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GLOBAL NEW MATERIAL INTERNATIONAL HOLDINGS LIMITED

环球新材国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06616)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The Board is pleased to announce the interim results of the Group for the 1H2025 as follows:

- Revenue amounted to approximately RMB912.0 million, representing an increase of approximately 17.7%, as compared to approximately RMB774.6 million for the 1H2024.
- Gross profit amounted to approximately RMB473.9 million, representing an increase of approximately 22.1%, as compared to approximately RMB388.0 million for the 1H2024; and the gross profit margin for the 1H2025 and the 1H2024 was approximately 52.0% and 50.1%, respectively.
- Profit for the period amounted to approximately RMB99.6 million, representing a decrease of approximately 31.1%, as compared to approximately RMB144.5 million for the 1H2024.
- Profit attributable to owners of the Company amounted to approximately RMB62.2 million, representing a decrease of approximately 41.9%, as compared to approximately RMB107.1 million for the 1H2024; and the net profit margin for the 1H2025 and 1H2024 was approximately 10.9% and 18.7%, respectively.

The Board has decided not to declare and pay any interim dividend for the 1H2025 (1H2024: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Global New Material International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the interim results of the Group for the six months ended 30 June 2025 (the “**1H2025**”). The following sets forth the unaudited condensed consolidated interim results of the Group for the 1H2025 and the comparative figures for the six months ended 30 June 2024 (the “**1H2024**”):

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Note	Unaudited	
		Six months ended 30 June	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	912,038	774,622
Cost of goods sold		(432,211)	(381,479)
Sales related tax and auxiliary charges		(5,882)	(5,171)
Gross profit		473,945	387,972
Other income, other gains and losses		(8,115)	674
Reversal/(impairment) losses on trade, bills and other receivables, net		2,065	(4,861)
Selling expenses		(54,436)	(50,002)
Administrative and other operating expenses		(120,946)	(107,238)
Profit from operations		292,513	226,545
Finance costs		(144,648)	(42,711)
Profit before tax		147,865	183,834
Income tax expense	5	(48,237)	(39,292)
Profit for the period	6	99,628	144,542
Attributable to:			
Owners of the Company		62,198	107,062
Non-controlling interests		37,430	37,480
		99,628	144,542
Earnings per share	8		
– Basic (RMB)		0.05	0.09
– Diluted (RMB)		0.05	0.09

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Profit for the period	99,628	144,542
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement gain/(losses) on defined benefit pension plan	19	(33)
Income tax on item that will not be reclassified to profit or loss	—	7
	19	(26)
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	23,346	(15,964)
Other comprehensive income for the period, net of tax	23,365	(15,990)
Total comprehensive income for the period	122,993	128,552
Attributable to:		
Owners of the Company	71,704	100,561
Non-controlling interests	51,289	27,991
	122,993	128,552

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		Unaudited As at 30 June 2025 <i>RMB'000</i>	Audited As at 31 December 2024 <i>RMB'000</i>
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	9	2,202,893	1,447,877
Right-of-use assets	10	141,028	144,324
Intangible assets		15,464	15,003
Prepayments for construction in progress	11	429,216	401,418
Deposits paid for acquisition of property, plant and equipment		—	70,000
Goodwill		100,372	94,160
Restricted deposits		7,250	2,050
Defined benefit assets, net		861	723
Deposits and other receivables		1,625	1,551
Escrow deposit	12	560,775	496,427
Long term time deposit		50,000	50,000
Deferred tax assets		10,138	8,367
Total non-current assets		3,519,622	2,731,900
Current assets			
Inventories		367,108	310,264
Trade and bills receivables	14	615,034	512,473
Deposits, prepayments and other receivables		115,145	57,420
Derivative component of convertible bonds	16	751	733
Tax recoverable		317	317
Restricted deposit		600	—
Restricted bank deposit	13	44,000	30,000
Bank and cash balances		3,587,211	3,411,401
Total current assets		4,730,166	4,322,608
TOTAL ASSETS		8,249,788	7,054,508

		Unaudited As at 30 June 2025 <i>RMB'000</i>	Audited As at 31 December 2024 <i>RMB'000</i>
	Note		
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	103,701	103,701
Reserves		3,344,500	3,272,796
		3,448,201	3,376,497
Non-controlling interests		1,527,917	976,628
Total equity		4,976,118	4,353,125
LIABILITIES			
Non-current liabilities			
Bank loans and other borrowings	15	1,649,936	1,126,800
Convertible bonds	16	357,843	333,715
Lease liabilities		3,653	5,103
Other payables		1,848	1,748
Deferred revenue		6,968	7,487
Deferred tax liabilities		11,459	11,431
Total non-current liabilities		2,031,707	1,486,284
Current liabilities			
Bank loans and other borrowings	15	622,120	602,212
Convertible bonds	16	349,944	349,574
Derivative component of convertible bonds	16	14,611	13,080
Lease liabilities		3,493	3,842
Trade payables	17	107,686	89,013
Accruals and other payables		77,923	127,885
Contract liabilities		367	21
Deferred revenue		32,193	8,770
Current tax liabilities		33,626	20,702
Total current liabilities		1,241,963	1,215,099
TOTAL EQUITY AND LIABILITIES		8,249,788	7,054,508

NOTES

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2024 annual consolidated financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2024.

2. NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2025:

- Lack of Exchangeability – Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have impact on the Group's condensed consolidated financial statements.

3. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors of the Company.

As at 30 June 2025, the Group has identified two reportable segments as follows:

The People's Republic of China ("PRC") Business Operation	— manufacturing and sales of pearlescent pigment and functional mica filler in the PRC
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The Republic of Korea ("Korea") Business Operation	— manufacture and sale of pearlescent pigment
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The Group's reportable segments are strategic business units that managed by separate management. They are managed separately because each business requires different marketing strategies.

