of the Group represent the estimated restoration expenditure for the cleanup and rehabilitation costs. The amount is recognised at the present value of the estimated costs to be incurred in fulfilling the obligation.

The movements in the present value of the provision for rehabilitation are as follows:

	2025 RMB'000
As at the beginning of the year	—
Addition	48,612
Interest increments	608
As at the end of the year	49,220

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax assets

	2025					Total RMB'000
	Impairment of assets RMB'000	Deductible loss RMB'000	Deferred income RMB'000	Lease liabilities RMB'000	Others RMB'000	
At 31 December 2024	30,051	273,875	28,132	157,283	912	490,253
(Charged)/credited to profit or loss	3,244	98,551	(1,381)	(5,960)	13,620	108,074
Credited to other comprehensive income	—	—	—	—	4,763	4,763
Gross deferred tax assets at 31 December 2025	33,295	372,426	26,751	151,323	19,295	603,090

Deferred tax liabilities

	2025			Total RMB'000
	Right-of-use assets RMB'000	Appraisal value-added of assets in business combination not under common control RMB'000	Others RMB'000	
At 31 December 2024	146,428	6,139	—	152,567
Charged/(credited) to profit or loss	(5,410)	(2,592)	212	(7,790)
Charged to other comprehensive income	—	—	4,287	4,287
Gross deferred tax liabilities at 31 December 2025	141,018	3,547	4,499	149,064

29. DEFERRED TAX (CONTINUED)

Deferred tax assets

	Impairment of assets RMB'000	Deductible loss RMB'000	2024			Total RMB'000
			Deferred income RMB'000	Lease liabilities RMB'000	Others RMB'000	
1 January 2024	83,691	293,041	6,696	212,383	1,241	597,052
(Charged)/credited to profit or loss	(53,640)	(19,166)	21,436	(55,100)	161	(106,309)
Charged to other comprehensive income	—	—	—	—	(490)	(490)
Gross deferred tax assets at 31 December 2024	30,051	273,875	28,132	157,283	912	490,253

Deferred tax liabilities

	Right-of-use assets RMB'000	2024		Total RMB'000
		Appraisal value-added of assets in business combination not under common control RMB'000		
1 January 2024	205,673	7,514		213,187
Charged/(credited) to profit or loss	(59,245)	(1,375)		(60,620)
Gross deferred tax liabilities at 31 December 2024	146,428	6,139		152,567

29. DEFERRED TAX (CONTINUED)

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

	2025 RMB'000	2024 RMB'000 (restated)
Net deferred tax assets	466,417	344,332
Net deferred tax liabilities	(12,391)	(6,646)
	454,026	337,686

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

	2025 RMB'000	2024 RMB'000 (restated)
Tax losses	240,075	52,711
Deductible temporary differences	966,560	1,050,649
	1,206,635	1,103,360

The tax losses arising in the Chinese mainland that are available for offsetting against future taxable profits will expire in one to ten years. Deferred tax assets have not been recognised 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 utilised.

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000 (restated)
Current		
Financial liabilities at fair value through profit or loss:		
Convertible, redeemable preferred shares (<i>note a</i>)	1,405,760	—
Redemption liabilities on non-controlling interests (<i>note b</i>)	1,056,112	878,019
Total — current	2,461,872	878,019
Non-current		
Redemption liabilities on non-controlling interests (<i>note c</i>)	114,040	—
Total — non-current	114,040	—

Note a:

In February 2025, LBM New Energy issued to two independent third parties (the “Investors”) 66,387,000 Series A convertible redeemable preferred shares (the “Preferred Shares”) for a total consideration of USD200,000,000 (equivalent to RMB1,433,981,000). The Investors could request LBM New Energy to repurchase all the shares held by such Investors upon the occurrence or non-occurrence of certain specified events. Each preferred share may, at the option of the holders, shall be converted into such number of fully paid ordinary shares as is determined by dividing the initial subscription price per Series A share (as appropriately adjusted for any subdivisions, consolidations, share dividends or similar recapitalisations) by the then applicable conversion price per Series A share. Each preferred share shall automatically be converted into ordinary shares, at the applicable then-effective conversion price immediately upon the consummation of a qualifying IPO.

