



### **CORPORATE INFORMATION**

#### **BOARD OF DIRECTORS**

#### **Executive Directors**

Dr SU Ertian (Chairman and Chief Executive Officer)

Mr JIN Zenggin

Mr ZHOU Fangchao (Joint company secretary)

Mr BAl Zhihuan

Ms ZENG Zhu

Mr LIM Kwang Su

#### Non-executive Director

Mr HU Yongxiang

#### Independent non-executive Directors

Mr HUI Chi Fung

Professor HAN Gaorong

Mr LEUNG Kwai Wah Alex

Professor CHEN Fadong

#### **AUDIT COMMITTEE**

Mr HUI Chi Fung (Chairman)

Professor HAN Gaorong

Mr LEUNG Kwai Wah Alex

#### REMUNERATION COMMITTEE

Mr LEUNG Kwai Wah Alex (Chairman)

Professor HAN Gaorong

Mr ZHOU Fangchao

#### **NOMINATION COMMITTEE**

Dr SU Ertian (Chairman)

Professor HAN Gaorong

Mr HUI Chi Fung

Ms ZENG Zhu

Professor CHEN Fadong

#### JOINT COMPANY SECRETARIES

Mr ZHOU Fangchao

Ms CHEUNG Ka Lun Karen

#### **AUDITOR**

RSM Hong Kong

Certified Public Accountants

(Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)

#### PRINCIPAL BANKERS

In Hong Kong, China:

Citibank (Hong Kong) Limited

In the Mainland China:

Bank of Liuzhou Co., Ltd.

Liuzhou Urban Rural Credit Cooperative Union

In the Republic of Korea:

Shinhan Bank Chungbuk Retail Banking Center

#### **REGISTERED OFFICE**

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

# PRINCIPAL PLACE OF BUSINESS IN HONG KONG, CHINA

Room 2703, 27/F

China Resources Building

26 Harbour Road

Wanchai Hong Kong

# PRINCIPAL PLACE OF BUSINESS IN THE MAINLAND CHINA

Pearlescent Industrial Park

No. 380, Feilu Road

Luzhai Town, Luzhai County

Liuzhou City

Guangxi Zhuang Autonomous Region

PRC

# PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cavman Islands

# HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

#### **COMPANY'S WEBSITE**

www.chesir.com

#### **STOCK CODE**

06616

## **CHAIRMAN'S STATEMENT**

Dear Shareholders, Investors and Partners,

2025 marks a milestone year for Global New Material International Holdings Ltd. (hereinafter referred to as "GNMI" or the "Company", together with its subsidiaries, the "Group"). On 31 July, we successfully completed the acquisition of the Surface Solutions Business of Merck Germany (now renamed Susonity), officially establishing the Company's leading position in the global surface performance materials sector. This is not only a major acquisition but also a crucial advancing step for the Company in becoming a "Global Materials Technology Platform".

#### **Globalization and Brand Strength**

The acquisition of Susonity has enabled the Company to gain globally leading advantages in three aspects: technology, market and brand. We have inherited its profound R&D heritage, mature customer network and high-end brand influence, and formed a strong alliance with the existing business to accelerate the internationalization process.

#### **Dual-Driven by Production Capacity and Demand**

The Company's domestic production capacity construction is also advancing steadily: the Phase 2 Pearlescent Material Plant of Chesir Pearl, with an annual production capacity of 30,000 tonnes, has been gradually put into operation; and the synthetic mica project in Tonglu, with an annual production capacity of 100,000 tonnes, has been successfully capped and entered the equipment installation phase. The expansion of production capacity aligns with the growth of global demand, laying a solid foundation for the Company's subsequent scaling-up and profitability.

#### Synergy and Innovation

Through synergy with CQV and Susonity, the Company has established five major R&D networks covering Germany, Japan, the United States, South Korea and China. The iteration of new products has accelerated, the expansion of high-end customers has progressed smoothly, and the brand's influence in the global market has been significantly enhanced. Such synergy has not only improved efficiency but also accelerated the commercialization of new technologies.

#### Responsibility and Sustainability

We firmly fulfill our ESG responsibilities. In the first half of the year, the 5.9MW photovoltaic system at Chesir Pearl's plant was successfully connected to the grid, reducing energy consumption and carbon emissions. Additionally, the Company won the "Best Practice Award for Technological Innovation" at the 2<sup>nd</sup> Sino-European Corporate ESG Best Practice Conference. With green manufacturing and social responsibility as its long-term commitments, the Company contributes to the sustainable development of the industry.