Information about reportable segment profit or loss, assets and liabilities:

	PRC Business Operation	Korea Business Operation	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2025			
(Unaudited)			
Revenue from external customers			
– Pearlescent pigment	705,282	145,843	851,125
– Functional mica filler and related products	49,035	—	49,035
– Trading of pigment	—	10,528	10,528
– Others	1,350	—	1,350
	755,667	156,371	912,038
Intersegment revenue	1,523	—	1,523
Segment profit	246,777	19,671	266,448
As at 30 June 2025 (Unaudited)			
Segment assets	6,804,593	549,919	7,354,512
Segment liabilities	2,841,176	143,099	2,984,275

	PRC Business Operation	Korea Business Operation	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2024			
(Unaudited)			
Revenue from external customers			
– Pearlescent pigment	548,396	152,759	701,155
– Functional mica filler and related products	44,070	—	44,070
– Trading of pigment	17,904	11,459	29,363
– Others	—	34	34
	610,370	164,252	774,622
Intersegment revenue	1,268	—	1,268
Segment profit	169,230	19,180	188,410
As at 31 December 2024 (Audited)			
Segment assets	5,409,519	557,957	5,967,476
Segment liabilities	1,456,012	155,793	1,611,805

	Unaudited	
	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Reconciliations of segment profit or loss:		
Total profit or loss of reportable segments	266,448	188,410
Unallocated amounts:		
Administrative expenses	(103,448)	(24,442)
Interest expenses	(125,399)	(15,349)
Interest income	8,588	438
Others	53,439	(4,515)
Consolidated profit for the period	99,628	144,542

Geographical information:

The Group's revenue from external customers by location of operations are detailed below:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC	761,440	619,449
Korea	51,045	57,656
The United States	13,933	13,167
Others	85,620	84,350
Consolidated total	912,038	774,622

4. REVENUE

The Group's operations and main revenue streams are those described in the last annual consolidated financial statements. The Group's revenue is derived from contracts with customers.

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
Pearlescent pigment	851,125	701,155
Functional mica filler and related products	49,035	44,070
Trading of pigment	10,528	29,363
Others	1,350	34
Total	912,038	774,622

The Group derives revenue from the transfer of goods at a point in time.

5. INCOME TAX EXPENSE

	<u>Six months ended 30 June</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current income tax		
Provision for the period		
– PRC Enterprise Income Tax	41,045	29,807
– Korea Corporate Income Tax	4,854	3,499
	<u>45,899</u>	<u>33,306</u>
Under-provision in prior period		
– PRC Enterprise Income Tax	4,139	513
– Korea Corporate Income Tax	143	5,404
	<u>4,282</u>	<u>5,917</u>
Deferred tax	<u>(1,944)</u>	<u>69</u>
	<u>48,237</u>	<u>39,292</u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Except for the preferential PRC Enterprise Income Tax (“EIT”) rate applicable to the subsidiaries of the Company in the PRC as described below, other subsidiaries of the Company in the PRC are subject to PRC EIT at a rate of 25% (six months ended 30 June 2024: 25%) for the period.

Korea Corporate Income Tax is calculated at 9.9% (including local income tax of 0.9%) for assessable income below Korean Won (“**KRW**”) 200 million, 20.9% (including local income tax of 1.9%) for assessable income between KRW200 million and KRW20 billion, 23.1% (including local income tax of 2.1%) for assessable income between KRW20 billion and KRW300 billion and 26.4% (including local income tax of 2.4%) for assessable income above KRW300 billion for the period.

France Corporation Tax is calculated at the applicable rate of 25% in accordance with the relevant law and regulations in France for both periods.

The Company is incorporated in the Cayman Islands and subject to Hong Kong Profits Tax. No provision for Hong Kong Profits Tax has been made in the financial statements since the Company has no assessable profit for the six months ended 30 June 2025 and 2024.

The subsidiary incorporated in the British Virgin Islands is not subject to income tax.

Those subsidiaries incorporated in Hong Kong and France have had no assessable profit subject to Hong Kong Profits Tax or France Corporation Tax during the six months ended 30 June 2025 and 2024, respectively.

Pursuant to the relevant laws and regulations in the PRC, 廣西七色珠光材料股份有限公司 (Guangxi Chesir Pearl Material Co., Ltd.) (“**Chesir Pearl**”) and 鹿寨七色珠光雲母材料有限公司 (Luzhai Chesir Pearl Mica Material Co., Ltd.) (“**Chesir Luzhai**”), subsidiaries of the Company, obtained the high and new technology enterprise certificate to entitle to a preferential tax rate of 15% (six months ended 30 June 2024: 15%) during the six months ended 30 June 2025 and 2024, subject to annual review by the relevant authority.

6. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation on property, plant and equipment	48,067	38,574
Depreciation on right-of-use assets	3,376	1,670
Research and development expenditures	36,480	34,138
Cost of inventories sold	432,211	381,479
Allowance for inventories (including in cost of goods sold)	6,171	1,676
(Reversals of impairment losses)/impairment loss on trade, bills and other receivables	(2,065)	4,861
Operating lease charge	2,081	2,559

7. DIVIDENDS

The Board of Directors has decided not to declare and pay any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	<u>Six months ended 30 June</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	62,198	107,062
Adjustments to the share of profit of a subsidiary based on dilution of their earnings per share	<u>(1,563)</u>	<u>(48)</u>
Profit attributable to owners of the Company, used in the diluted earnings per share calculation	<u>60,635</u>	<u>107,014</u>
Number of shares		
Weighted average number of ordinary shares used in the basic earnings per share calculation	<u>1,238,870,132</u>	<u>1,238,870,132</u>

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2025 in respect of a dilution as the impact of the conversion of convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment of approximately RMB369,433,000 (six months ended 30 June 2024: RMB138,906,000).

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, there were no additions to the Group's right-of-use assets.

11. PREPAYMENTS FOR CONSTRUCTION IN PROGRESS

During the six months ended 30 June 2025, the Group's prepayments for construction in progress increased by approximately RMB371,121,000 (six months ended 30 June 2024: Nil), primarily reflecting advance contractor fees and material deposits for the construction of the new production facility in Tonglu, Hangzhou.

12. ESCROW DEPOSIT

On 25 July 2024, the Company entered into an agreement with an independent third party to purchase a worldwide global surface solutions business at an aggregate consideration of EUR665,000,000 (equivalent to approximately RMB5,588,000,000) which will be settled by cash, and simultaneously paid an escrow deposit of EUR65,000,000 (approximately RMB496,427,000) upon execution of agreement.

During the six months ended 30 June 2025, the balance increased by approximately RMB64,348,000, comprising interest income received and foreign exchange translation gains on the EUR-denominated funds.

13. RESTRICTED BANK DEPOSIT

As at 30 June 2025, the restricted bank deposit represented deposits pledged to a bank to secure banking facility granted to the Group amounting to approximately RMB44,000,000 (as at 31 December 2024: RMB30,000,000).