The movements of the convertible redeemable preferred shares are set out below:

	2025
At 1 January 2025	—
Issue	1,433,981
Changes in fair value	—
Currency translation differences	(28,221)
At 31 December 2025	1,405,760

The Company used the back-solve method to determine the underlying share value of the Company and performed an equity allocation based on the option pricing model (“OPM model”) to arrive at the fair value of the convertible redeemable preferred shares as at 31 December 2025 with reference to a valuation report carried out by an independent valuer.

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Note a: (Continued)

In addition to the underlying share value of the Company determined by the back-solve method, other key valuation assumptions used in the OPM model to determine the fair value are as follows:

	As at 31 December 2025
Risk-free interest rate	3.84%
Discount for lack of marketability ("DLOM")	15.60%
Volatility	59.19%
Possibilities under liquidation scenario	10.00%
Possibilities under redemption scenario	45.00%
Possibilities under conversion scenario	45.00%

The Group estimated the risk-free interest rate based on the yield of the United States Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the DLOM. Volatility was estimated based on annualised standard deviation of daily share price returns of comparable companies for a period from the valuation date and with a similar span as time to expiration.

Note b:

In October 2021, Changzhou Liyuan entered into a capital contribution agreement with two independent third-party investors ("Investors A"), who committed to invest RMB345 million for a 20% equity stake and then settled in November 2021. The agreement included a repurchase clause, granting Investors A the right to require the Company to buy back its shares of Changzhou Liyuan upon certain triggering events using cash or the Company's shares, which resulted to a recognition of financial liability at fair value. In February 2024 and May 2024, Changzhou Liyuan entered into capital contribution agreements with two independent third-party investors ("Investors B"), who invested RMB100 million and RMB285.427 million for 1.93% and 5.50% equity stakes, respectively. The agreements included a repurchase option, allowing Investors B to require the Company to buy back its shares of Changzhou Liyuan upon specified triggering events using cash or the Company's shares.

The fair value at initial recognition of the financial liability at the completion date of the capital contribution was measured based on the present value of the contractually determined stream of future cash flows with reference to a valuation carried out by an independent professional valuer not connected with the Group using the income approach.

Note c:

In February 2025, LBM New Energy and PT. LBM ENERGI BARU INDONESIA ("PT LBM INDONESIA") entered into a capital contribution agreement with one independent third-party investor ("Investor C"), who invested USD15.97 million, equivalent to RMB114 million for a 20% equity stake of PT LBM INDONESIA, which issued in August 2025. The agreement included a repurchase option, allowing Investor C to require LBM New Energy to buy back its shares of PT LBM INDONESIA upon specified triggering events or require converting the ordinary shares of PT LBM INDONESIA into the qualified IPO shares of LBM New Energy.

31. SHARE CAPITAL

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Amount RMB'000
Registered, issued and fully paid ordinary shares with par value of RMB1.00 per share		
At 1 January 2024	565,078,903	565,079
Issue of shares	100,000,000	100,000
At 31 December 2024 and 1 January 2025	665,078,903	665,079
Issue of shares	20,000,000	20,000
At 31 December 2025	685,078,903	685,079

On 12 June 2025, the Company issued a total of 20,000,000 new shares of RMB1 each at an issue price of HKD6.0 per share. The registered share capital of the Company was increased from RMB665,079,000 to RMB685,079,000. The share capital of the Company increased by RMB20,000,000, the capital reserve of the Company increased by RMB86,951,000 with the total net proceeds of HKD120,000,000 (approximately RMB106,951,000).

On 30 October 2024, the Company issued a total of 100,000,000 new shares of RMB1 each at an issue price of HKD5.5 per share pursuant to its prospectus dated 22 October 2024 (the "Global Offer"). The registered share capital of the Company was increased from RMB565,079,000 to RMB665,079,000 upon the completion of the Global Offer. The net proceeds of HKD504,106,000 (approximately RMB462,196,000) were raised by the Company. The share capital of the Company increased by RMB100,000,000, and the capital reserve of the Company increased by RMB362,196,000.

32. SHARE OPTION SCHEME

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution in writing passed by the shareholders of the Company on 22 September 2023, under which the Company granted 6,130,000 share options, comprising (i) 1,250,000 share options to the directors of the Company and (ii) 4,790,000 share options to certain eligible participants including members of the senior management and employees of the Company, to subscribe for the ordinary shares of the Company at RMB11.92 per share.

Vesting of the share options is conditional upon the fulfilment of certain performance targets as set out in the respective offer letters to the grantees including financial targets of the Group and individual performance targets for certain periods.

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price RMB per share	Number of options '000	Weighted average exercise price RMB per share	Number of options '000
At 1 January	11.92	2,470	11.92	6,040
Granted during the year	—	—	—	—
Forfeited during the year	11.92	(2,470)	11.92	(3,570)
Exercised during the year	—	—	—	—
Expired during the year	—	—	—	—
At 31 December	11.92	—	11.92	2,470

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

	2025			2024		
	Number of options '000	Exercise price(*) RMB per share	Exercise period	Number of options '000	Exercise price RMB per share	Exercise period
	—	/	2,470		11.92	22 September 2025/21 September 2026
			2,470			

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

33. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS

On 21 January 2025, the Group acquire a 100% equity interest in Shandong Meiduo Technology Company Limited (山東美多科技有限公司) at an aggregate cash consideration of RMB100,539,000 from Longpan International Holdings Co., Ltd. (龍蟠國際控股有限公司), which is controlled by Mr. Shi, the controlling shareholder of the Company. The Group adopted merger accounting for a common control combination in respect of the transaction.

The book values of the merged company's assets and liabilities as at the merger date and 31 December 2024 were as follows:

	Merger date Book value	31 December 2024 Book value
	RMB'000	RMB'000
Non-current assets	213,919	213,694
Current assets	53,041	32,526
Current liabilities	(86,683)	(87,655)
Non-current liabilities	(83,341)	(69,066)
Net assets	96,936	89,499
Cash consideration	100,539	

34. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Capital reserve

Capital reserve mainly comprises the capital contribution from non-controlling interests with repurchase options, and the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisition of further interests in subsidiaries or the disposal of part interests in subsidiaries, respectively.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Share-based payment reserve

The share-based payment reserve represents the equity-settled share-based payments as set out in note 32.

34. RESERVES (CONTINUED)

Statutory reserve

In accordance with the relevant PRC regulations, the PRC subsidiaries of the Group are required to appropriate 10% of the annual statutory net profit, after offsetting any prior years' losses to the statutory reserve fund before distributing the net profit. When the respective balance of the statutory reserve fund reaches 50% of the share capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders of the PRC subsidiaries.

According to relevant PRC regulations, the Group is required to transfer an amount to a specific reserve for the maintenance and production funds and other related expenditures.

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

The table below shows the details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Changzhou Liyuan	25.09%	27.13%
Lopal Times	30.00%	32.18%
	2025	2024
	RMB'000	RMB'000
Profit/(loss) for the year allocated to non-controlling interests:		
Changzhou Liyuan	(32,985)	(204,472)
Lopal Times	22,687	18,020
Accumulated balances of non-controlling interests at the reporting date:		
Changzhou Liyuan	380,548	340,766
Lopal Times	285,388	261,113

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

	Changzhou Liyuan RMB'000	Lopal Times RMB'000
2025		
Revenue	6,553,949	1,583,022
Total expenses	(6,086,463)	(1,353,260)
Profit/(loss) for the year	(106,294)	75,622
Total comprehensive income/(loss) for the year	(101,249)	75,622
Current assets	6,853,498	762,273
Non-current assets	4,959,756	1,767,662
Current liabilities	(7,973,262)	(534,993)
Non-current liabilities	(2,289,870)	(1,099,646)
Net cash flows (used in)/from operating activities	(178,565)	314,553
	Changzhou Liyuan RMB'000	Lopal Times RMB'000
2024		
Revenue	5,941,442	1,118,044
Total expenses	(6,734,864)	(1,059,773)
Profit/(loss) for the year	(793,459)	60,068
Total comprehensive income/(loss) for the year	(796,385)	60,068
Current assets	3,759,092	691,226
Non-current assets	4,499,845	1,810,398
Current liabilities	(5,310,954)	(585,813)
Non-current liabilities	(1,663,867)	(1,098,867)
Net cash flows from/(used in) operating activities	504,363	(290,748)