14. TRADE AND BILLS RECEIVABLES

The aging analysis of trade and bills receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance, is as follow:

	At 30 June 2025	At 31 December 2024
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
0 to 90 days	488,764	446,931
91 to 180 days	126,529	65,376
181 to 365 days	11	166
	<u>615,034</u>	<u>512,473</u>

15. BANK LOANS AND OTHER BORROWINGS

The bank loans and other borrowings are secured by the Group's property, plant and equipment of RMB485,971,000 (as at 31 December 2024: RMB449,036,000), right-of-use assets of RMB62,362,000 (as at 31 December 2024: RMB15,623,000) and construction-in-progress of RMB771,810,000 (as at 31 December 2024: RMBNil) held by the Group.

During the six months ended 30 June 2025, the Group has raised new bank loans and other borrowings of RMB1,784,000,000 net of repayment of the bank loans and other borrowings on maturity of RMB1,223,000,000 to cope with the business expansions of the Group.

16. CONVERTIBLE BONDS

The movement of the convertible bonds during the period are set out below:

	Convertible bonds	Derivative components of convertible bonds	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	576,142	5,706	581,848
Issuance of convertible bonds	66,535	10,971	77,506
Fair value loss for the period	—	1,119	1,119
Interest charge for the period	34,204	—	34,204
Interest payments	(12,987)	—	(12,987)
Exchange difference	7,223	(87)	7,136
At 30 June 2024	<u>671,117</u>	<u>17,709</u>	<u>688,826</u>
At 1 January 2025	683,289	12,347	695,636
Fair value loss for the period	—	991	991
Interest charge for the period	40,382	—	40,382
Interest payments	(13,729)	—	(13,729)
Exchange difference	(2,155)	522	(1,633)
At 30 June 2025	<u>707,787</u>	<u>13,860</u>	<u>721,647</u>

17. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods and invoices, is as follows:

	At 30 June 2025	At 31 December 2024
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
0 to 90 days	105,687	86,230
91 to 180 days	—	1,307
181 to 365 days	708	1,116
Over 365 days	1,291	360
	<u>107,686</u>	<u>89,013</u>

18. SHARE CAPITAL

	Number of shares in issue	Authorised <i>HK\$'000</i>	Issued and fully paid <i>RMB'000</i>
Ordinary shares of HK\$0.1 each			
At 1 January 2024 (Audited),			
31 December 2024 (Audited),			
1 January 2025 (Unaudited)			
and 30 June 2025 (Unaudited)	<u>1,238,870,132</u>	<u>8,000,000</u>	<u>103,701</u>

19. CONTINGENT LIABILITIES

CQV is a defendant in a lawsuit for injunction of patent infringement brought during 2022 claiming approximately RMB1,060,000 (as at 31 December 2024: RMB1,100,000). The Group intends to contest the claim, and while the final outcome of the proceedings is uncertain, it is the directors' opinion that the ultimate liability, if any, will not have a material impact on the Group's financial position.

20. CAPITAL COMMITMENTS

	At 30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	At 31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
Contracted but not provided for:		
Property, plant and equipment	803,462	686,063
Acquisition of worldwide global surface solution business	5,587,596	5,187,000
	<u>6,391,058</u>	<u>5,873,063</u>

21. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group's equity interest in CQV increased from 42.45% to 44.59% as a result of a series of transactions in July 2025. These included the acquisition of 218,800 shares from the Korea Stock Exchange, the issue of 148,697 new shares upon exercise of conversion rights by certain convertible bondholders, and the Group's acquisition and subsequent conversion of 123,915 convertible bonds. In aggregate, the Group obtained 342,715 additional ordinary shares for a total consideration of approximately KRW1,519,768,000 (equivalent to approximately RMB8,055,000).

On 31 July 2025, the Group completed the acquisition of the worldwide Surface Solutions Business of Merck KGaA (the "**Target Group**") for a total consideration of EUR665,000,000. The principal activity of the Surface Solutions Business is the production and sale of pigment products. The acquisition provides the Group with additional manufacturing facilities in Germany, Japan and the United States and expands the Group's product offerings and geographical presence. Further details of this transaction are set out in the Company's announcement dated 31 July 2025.

As at the date of authorisation of these condensed consolidated financial statements, the initial accounting for the business combination is incomplete. The Group will provide the required disclosures in its consolidated financial statements for the year ending 31 December 2025 once the purchase price allocation has been finalised.

BUSINESS REVIEW

Business Development Review

In the first half of 2025, the Group further strengthened its focus on “internationalization, corporatization and branding”. We continued to expand the application scope of synthetic mica, pearlescent materials and functional materials, promoting the deep integration and sustainable development of new materials within the global industrial chain. Our business has maintained steady progress while pursuing growth, achieving not only rapid expansion in scale, but also notable accomplishments in high-quality development, including structural optimization, improved energy efficiency and innovation.

In the market, we adhere to a philosophy of “focusing on customer value”, consistently breaking through technological barriers in pearlescent materials, new energy functional materials and synthetic mica. Our product portfolio and quality grades have been continuously upgraded, earning multiple quality certifications. Enhanced customized services have garnered recognition from leading global customers, resulting in expanded market share both domestically and internationally, and steadily increased brand awareness.

During the 1H2025, the Group’s revenue amounted to RMB912.0 million, representing a year-on-year increase of 17.7%; net profit amounted to RMB99.6 million, representing a year-on-year decrease of 31.1%; net profit excluding non-recurring profit or loss amounted to RMB260.0 million, representing a year-on-year increase of 54.4%.

During the 1H2025, EBITDA amounted to RMB344.0 million, representing an increase of approximately 28.9% compared to RMB266.8 million for 1H2024; Adjusted EBITDA (calculated as EBITDA plus non-recurring profit or loss) amounted to RMB431.3 million, representing an increase of approximately 48.4% compared to RMB290.7 million for 1H2024.

Our production capacity upgrades have progressed smoothly: the Phase 2 Pearlescent Material Plant of Chesir Pearl, with an annual production capacity of 30,000 tonnes, has been gradually put into operation. The infrastructure for the surface performance materials project in Tonglu, Hangzhou, with an annual production capacity of 100,000 tonnes, is nearing completion and entering equipment installation phase. This large-scale production will further consolidate the Company's leading position in global production capacity.

Our global integration efforts have delivered remarkable results. Since partnering with CQV, a renowned pearlescent materials company in Korea, both parties have achieved deep synergy across market channels, product R&D, and supply chain management, driving steady growth in operating performance. This synergy has significantly enhanced our global competitiveness, upgraded our automotive-grade high-end pearlescent materials, and solidified our competitive position in the international market. On 31 July 2025, the Group completed the acquisition of the worldwide Surface Solutions Business of Merck KGaA (the “**Target Group**”). This strategic integration will bring key technologies and market resources to the Group, accelerate our internationalization, and enhance our global brand influence. It will also establish a global network of R&D and manufacturing bases across five locations: PRC, Germany, Korea, Japan and the United States. Leveraging Merck's mature global business network, we will further expand into new markets and business areas, strengthening our competitive position in global surface performance materials, high-end pearlescent pigments and cosmetic active ingredients.

In terms of product structure upgrades, we have accelerated product iteration and innovation, significantly enhancing our portfolio of mid-to-high-end products, including cosmetic-grade materials. We also took the lead in overcoming industry challenges in coloration and introduced several innovative products and application technologies. These advancements have attracted widespread attention and recognition from the industry at exhibitions around the world.

As of 30 June 2025, the total number of pearlescent pigment products offered by Chesir Pearl of the Group reached 1,198, including:

- (a) 592 natural mica-based pearlescent pigment products under 17 series of different colours, textures and gloss levels;
- (b) 483 synthetic mica-based pearlescent pigment products under 15 series of different colours, textures and gloss levels;
- (c) 102 glass flake-based pearlescent pigment products under 5 series of different transparency, refractive index and flake structure; and
- (d) 21 silicon oxide-based pearlescent pigment products under 1 series.

As of 30 June 2025, the total number of pearlescent pigment products offered by CQV, the Company's subsidiary in Korea, reached 994 products, including:

- (1) 507 synthetic mica-based products;
- (2) 159 natural mica-based products;
- (3) 140 glass flake-based products;
- (4) 102 aluminium oxide-based products;
- (5) 3 PMSQ and silicon dioxide-based products;
- (6) 43 hollow flake titanium oxide-based products;
- (7) 34 aluminium silver paste metal pigment products;
- (8) 6 coloured aluminium metal pigment products.

As of 30 June 2025, we held a total of 159 patents, 76 registered trademarks, and 4 software copyrights.

In addition, we have advanced the development of synthetic mica insulation and flame-retardant technologies in functional materials, enhancing the performance of safety-focused materials for new energy battery systems. We have also expanded the cross-sector application of our technologies into low-carbon scenarios by integrating pearlescent materials into BIPV colored photovoltaic modules. This not only elevates aesthetic value but also marks a technological breakthrough in green manufacturing and surface performance materials, serving as a key driver for the popularization of photovoltaic building integration.

In terms of energy efficiency and green transformation, we have made every effort to reduce energy consumption and pollutant emissions. To support the transition to clean energy, we reconstructed the steel-structured roofs to accommodate photovoltaic loads and successfully installed a 5.9-megawatt photovoltaic system. This system is expected to generate approximately 6 million kilowatt-hours of electricity annually, saving millions of RMB in electricity costs each year, reducing standard coal by 1,550 tonnes, and cutting carbon dioxide emissions by over 5,120 tonnes, which is equivalent to planting 10,699 new trees and thereby achieving meaningful carbon reduction and emission reduction.

The Group remains committed to fulfilling its ESG responsibilities in brand building, social responsibility, and sustainable development. We were awarded the “Best Practice for Technological Innovation” at the 2nd Sino-European Corporate ESG Best Practice Conference, continuing set an example in environmental protection leadership.

FINANCIAL REVIEW

The following sets forth the management discussion and analysis of the performance of the Group during the 1H2025. Comparisons have also been made to the performance of the Group during the 1H2024. Please refer to note 1 to this interim results announcement on the bases upon which the results of the Group are prepared for the 1H2025 and the 1H2024.

REVENUE

The Group is principally engaged in the business of the production and sales of pearlescent pigment products and functional mica filler and related products in the PRC and Korea. The assets of the Group are substantially located in the PRC and Korea. Following the acquisition of CQV in August 2023, the Group operates two reportable segments, namely, the PRC Business Operation and the Korea Business Operation, as compared to a single reportable segment prior to acquisition of CQV. The Group's reportable segments are strategic business units managed by separate management as each segment requires different marketing strategies. The Group offers to its customers a range of pearlescent pigment products, namely (a) natural mica-based pearlescent pigment products; (b) synthetic mica-based pearlescent pigment products; (c) glass flake-based pearlescent pigment products; (d) silicon oxide-based pearlescent pigment products; (e) aluminium oxide-based pearlescent pigment products; and (f) aluminium-based pearlescent products.

The revenue of the Group is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties.

The table below sets forth an analysis of the Group's revenue by reportable segments:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
PRC Business Operation	755,667	82.9	610,370	78.8
Korea Business Operation.....	156,371	17.1	164,252	21.2
Total	912,038	100.0	774,622	100.0

The Group's total revenue increased from approximately RMB774.6 million during the 1H2024 to approximately RMB912.0 million during the 1H2025, representing a year-on-year increase of approximately 17.7%. The revenue generated from the PRC Business Operation accounted for approximately 82.9% of the Group's total revenue during the 1H2025 (1H2024: 78.8%), increasing by approximately 23.8% from approximately RMB610.4 million during the 1H2024 to approximately RMB755.7 million during the 1H2025. Such increase was mainly due to the increase in sales volume of natural mica-based pearlescent pigment products and optimisation of the product mix during the 1H2025. The revenue generated from the Korea Business Operation recorded during the 1H2025 amounted to approximately RMB156.4 million, accounting for approximately 17.1% of the Group's total revenue during the 1H2025 (1H2024: RMB164.3 million, accounting for 21.2%).