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank and other loans RMB'000	Lease liabilities RMB'000
2025		
At 1 January 2025	8,018,388	858,468
Net financing cash flows	(101,344)	(139,258)
Finance cost recognised	229,276	43,666
New leases entered into	—	189,891
Early termination	—	(1,206)
Currency translation differences	—	901
At 31 December 2025	8,146,320	952,462
	Bank and other loans RMB'000	Lease liabilities RMB'000
2024		
At 1 January 2024	8,475,445	864,054
Net financing cash flows	(709,309)	(93,194)
Finance cost recognised	252,252	34,149
New leases entered into	—	41,557
Early termination	—	(6,498)
Lease modification	—	18,400
At 31 December 2024	8,018,388	858,468

37. CONTINGENT LIABILITIES

Jiangsu Sanjin, one of the subsidiaries of the Group, was named as the defendant in a lawsuit as of 31 December 2025 with a maximum compensation amount of RMB84.87 million. The management believed that there was no additional liability required to be accrued as of 31 December 2025, considering the risk of losing the lawsuit was low.

38. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000 (restated)
Property, equipment and other intangible assets	1,519,487	1,142,012
Total	1,519,487	1,142,012

39. RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the reporting period. In the opinion of the directors of the Company, the related party transactions were carried out at terms negotiated between the Group and the respective related parties.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group during the reporting period.

Name of related parties	Relationship with the Group
("Ms. Zhu Xianglan") 朱香蘭	A close family member of the controlling shareholders
("Mr. Wu JianSheng") 吳建生	A close family member of the controlling shareholders
Taizhou Changnengrui Trading Co., Ltd. ("Taizhou Changnengrui") 泰州市暢能瑞商貿有限公司	The entity is controlled by family members of Mr. Shi
Nanjing Weilejia Lubricating Oil Co., Ltd. ("Nanjing Weilejia") 南京威樂佳潤滑油有限公司	The entity is controlled by a family member of a key management personnel of the Company
Nantong Jutu Trading Co., Ltd. ("Nantong Jutu") 南通聚途商貿有限公司	The entity is controlled by a family member of a key management personnel of the Company
Taizhou Hengan Trading Co., Ltd. ("Taizhou Hengan") 泰州市恒安商貿有限公司	The entity is controlled by a family member of Mr. Shi
Nanjing Ruifute Chemical Co., Ltd. ("Nanjing Ruifute") 南京瑞福特化工有限公司	The entity is controlled by a family member of Ms. Zhu Xianglan
Hubei Fengli New Energy Technology Co., Ltd. ("Hubei Fengli") 湖北豐鋰新能源科技有限公司	Associate of the Company
Anhui Mingtian New Energy Technology Co., Ltd. ("Anhui Mingtian") 安徽明天新能源科技有限公司	The company holds 9.57% of the issued shares
AnHui MingTian Hydrogen Technology Co., Ltd. ("Anhui MingTian Hydrogen") 安徽明天氫能科技股份有限公司	The company indirectly holds 8.99% of the issued shares

(i) Nanjing Houlongchang Automobile Co., Ltd. was deregistered on 27 January 2025.



39. RELATED PARTY TRANSACTIONS (CONTINUED)
(b) Significant related party transactions

	2025 RMB'000	2024 RMB'000 (restated)
Revenue from the sale of products and provision of services		
Nanjing Weilejia	7,191	7,184
Taizhou Changnengrui	7,908	8,579
Taizhou Hengan	1,572	3,534
Nantong Jutu	1,411	1,333
Anhui Mingtian	—	9
Anhui Mingtian Hydrogen	6	69
	18,088	20,708
Purchase of products		
Hubei Fengli	332,426	191,446
Anhui Mingtian Hydrogen	148	305



39. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Significant balances with related parties