The table below sets forth an analysis of revenue by major products:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Pearlescent pigment products				
– Natural mica-based	404,567	44.4	277,779	35.8
– Synthetic mica-based	273,205	30.0	268,860	34.7
– Glass flake-based	88,621	9.7	75,058	9.7
– Silicon oxide-based.....	23,314	2.5	21,336	2.8
– Aluminium oxide-based.....	57,348	6.3	54,502	7.0
– Aluminium-based.....	4,070	0.4	3,620	0.5
	851,125	93.3	701,155	90.5
Functional mica filler ⁽¹⁾	49,035	5.4	40,884	5.3
New energy material ⁽²⁾	1,350	0.1	3,186	0.4
Others	10,528	1.2	29,397	3.8
Total	912,038	100.0	774,622	100.0

Notes:

- (1) The Group produces functional mica filler of different granule sizes, which can be used by the Group for the production of synthetic mica-based pearlescent pigment products. The functional mica filler can also be sold to the customers of the Group, in most cases upon the customers' requests, as their raw materials for the production of functional mica filler, insulating materials, refractory materials and nickel-hydrogen batteries.
- (2) The Group had developed a number of synthetic mica-based new energy battery insulation and flame retardant materials. The high temperature resistance parameter reaches 1,150°C and a high voltage breakdown resistance parameter reaches 20KV/mm.

The customers of the Group may be broadly divided into trading company customers and end user customers. The former will re-sell the products to their own customers with whom the Group does not have direct contractual relationship. End user customers are customers using the pearlescent pigment products for their own use and production purpose.

The table below sets forth an analysis of the Group's sales to trading company customers and end user customers by products:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Trading company customers				
– Pearlescent pigment products	694,930	76.2	586,008	75.7
– Functional mica filler	40,194	4.4	36,553	4.7
– Others	8,773	1.0	28,087	3.6
	743,897	81.6	650,648	84.0
End user customers				
– Pearlescent pigment products	156,195	17.0	115,147	14.9
– Functional mica filler	8,841	1.0	4,331	0.6
– New energy material	1,350	0.2	3,186	0.4
– Others	1,755	0.2	1,310	0.1
	168,141	18.4	123,974	16.0
Total	912,038	100.0	774,622	100.0

The table below sets forth an analysis of the Group's sales to customers by locations:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
The PRC	761,440	83.5	619,449	80.0
Asia ⁽¹⁾	84,731	9.3	90,158	11.6
Europe ⁽²⁾	39,064	4.3	37,840	4.9
North America ⁽³⁾	14,041	1.5	17,294	2.2
South America ⁽⁴⁾	7,567	0.8	4,721	0.6
Africa ⁽⁵⁾	5,195	0.6	5,160	0.7
Total	912,038	100.0	774,622	100.0

Notes:

- (1) Countries and territories in Asia include Pakistan, Hong Kong, Macau and Taiwan, Korea, Bangladesh, Japan, Saudi Arabia, Thailand, Turkey, Israel, India, Indonesia, Jordan, Singapore and Vietnam.
- (2) European countries include Estonia, Belgium, Poland, Germany, Finland, Netherlands, Serbia, Switzerland, Spain, Italy and the United Kingdom.
- (3) Countries in North America include the United States, Canada and Mexico.
- (4) Countries in South America include Brazil and Chile.
- (5) Countries in Africa include Algeria, Morocco, Tunisia and Egypt.

Sales of pearlescent pigment products

The revenue generated from sales of pearlescent pigment products increased from approximately RMB701.2 million during the 1H2024 to approximately RMB851.1 million during the 1H2025, representing an increase of approximately RMB149.9 million or approximately 21.4%. The sales of natural mica-based pearlescent pigment products increased by approximately RMB126.8 million or approximately 45.6% compared with the 1H2024. The sales of synthetic mica-based pearlescent pigment products increased by approximately RMB4.3 million or approximately 1.6% compared with the 1H2024. The sales of glass flake-based pearlescent pigment products increased by RMB13.6 million or approximately 18.1% compared with the 1H2024. The sales of silicon oxide-based pearlescent pigment products increased by approximately RMB2.0 million or approximately 9.4% compared with the 1H2024. The sales of aluminium oxide-based pearlescent pigment products increased by approximately RMB2.8 million or 5.1% compared with the 1H2024. The sales of aluminum-based products increased by approximately RMB0.5 million or 13.9% compared with the 1H2024.

Sales of functional mica filler

The sales of functional mica filler increased from approximately RMB40.9 million for the 1H2024 to approximately RMB49.0 million for the 1H2025, representing an increase of approximately RMB8.1 million or approximately 19.8%.

Sales of new energy material

The new energy materials produced by the Group include synthetic mica-based new energy battery insulation and flame retardant materials. During the 1H2025, the sales of new energy materials was approximately RMB1.4 million (1H2024: approximately RMB3.2 million).

Cost of goods sold

Cost of goods sold increased by approximately 13.3% from approximately RMB381.5 million for the 1H2024 to approximately RMB432.2 million for the 1H2025. The increase in cost of goods sold was mainly due to the increase in sales volume of pearlescent pigment products by approximately 34.5% from approximately 11,425 tonnes for the 1H2024 to approximately 15,369 tonnes for the 1H2025, as well as a slight increase of approximately 7.5% in sales volume of functional mica filler and related products from approximately 1,694 tonnes for the 1H2024 to approximately 1,821 tonnes for the 1H2025.

Gross profit and gross profit margin

Gross profit increased from approximately RMB388.0 million during the 1H2024 to approximately RMB473.9 million during the 1H2025, representing an increase of approximately 22.1%. The increase in gross profit was mainly due to the increase in revenue. The gross profit margin during the 1H2025 was approximately 52.0%, compared with approximately RMB388.0 million during the 1H2024. The slight year-on-year increase in gross profit margin during the 1H2025 compared with the 1H2024 was mainly attributable to the decrease in raw material costs and the change in the Group's product mix during the 1H2025.

Other income and other gains and losses

Other income and other gains and losses during the 1H2025 amounted to loss of approximately RMB8.1 million, compared with gain of approximately RMB0.7 million during the 1H2024. Such increase was mainly due to the increase in exchange loss of approximately RMB19.7 million, offset by interest income of RMB11.3 million generated from time deposits of idle assets.

Impairment losses for trade and other receivables, net

During the 1H2025, the reversal of impairment loss on trade and other receivables, net was approximately RMB2.1 million, compared with an impairment loss of approximately RMB4.9 million during the 1H2024. Such increase was mainly due to the reversal of over-provisions from prior years.

Selling expenses

Selling expenses during the 1H2025 increased from approximately RMB50.0 million during the 1H2024 to approximately RMB54.4 million, representing an increase of approximately 8.8%. The increase in selling expenses was mainly due to the increase in the Group's selling and transportation expenses, salaries and promotion expenses as a result of the increase in sales.

Administrative and other operating expenses

Administrative and other operating expenses during the 1H2025 increased from approximately RMB107.2 million during the 1H2024 to approximately RMB120.9 million, representing an increase of approximately 12.8%. Such increase was mainly attributable to: expenses incurred in engaging professional services for the acquisition of the global surface solutions business of approximately RMB18.4 million; and additional staff costs arising from the expansion of the mergers and acquisitions team.

Finance costs

Finance costs increased from approximately RMB42.7 million during the 1H2024 to approximately RMB144.6 million during the 1H2025, representing an increase of 238.6%. Such increase was mainly due to the increase in bank loans and other borrowings; interest expenses on the Tranche A Convertible Bond, the First Tranche Initial Bond and other borrowings for the preparation of the proposed acquisition of the Global Surface Solutions Business.

Income tax expense

Income tax expense increased from approximately RMB39.3 million during the 1H2024 to approximately RMB48.2 million during the 1H2025. Such increase was mainly due to the increase in PRC corporate income tax.

Profit for the period

As a result of the foregoing, the profit for the 1H2025 was approximately RMB99.6 million, representing a decrease of approximately 31.1% from approximately RMB144.5 million for the 1H2024. The net profit margin for the 1H2025 decreased to approximately 10.9%, compared with approximately 18.7% for the 1H2024.

Use of the net proceeds from the Global Offering

The shares (the “**Shares**”) of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 July 2021. The Over-allotment Option (as defined and described in the prospectus (the “**Prospectus**”) of the Company dated 30 June 2021) was partially exercised on 5 August 2021. The total number of new Shares issued by the Company under the global offering (the “**Global Offering**”) was 319,742,000 and the amount of the net proceeds received by the Company from the Global Offering amounted to HK\$970.2 million. The Company received the amount of the net proceeds from the Global Offering in July 2021 and August 2021, respectively.

As disclosed in the announcement of the Company dated 25 July 2024, on 25 July 2024, the Company has entered into an agreement with, among others, Merck KGaA in relation to the acquisition (the “**Acquisition**”) of a worldwide global surface solutions business (the “**Global Surface Solutions Business**”) at the aggregate consideration of EUR665,000,000 (subject to adjustment) (the “**Consideration**”). Completion of the Acquisition has taken place on 31 July 2025 (the “**Completion**”). Please refer to the announcements of the Company dated 25 July 2024 and 31 July 2025 for further information.

As disclosed in the announcement of the Company dated 31 March 2025, in light of (a) the Acquisition, and (b) the completion of relocation of certain structures built on the land in relation to the construction of a synthetic mica plant in Luzhai (the “**Luzhai Synthetic Mica Plant**”) did not progress as contemplated, the Board has resolved to change the use of the unutilised proceeds in the aggregate amount of HK\$330.8 million to finance the settlement of the Consideration of the Acquisition. The Group remains committed to the construction of the Luzhai Synthetic Mica Plant and intends to finance its construction by internal resources as and when necessary. Please refer to the announcement of the Company dated 31 March 2025 for further information.

The table below sets forth the intended use of the net proceeds from the Global Offering (as revised) and actual utilisation amounts for the 1H2025:

Prescribed usage	Allocation of the net proceeds from the Global Offering (as revised)	Percentage to the total net proceeds	Remaining balance as of 31 December 2024	Amount utilised up to 30 June 2025	Remaining balance as of 30 June 2025	Expected timeline for the intended use
	<i>HK\$' million</i>	<i>%</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	
Construction of the Phase 2 Production Plant.....	539.5	55.6	—	—	—	Utilised
Increase investment in research and development facilities and testing equipment of the research and development centre	68.9	7.1	—	—	—	Utilised
Sales and marketing activities and building sales network.....	31.0	3.2	—	—	—	Utilised
Financing the settlement of the Consideration of the Acquisition	330.8	34.1	330.8	—	330.8	Utilised at Completion of the Acquisition on 31 July 2025
Total	970.2	100.0	330.8	—	330.8	

Use of the net proceeds from the issue of the Tranche A Convertible Bond

On 28 December 2022, the Company entered into the subscription agreement with Hong Kong Boyue International Investment Fund Co., Limited (the “**2022 CB Subscriber**”), pursuant to which the Company has conditionally agreed to issue, and the 2022 CB Subscriber has conditionally agreed to subscribe and pay for, the 3.50% coupon convertible bonds (the “**2022 Convertible Bonds**”) in the aggregate principal amount up to RMB500.0 million, comprising the Tranche A Convertible Bond in the principal amount of RMB300.0 million and the Tranche B Convertible Bond in the principal amount of not more than RMB200.0 million. The 2022 Convertible Bonds have an initial conversion price of HK\$7.6 per Share and are convertible into Shares. Further details of the 2022 Convertible Bonds are disclosed in the announcement of the Company dated 28 December 2022.

On 30 December 2022, the Company completed the issue of the Tranche A Convertible Bonds in the principal amount of RMB300.0 million to the 2022 CB Subscriber. The amount of the net proceeds received by the Company from the issue of the Tranche A Convertible Bond amounted to RMB300.0 million. Further details of which are disclosed in the announcement of the Company dated 30 December 2022.

The table below sets forth the intended use of the net proceeds from the issue of the Tranche A Convertible Bond and actual utilisation amounts for the 1H2025:

	Allocation of the net proceeds from the issue of the Tranche A Convertible Bond	Percentage to the total net proceeds	Remaining balance as of 31 December 2024	Amount utilised up to 30 June 2025	Remaining balance as of 30 June 2025	Expected timeline for the intended use
	<i>RMB' million</i>	<i>%</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	
Prescribed usage						
Investment opportunities within the pearlescent pigments and synthetic mica industry	300.0	100.0	300.0	0.0	300.0	Utilised at Completion of the Acquisition on 31 July 2025

On 31 July 2023, the 2022 CB Subscriber submitted to the Company that it was unable to complete the subscription for the Tranche B Convertible Bond on or before 31 July 2023. Therefore, the 2022 CB Subscriber will not proceed to subscribe for the Tranche B Convertible Bond. Further details of which are disclosed in the announcement of the Company dated 31 July 2023.

BUSINESS OUTLOOK

Looking ahead, the Group aims to lead the transformation of global new material technology and build a sustainable future through multi-scenario applications. The Group will continue to focus on three core areas: green manufacturing, advanced materials, and intelligent applications, leveraging technology to unlock the potential of materials and connect different industries with future lifestyles through materials.