	2025 RMB'000	2024 RMB'000 (restated)
Trade and other receivables		
Taizhou Changnengrui	591	48
Anhui Mingtian Hydrogen	4	54
Nanjing Ruifute	—	44
	595	146
Trade and other payables		
Hubei Fengli	88,662	72,036
Nanjing Weilejia	—	1
Taizhou Hengan	4	4
Anhui Mingtian Hydrogen	75	—
	88,741	72,041
Contract liabilities		
Nanjing Weilejia	1,222	734
Taizhou Changnengrui	1,148	129
Taizhou Hengan	6	6
Nantong Jutu	127	62
	2,503	931

Notes:

- (i) The balances with related parties and an associate are unsecured, interest-free and repayable on demand.
- (ii) As disclosed in note 25(a), Mr. Shi and his wife provided personal guarantees to banks in respect of the Group's bank borrowings as at 31 December 2025 and 31 December 2024. Those personal guarantees would be released upon the full settlement of such bank borrowings according to the repayment terms.

As at 27 May 2022, the subsidiary of the Group Changzhou Liyuan provided guarantees of RMB20,000,000 to Hubei Fengli New Energy Technology Co., Ltd. The guarantee was fully released on 27 May 2025.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

The compensation paid or payable to key management personnel (including the chief executive officer and directors of the Company and other senior executives of the Group) for employee services is shown below:

	2025 RMB'000	2024 RMB'000 (restated)
Wages, salaries and bonuses	13,851	6,451
Retirement benefit expense	437	294
Social security costs, housing benefits and other employee benefits	518	296
Share-based compensation	—	9,584
	14,806	16,625

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Total RMB'000
	Designated as such upon initial recognition RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	
Equity investments at fair value through other comprehensive income	—	—	126,845	—	126,845
Debt investments at fair value through other comprehensive income	—	517,618	—	—	517,618
Trade and bills receivables	—	—	—	2,246,477	2,246,477
Financial assets included in prepayments, other receivables and other assets	—	—	—	121,303	121,303
Financial assets at fair value through profit or loss	502,198	—	—	—	502,198
Derivative financial instruments	1,286	—	—	—	1,286
Pledged deposits	—	—	—	519,531	519,531
Cash and cash equivalents	—	—	—	3,267,740	3,267,740
Total	503,484	517,618	126,845	6,155,051	7,302,998

40. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**Financial liabilities**

	Financial liabilities at fair value through profit or loss			Total RMB'000
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial assets at amortised cost RMB'000	
Trade and other payables	—	—	2,750,608	2,750,608
Financial liabilities at fair value through profit or loss	2,575,912	—	—	2,575,912
Derivative financial instruments	—	84,610	—	84,610
Interest-bearing bank and other borrowings	—	—	8,146,320	8,146,320
Total	2,575,912	84,610	10,896,928	13,557,450

2024**Financial assets**

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Total RMB'000
	Designated as such upon initial recognition RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	
Equity investments at fair value through other comprehensive income	—	—	141,450	—	141,450
Debt investments at fair value through other comprehensive income	—	296,752	—	—	296,752
Trade and bills receivables	—	—	—	1,460,645	1,460,645
Financial assets included in prepayments, other receivables and other assets	—	—	—	89,947	89,947
Financial assets at fair value through profit or loss	505,364	—	—	—	505,364
Derivative financial instruments	68	—	—	—	68
Pledged deposits	—	—	—	265,957	265,957
Cash and cash equivalents	—	—	—	2,509,603	2,509,603
Total	505,432	296,752	141,450	4,326,152	5,269,786

40. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial assets at amortised cost RMB'000	Total RMB'000
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000		
Trade and other payables	—	—	1,997,116	1,997,116
Financial liabilities at fair value through profit or loss	878,019	—	—	878,019
Derivative financial instruments	—	878	—	878
Interest-bearing bank and other borrowings	—	—	8,018,388	8,018,388
Total	878,019	878	10,015,504	10,894,401

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income	644,463	438,202	644,463	438,202
Financial assets at fair value through profit or loss	502,198	505,364	502,198	505,364
Derivative financial instruments	1,286	68	1,286	68
Total	1,147,947	943,634	1,147,947	943,634
Financial liabilities				
Derivative financial instruments	84,610	878	84,610	878
Interest-bearing bank borrowings	8,146,320	8,018,388	8,146,320	8,018,388
Financial liabilities at fair value through profit or loss	2,575,912	878,019	2,575,912	878,019
Total	10,806,842	8,897,285	10,806,842	8,897,285

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

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the 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 following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings and other liabilities 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 financial liabilities at fair value through profit or loss as at 31 December 2025 were assessed to be insignificant.