2025 is a pivotal year for the Group as we pursue innovation leadership and global expansion. The Company will continue to increase investment in R&D, capitalize on global collaborative research, and hone our core technological strengths in synthetic mica and pearlescent materials. We will accelerate the commercialization of technological advancements in cosmetic active ingredients and new energy materials, and establish an application ecosystem matrix that spans industrial, consumer electronics, and high-end cosmetics sectors.

2025 is also a strategic year for deepening the integration of our global surface solutions business. Leveraging our integrated brand premium, high-end product patents and systems, exclusive core technologies, top-tier global customer resources, and upstream and downstream channel networks, The Company will unlock technological synergies, reduce supply chain costs, and drive cross-selling opportunities. These efforts will elevate our competitiveness and reinforce our leading position in the global surface performance materials sector.

We will focus our efforts on the following six areas:

- Global channel integration
- Comprehensive product matrix coverage
- Optimization of production capacity and supply chain
- Technological integration and innovation enhancement

- Global talent development
- Enhancement of brand premium

We have set clear short-term goals to rapidly expand scale and profitability, alongside medium-to-long-term strategies to ensure sustainable growth. The corresponding measures are outlined below:

Global channel integration: By leveraging the unique strengths and characteristics of each channel, we will achieve synergy and complementarity, implement batch cross-selling, and ensure a smooth transition. This approach will enable our products to reach various global markets and diverse customer groups more effectively.

Comprehensive product matrix coverage: We will enhance our product portfolio across high-, medium-, and low-end segments, enriching our product catalogue across industrial grade, automotive weather-resistant grade, cosmetic grade, and custom products. This will enable us to meet the diverse needs of multi-level, multi-field, and niche markets, thereby boosting industry competitiveness and customer loyalty.

Optimization of production capacity and supply chain: We will optimize the production capacity allocation and layout of our global plants to improve both utilization and energy efficiency. With the future completion of our production facility in Tonglu, Hangzhou, which will add 100,000 tonnes of synthetic mica production capacity, the Company's overall capacity will achieve significant growth. Meanwhile, through collaboration in global centralized procurement, we will reduce key raw material costs, strengthen our bargaining position, and further improve gross profit margins and quality stability.

Technological integration and innovation enhancement: We will fully leverage joint R&D and trial production across five locations—China, Germany, Korea, Japan, and the United States—to lower barriers to R&D and facilities. By integrating cutting-edge technologies and development experience, we will shorten the incubation cycle for new technologies, further increase R&D investment, and strengthen our innovation capabilities. In addition, we will continue to explore and cultivate new growth drivers, expand into diversified and multi-scenario application fields such as functional and green manufacturing, capture emerging market opportunities and technological specification trends, and meet the growing needs of end consumers.

Global talent development: We will further build our global team by conducting regular technical training and knowledge-sharing sessions and offer opportunities for international job rotation and cross-functional exchanges. This approach provides our talent with a broader platform and work experience opportunities, while also delivering professional and comprehensive intellectual support for the Group's long-term development and innovation.

Enhancement of brand premium: Our multi-brand synergy strategy has significantly boosted the Company's overall brand exposure, attracting greater attention from customers and partners. Moving forward, we will undertake targeted brand building and marketing activities based on differentiated brand positioning and the characteristics of different target customer groups. This approach will strengthen brand influence and brand premium, expand our reputation, and increase our market share.

INTERIM DIVIDEND

The Board has decided not to declare and pay any interim dividend for the 1H2025 (1H2024: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity and indebtedness

The Group's business operation is generally financed by its internal financial resources, bank loans and other borrowings.

As at 30 June 2025 and 31 December 2024, the bank and cash balances amounted to approximately RMB3,587.2 million and approximately RMB3,411.4 million, respectively. These balances were maintained at a prudent level for the purpose of satisfying the requirements for daily business operations and future business expansions of the Group. The increase in the bank and cash balances as at 30 June 2025 was mainly due to the cash generated from operating activities and the increase in bank loans and other borrowings.

As at 30 June 2025 and 31 December 2024, the bank and other borrowings amounted to approximately RMB2,272.1 million and approximately RMB1,729.0 million, respectively. The increase in the bank and other borrowings was attributable to the increase in the new bank loans and other borrowings of approximately RMB1,784.0 million, net of repayment of the bank loans and other borrowings on maturity of RMB1,223.0 million to cope with the business expansions of the Group during the 1H2025.

As at 30 June 2025, the Group had liability component of the convertible bonds of approximately RMB707.8 million (as at 31 December 2024: approximately RMB683.3 million).

Gearing ratio

The gearing ratio (calculated as total interest bearing borrowings divided by total assets) of the Group was approximately 36.2% as of 30 June 2025 (as at 31 December 2024: approximately 34.3%). The increase was mainly due to the increase in the borrowings.

Net asset value

As at 30 June 2025 and 31 December 2024, the net assets of the Group amounted to approximately RMB4,976.1 million and approximately RMB4,353.1 million, respectively. Net asset value per Share contributed to owners of the Company as at 30 June 2025 amounted to approximately RMB2.78, as compared to approximately RMB2.73 as at 31 December 2024.

Contingent liabilities

As at 30 June 2025, there was a pending lawsuit in respect of seeking an injunction of patent infringement being brought against CQV during 2022 and claiming approximately RMB1.1 million. The Group intends to contest the claim, and while the final outcome of the proceedings is uncertain, it is the Directors' opinion that the ultimate liability, if any, will not have a material impact on the Group's financial position.

Pledge of assets

As at 30 June 2025, certain property, plant and equipment, right-of-use assets and patents with aggregate net book value of approximately RMB1,417.3 million (approximately RMB531.1 million as at 31 December 2024) were pledged to financial institutions as collaterals for bank borrowings.

As at 30 June 2025, the restricted deposits and restricted bank deposits pledged as security for the Group's banking facility and other borrowings amounted to approximately RMB44.0 million (as at 31 December 2024: approximately RMB32.1 million).

CAPITAL STRUCTURE

During the 1H2025, there has been no material change in the capital structure of the Company. The capital of the members of the Group comprises ordinary shares.

Information about the share options of the Company and details of changes in the share options granted by the Company for the 1H2025 is set forth in the paragraph under "Share Option Scheme" below.