The fair values of unlisted equity instruments at financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss as at 31 December 2025 and 2024 have been determined with reference to the valuation carried out on those dates by Jones Lang LaSalle (Beijing) Consultants Ltd., an independent qualified professional valuer not connected to the Group.

The fair value of the unlisted funds classified as financial assets at fair value through profit or loss is determined by reference to their net asset value per share at the end of the reporting period, since the Group has the right to request redemption of some or all of its interests in the fund at a redemption price equal to the net asset value.

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

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

As at 31 December 2025, the mark-to-market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range
Unlisted equity instruments at fair value through other comprehensive income	Market approach	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB (1,041,000)/RMB1,305,000	15.60%
Convertible, redeemable preferred shares	Back-solve method	5% increase/decrease in Volatility would result in decrease/increase in fair value by RMB (10,183,000)/RMB12,568,000	59.19%
Redemption liabilities on equity — current	Income approach	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB (5,722,000)/RMB5,723,000.00	15.60%
Redemption liabilities on equity — non-current	Back-solve method	5% increase/decrease in Volatility would result in decrease/increase in fair value by RMB (300,000)/RMB492,000	50.64%

DLOM represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

41. 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 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments at fair value through other comprehensive income	—	—	126,845	126,845
Debt investments at fair value through other comprehensive income	—	517,618	—	517,618
Financial assets at fair value through profit or loss	1,043	501,155	—	502,198
Derivative financial instruments	1,286	—	—	1,286
Total	2,329	1,018,773	126,845	1,147,947

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments at fair value through other comprehensive income	—	—	141,450	141,450
Debt investments at fair value through other comprehensive income	—	296,752	—	296,752
Financial assets at fair value through profit or loss	419	504,945	—	505,364
Derivative financial instruments	68	—	—	68
Total	487	801,697	141,450	943,634

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

Assets measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Equity investments at fair value through other comprehensive income		
At 1 January	141,450	141,450
Total losses recognised in other comprehensive income	(14,605)	—
At 31 December	126,845	141,450

Liabilities measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial liabilities at fair value through profit or loss — Redemption liabilities on non-controlling interests	—	—	1,170,152	1,170,152
Financial liabilities at fair value through profit or loss — Convertible, redeemable preferred shares	—	—	1,405,760	1,405,760
Derivative financial instruments	66,830	17,780	—	84,610
Total	66,830	17,780	2,575,912	2,660,522

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

Liabilities measured at fair value: (Continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial liabilities at fair value through profit or loss — Redemption liabilities on non-controlling interests	—	—	878,019	878,019
Derivative financial instruments	878	—	—	878
Total	878	—	878,019	878,897

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Financial liabilities at fair value through profit or loss — Redemption liabilities on non-controlling interests		
At 1 January	878,018	451,249
Total losses recognised in the statement of profit or loss	178,093	41,342
Addition	114,041	385,427
At 31 December	1,170,152	878,018
Financial liabilities at fair value through profit or loss — Convertible, redeemable preferred shares		
At 1 January	—	—
Addition	1,433,981	—
Currency translation differences	(28,221)	—
At 31 December	1,405,760	—

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, convertible bonds, finance leases, other interest-bearing loans, and cash and short-term 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 Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity*
2025			
If interest rates increase	5	(1,331)	(1,131)
If interest rates decrease	(5)	1,331	1,131
2024			
If interest rates increase	5	(1,207)	(1,026)
If interest rates decrease	(5)	1,207	1,026

* Excluding retained profits

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised 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 31 December.