As at 30 June 2025, the Company had issued (i) the Tranche A Convertible Bond in the aggregate principal amount of RMB300.0 million in relation to the 2022 Convertible Bonds issue on 30 December 2022; and (ii) the First Tranche Initial Bond in the principal amount of US\$40.0 million in relation to the 2023 Convertible Bonds issue on 8 November 2023. Both the Tranche A Convertible Bonds and the First Tranche Initial Bond have an initial conversion price of HK\$7.6 per Share and are convertible into the maximum of 43,815,789 and 40,789,474 Shares, respectively.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital commitments represent the amount of capital expenditure contracted for as at a particular date but not yet incurred. As at 30 June 2025 and 31 December 2024, the capital commitments amounted to approximately RMB6,398.2 million and approximately RMB5,873.1 million, respectively, which represent the commitments to purchase property, plant and equipment and include (a) the modifications and expansions of the Phase 1 Production Plant; (b) the construction of the Phase 2 Production Plant and the Luzhai Synthetic Mica Plant and the acquisition of the related production facilities; and (c) the Tonglu Project.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

On 24 May 2025, Chesir Luzhai, a non-wholly owned indirect subsidiary of the Company, and Chongqing International Trust Inc. (“**Chongqing International**”), acting for and on behalf of Chongqing Trust - Luzhai Chesir Singular Fund Trust, entered into a capital increase agreement for a consideration of RMB500,000,000. Upon completion, the Group’s effective equity interest in Chesir Luzhai will be diluted from approximately 52.22% to approximately 47.48%. Details of the disposal were set out in the Company’s announcement dated 24 May 2025.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company’s listed securities (including sales of treasury shares (as defined in The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”))) during the 1H2025.

As at 30 June 2025, the Company did not hold any treasury shares.

EMPLOYEES AND REMUNERATION POLICY

Employees are one of the most important assets of the Group and their contribution and support are valuable. The Group would regularly review the employees’ compensation and benefits packages to reward and recognise those with outstanding performance. Other fringe benefits, such as employees’ provident fund and share options, if applicable, are provided to attract and retain talents helping the Group in success.

The Group had 720 employees in Mainland China, 12 employees in Hong Kong and 192 employees in Korea as at 30 June 2025 (as at 31 December 2024: 693, 15 and 193, respectively). The Group encourages high productivity and remunerates its employees based on their qualifications, work experience, prevailing market rates and individual contribution to the Group. Incentives in the form of bonuses and share options may also be offered to eligible employees based on individual performance. Pursuant to applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administered by responsible government authorities in the PRC for its employees there and provided a mandatory provident fund scheme to employees in Hong Kong.

FOREIGN EXCHANGE EXPOSURE

The Group primarily operates in the PRC and Korea and most of its business transactions, assets and liabilities are denominated in Renminbi and Korean Won. The Group is exposed to foreign currency risk primarily in respect of US dollars and Japanese Yen denominated transactions from its operations in Korea. The Directors are of the opinion that the related foreign currency risk exposure has not adversely affect the Group's operations or liquidity and is manageable. During the 1H2025, the Group did not commit to any financial instruments to hedge its foreign currency exposure. However, the management of the Group will regularly and closely monitor the Group's foreign currency exposure should the need arises.

SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted pursuant to the resolutions passed by the shareholders on 2 June 2021 for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. During the 1H2025, no share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the date it became unconditional and up to the date of this announcement.

SUBSEQUENT EVENTS

An additional 342,715 ordinary shares of CQV has been held by the Group as a result of a series of transactions in July 2025 for a total consideration of approximately KRW1,519,768,000 (equivalent to approximately RMB8,055,000), thereby increasing the Group's equity interest in CQV from 42.45% to 44.59%. These include the on market acquisition of 218,800 shares of CQV at the Korea Stock Exchange, the issue of 148,697 new shares of CQV upon exercise of conversion rights by certain convertible bondholders, and the Group's acquisition and subsequent conversion of 123,915 convertible bonds of CQV.

As disclosed in the announcement of the Company dated 25 July 2024, on 25 July 2024, the Company has entered into an agreement with, among others, Merck KGaA, in relation to the Acquisition of the Global Surface Solutions Business. Completion of the Acquisition has taken place on 31 July 2025. Please refer to the announcements of the Company dated 25 July 2024 and 31 July 2025 for further information.

Save as disclosed above, there was no significant event affecting the Group which occurred after 30 June 2025 and up to the date of this announcement.

AUDIT COMMITTEE REVIEW

The audit committee (the “**Audit Committee**”) of the Board has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Group regarding the risk management and internal controls systems and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the 1H2025. The unaudited condensed consolidated financial statements for the 1H2025 have also been reviewed but not audited by the Group’s external auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company’s corporate governance practices are based on the principles and code provisions as contained in the Corporate Governance Code (the “**CG Code**”) set forth in Part 2 of Appendix C1 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The CG Code has been applicable to the Company during the 1H2025.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr SU Ertian (“**Mr SU**”), the chairman of the Board and the chief executive officer of the Company, currently performs these two roles. Mr SU has been responsible for formulating overall business development strategies and leading overall operations of the Group and has been instrumental to business growth of the Group. The Board therefore considers that vesting the roles of both chairman and chief executive officer in Mr SU is beneficial to business development of the Group by ensuring consistent leadership and enabling more effective and efficient overall strategic planning. The senior management team and the Board will provide check-and-balances of power and authority.

The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. Save for the above deviation, the Board is of the view that the Company has complied with the applicable code provisions as set forth in the CG Code for the 1H2025. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all the Directors, they have confirmed their compliance with the required standard as set forth in the Model Code during the 1H2025.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the 1H2025 containing all the information required by Appendix D2 to the Listing Rules and other applicable laws and regulations will be despatched to the shareholders (if necessary) and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chesir.com) in due course.

By order of the Board
Global New Material International Holdings Limited
SU Ertian
Chairman and Chief Executive Officer

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprises Mr SU Ertian (Chairman and Chief Executive Officer), Mr JIN Zengqin, Mr ZHOU Fangchao, Mr BAI Zhihuan, Ms ZENG Zhu and Mr LIM Kwang Su as executive Directors, Mr HU Yongxiang as non-executive Director and Mr HUI Chi Fung, Professor HAN Gaorong, Mr LEUNG Kwai Wah Alex and Professor CHEN Fadong as independent non-executive Directors.