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

As at 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Debt investments at fair value through other comprehensive income	—	—	—	517,618	517,618
Trade and bills receivables	—	—	—	2,369,222	2,369,222
Financial assets included in prepayments, other receivables and other assets					
— Normal**	144,085	—	—	—	144,085
Pledged deposits — Not yet past due	519,531	—	—	—	519,531
Cash and cash equivalents					
— Not yet past due	3,267,740	—	—	—	3,267,740
Total	3,931,356	—	—	2,886,840	6,818,196

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)
Maximum exposure and year-end staging (Continued)
As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Debt investments at fair value through other comprehensive income	—	—	—	296,752	296,752
Trade and bills receivables	—	—	—	1,550,279	1,550,279
Financial assets included in prepayments, other receivables and other assets					
— Normal**	113,209	—	—	—	113,209
Pledged deposits — Not yet past due	265,957	—	—	—	265,957
Cash and cash equivalents					
— Not yet past due	2,509,603	—	—	—	2,509,603
Guarantees given to banks in connection with facilities granted to an associate					
— Facilities not yet drawn by an associate	7,195	—	—	—	7,195
— Facilities drawn by an associate					
— Not yet past due	12,805	—	—	—	12,805
Total	2,908,769	—	—	1,847,031	4,755,800

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds, lease liabilities and other interest-bearing loans.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Liquidity risk (Continued)**

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows and financial liabilities measured at fair value are presented at book value:

	31 December 2025			
	On demand and less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
	Interest-bearing bank and other borrowings	5,253,473	2,808,777	114,785
Financial liabilities at fair value through profit or loss	2,461,872	114,040	—	2,575,912
Trade and other payables	2,640,087	—	—	2,640,087
Lease liabilities	146,052	775,345	162,048	1,083,445
Derivative financial instruments	84,610	—	—	84,610
Sale-leasebacks	124,476	65,418	—	189,894
Total	10,710,570	3,763,580	276,833	14,750,983

	31 December 2024			
	On demand and less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
	Interest-bearing bank and other borrowings	5,619,924	2,080,525	233,184
Financial liabilities at fair value through profit or loss	878,019	—	—	878,019
Trade and other payables	1,910,320	—	—	1,910,320
Lease liabilities	76,923	762,835	179,546	1,019,304
Derivative financial instruments	878	—	—	878
Sale-leasebacks	177,134	221,343	—	398,477
Guarantees given to banks in connection with facilities granted to an associate	—	12,805	—	12,805
Total	8,663,198	3,077,508	412,730	12,153,436

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest bearing bank and other borrowings, non-current portion of lease liabilities, bonds payables, amounts due to related parties and other non-current liabilities, less cash and cash equivalents.

The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000 (restated)
Interest-bearing bank and other borrowings	8,146,320	8,018,388
Trade and bills payables	2,750,608	1,997,116
Less: Cash and cash equivalents	(3,267,740)	(2,509,603)
Net debt	7,629,188	7,505,901
Equity attributable to owners of the parent	2,827,854	3,169,748
Adjusted capital and net debt	10,457,042	10,675,649
Gearing ratio	73%	70%

43. EVENTS AFTER THE REPORTING PERIOD

On 5 January 2026, the board of directors of the Company approved the *Resolution on Granting Stock Options under the 2025 Share Option Incentive Plan*, pursuant to which share options were granted to eligible senior management, middle-level management, and core (business) technical personnel. The options are exercisable at a strike price of RMB15.35 per share, subject to the satisfaction of performance targets at the company level, business line level, and individual level within two years from the grant date, provided that the grantees remain employed with the Company at the time of exercise. The exercise periods span 28 months and 40 months from the grant date. The overall term of the plan shall not exceed 48 months from the grant date, ending upon full exercise or cancellation of all granted stock options. The grant date is 5 January 2026.

On 17 March 2026 and 2 April 2026, the Company held its fifth board of directors' second meeting and the 2026 third extraordinary general meeting of shareholders, respectively, and approved the resolution titled *Regarding the change of purpose of repurchased shares and cancellation, and the reduction of registered capital*. Pursuant to the resolution, the Company decided to cancel 2,082,400 shares held in the dedicated repurchase securities account, resulting in a corresponding reduction in the Company's registered capital. Following the cancellation of the repurchased shares, the Company's total number of ordinary shares will be reduced to 682,996,503.

On March 23 2026, the Company was permitted to issue A shares to specific offerees as approved by the "ZJXK 2026 No.548" (證監許可[2026]548號) from China Securities Regulatory Commission. The issuance was subscribed in cash. The proceeds from the issuance were received as at the date of approval of these financial statements and other issuance processes are currently in progress.

On 20 April 2026, the Company entered into a legally binding Subscription, Offtake and Prepayment Term Sheet (the "Term Sheet") with Global Lithium Resources Limited ("GL1") and GLR Australia Pty Ltd ("GLR"). The principal contents of the Term Sheet include arrangements relating to the subscription for shares in GL1, offtake rights for Manna spodumene concentrate held by GLR, and the relevant prepayment.

The Company will pay an initial prepayment of 10% (USD7.5 million) within 30 days, subject to satisfaction of the prepayment conditions. The remaining prepayment (USD67.5 million) will be paid in four equal installments based on construction progress.

On 20 April 2026, the Company, through its wholly-owned overseas subsidiary Lopal Tech Perth Pty Ltd, has entered into a Tenements and Mineral Rights Sale Agreement with GL1 and MB Lithium Pty Ltd ("MB Lithium"). Pursuant to the agreement, Lopal Tech Perth Pty Ltd will acquire lithium exploration lease and related assets in Australia held by GL1 and MB Lithium at a total consideration of AUD14.85 million.

44. COMPARATIVE AMOUNTS

As stated in note 2, due to the acquisition of a subsidiary under common control as mentioned in note 33, the comparative information has been restated, and certain items have been reclassified to conform to the current year's presentation.



45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	54,050	61,679
Right-of-use assets	42,405	43,434
Other intangible assets	8,138	11,531
Investments in associates	4,557,529	3,934,073
Equity investments at fair value through other comprehensive income	97,247	129,000
Deferred tax assets	4,763	—
Other non-current assets	609	789
Total non-current assets	4,764,741	4,180,506
CURRENT ASSETS		
Inventories	5,060	4,237
Trade and bills receivables	147,327	147,425
Prepayments, other receivables and other assets	1,732,755	955,596
Financial assets at fair value through profit or loss	36,501	475,281
Debt investments at fair value through other comprehensive income	14,212	16,042
Pledged deposits	5	—
Cash and cash equivalents	283,615	682,880
Total current assets	2,219,475	2,281,461
CURRENT LIABILITIES		
Trade and other payables	559,162	56,530
Interest-bearing bank and other borrowings	1,862,466	2,046,641
Contract liabilities	162	474
Tax payable	1,686	—
Deferred income	—	809
Total current liabilities	2,423,476	2,104,454
Net current (liabilities)/assets	(204,001)	177,007
Total assets less current liabilities	4,560,740	4,357,513

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2025 RMB'000	2024 RMB'000
Non-current liabilities		
Interest-bearing bank and other borrowings	146,978	—
Deferred income	190	190
Total non-current liabilities	147,168	190
Net assets	4,413,572	4,357,323
EQUITY		
Share capital	685,079	665,079
Reserves	3,728,493	3,692,244
Total equity	4,413,572	4,357,323

Shi Junfeng
Director

Zhang Yi
Director

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Treasury shares RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	2,895,613	(50,273)	2,682	79,789	—	452,644	3,380,455
Loss and total comprehensive loss for the year	—	—	—	—	—	(51,168)	(51,168)
Issue of shares	362,196	—	—	—	—	—	362,196
Recognition of equity-settled share-based payments	—	—	761	—	—	—	761
At 31 December 2024	3,257,809	(50,273)	3,443	79,789	—	401,476	3,692,244
Loss and total comprehensive loss for the year	—	—	—	—	(26,990)	(16,666)	(43,656)
Issue of shares	86,951	—	—	—	—	—	86,951
Forfeiture of equity-settled share-based payments	—	—	(3,443)	—	—	—	(3,443)
Consideration paid for acquisition of subsidiaries under common control	(3,603)	—	—	—	—	—	(3,603)
At 31 December 2025	3,341,157	(50,273)	—	79,789	(26,990)	384,810	3,728,493

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 April 2026.