**GLOBAL NEW MATERIAL INTERNATIONAL HOLDINGS LIMITED** 2025 Interim Report

### **CHAIRMAN'S STATEMENT**

#### **Looking Ahead to the Future**

Standing at a new starting point, Global New Material International will take "New Materials + Innovation + Full Scenarios" as its core strategy, fully unleash the synergistic effect of acquisitions, build a global industrial ecosystem, and continuously drive industry upgrading and value creation. We firmly believe that with its leading technologies, global layout and diversified applications, the Company is ushering in a new cycle of high-speed growth.

We would like to extend our sincere gratitude to all shareholders, customers, partners and employees!

#### **SU Ertian**

Chairman and Chief Executive Officer

28 August 2025

# **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.

#### **BUSINESS DEVELOPMENT REVIEW**

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 Group'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  $2^{nd}$  Sino-European Corporate ESG Best Practice Conference, continuing set an example in environmental protection leadership.

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 report 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	2025					
	RMB'000	%	RMB'000	%			
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			
	RMB'000	%	RMB'000	%		
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:

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.

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 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			
	RMB'000	%	RMB'000	%		
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			
	RMB'000	%	RMB'000	%		
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 aluminium-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 50.1% 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 merger and acquisition 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) HK\$' million	Percentage to the total net proceeds %	Remaining balance as of 31 December 2024 HK\$' million	Amount utilised up to 30 June 2025 HK\$' million	Remaining balance as of 30 June 2025 HK\$' million	Expected timeline for the intended use
Construction of the Phase 2	539.5	55.6	_	_	_	Utilised
Production Plant						
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 Bond 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:

Prescribed usage	Allocation of the net proceeds from the issue of the Tranche A Convertible Bond RMB' million	Percentage to the total net proceeds %	Remaining balance as of 31 December 2024 RMB' million	Amount utilised up to 30 June 2025 RMB' million	Remaining balance as of 30 June 2025 RMB' million	Expected timeline for the intended use
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.

#### **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%). Such 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 attributable 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 on 30 December 2022; and (ii) the First Tranche Initial Bond in the aggregate principal amount of US\$40.0 million in relation to the 2023 Convertible Bonds on 8 November 2023. Both the Tranche A Convertible Bond 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 RMB6,391.1 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 exposure 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 exposure has not adversely affected 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.

#### 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 bond holders, 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 report.

## **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.

#### **BUSINESS OUTLOOK**

**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.

### INDEPENDENT REVIEW REPORT



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# TO THE BOARD OF DIRECTORS OF GLOBAL NEW MATERIAL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

#### INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 44 which comprises the condensed consolidated statement of financial position of Global New Material International Holdings Limited ("the Company") and its subsidiaries as at 30 June 2025 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board (the "IASB"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

GLOBAL NEW MATERIAL INTERNATIONAL HOLDINGS LIMITED 2025 Interim Report

### **INDEPENDENT REVIEW REPORT**

#### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

#### **RSM Hong Kong**

Certified Public Accountants
Hong Kong

28 August 2025

# **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June		
	Note	2025 RMB'000	2024 RMB'000	
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

	Unau Six months e	dited nded 30 June
	2025 RMB'000	2024 RMB'000
Profit for the period	99,628	144,542
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
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)
Item that may be reclassified to profit or loss:		
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**

At 30 June 2025

		Unaudited	Audited			
		As at	As at			
		30 June	31 December			
	Note	2025	2024			
		RMB'000	RMB'000			
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 bond	16	<b>751</b>	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			

### **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2025

		Unaudited	Audited
		As at	As at
		30 June	31 December
	Note	2025	2024
		RMB'000	RMB'000
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

Approved by the Board of Directors on 28 August 2025 and are signed on its behalf by:

**SU Ertian** *Director* 

ZHOU Fangchao

Director

# **CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2025

					Unau	dited				
			Attri	butable to own	ers of the Comp	any				
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Merger reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	103,701	886,372	1,157,853	137,549	243	82,981	787,791	3,156,490	928,655	4,085,145
Profit for the period Other comprehensive income	- -	- -	- -	- -	— (6,490)	- -	107,062 (11)	107,062 (6,501)	37,480 (9,489)	144,542 (15,990)
Total comprehensive income for the period Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	(6,490)	-	107,051	100,561	27,991	128,552
Changes in equity for the period	_	_	_	_	(6,490)	_	107,051	100,561	27,913	128,474
At 30 June 2024	103,701	886,372	1,157,853	137,549	(6,247)	82,981	894,842	3,257,051	956,568	4,213,619
At 1 January 2025	103,701	886,372	1,157,853	137,549	(20,307)	82,981	1,028,348	3,376,497	976,628	4,353,125
Profit for the period Other comprehensive income	- -	-	- -	- -	- 9,487	-	62,198 19	62,198 9,506	37,430 13,859	99,628 23,365
Total comprehensive income for the period Capital injection from non-controlling interests Transfer of statutory reserve	-	-	- - -	- - -	9,487 — —	_ _ 10,700	62,217 — (10,700)	71,704 — —	51,289 500,000 —	122,993 500,000 —
Changes in equity for the period	_	-	_	-	9,487	10,700	51,517	71,704	551,289	622,993
At 30 June 2025	103,701	886,372	1,157,853	137,549	(10,820)	93,681	1,079,865	3,448,201	1,527,917	4,976,118

# **CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2025

		Unau Six months er	
	Note	2025 RMB'000	2024 RMB'000
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(68,350)	194,824
Purchase of property, plant and equipment	19	(369,433)	(138,906)
Purchase of intangible assets		(2,438)	(46)
Prepayment for construction in progress	19	(371,121)	_
Deposits paid for acquisition of right-of-use assets		_	(73,820)
Deposits paid for acquisition of property, plant and equipment		_	(115,229)
Increase in restricted deposits		(5,800)	_
Increase in restricted bank deposits		(14,000)	(75,621)
Interest received		11,272	4,134
NET CASH USED IN INVESTING ACTIVITIES		(751,520)	(399,488)
Bank loans and other borrowings raised		1,784,290	590,703
Repayment of bank loans and other borrowings		(1,223,482)	(228,581)
Proceeds from issue of convertible bond, net		_	77,065
Principal elements of lease payments		(2,081)	(935)
Disposal of non-controlling interest		500,000	_
Dividends paid to non-controlling interests of a subsidiary		_	(78)
NET CASH GENERATED FROM FINANCING ACTIVITIES		1,058,727	438,174
NET INCREASE IN CASH AND CASH EQUIVALENTS		238,677	233,510
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(63,047)	(409)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		3,411,401	3,203,476
CASH AND CASH EQUIVALENTS AT 30 JUNE		3,587,211	3,436,577

For the six months ended 30 June 2025

#### 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 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 1 January 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.

For the six months ended 30 June 2025

#### 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:

PRC Business Operation — manufacturing and sales of pearlescent pigment and functional mica filler in the PRC

Korea Business Operation — manufacture and sale of pearlescent pigment

The Group's reportable segments are strategic business units that are 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 RMB'000	Korea Business Operation RMB'000	Total RMB'000
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

For the six months ended 30 June 2025

#### 3. **SEGMENT INFORMATION** (continued)

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

	PRC Business	Korea Business	
	Operation	Operation	Total
	RMB'000	RMB'000	RMB'000
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 RMB'000	2024 RMB'000	
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	

For the six months ended 30 June 2025

#### 3. **SEGMENT INFORMATION** (continued)

#### Geographical information:

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

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
The PRC	761,440	619,449
The Republic of Korea ("Korea") The United States	51,045 13,933	57,656 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 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
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.

For the six months ended 30 June 2025

#### 5. INCOME TAX EXPENSE

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

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 Profits 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.

For the six months ended 30 June 2025

#### **5. INCOME TAX EXPENSE** (continued)

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, Guangxi Chesir Pearl Material Co., Ltd.(廣西七色珠光材料 股份有限公司) and Luzhai Chesir Pearl Mica Material Co., Ltd.(鹿寨七色珠光雲母材料有限公司), 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 e	Six months ended 30 June	
	2025	2024	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
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	
Impairment loss/(reversals of impairment losses)			
on trade, bills and other receivables	(2,065)	4,861	
Operating lease charges	2,081	2,559	

For the six months ended 30 June 2025

#### 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:

	Six months e	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000	
	(Unaudited)	(Unaudited)	
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	(1,563)	(48)	
Profit attributable to owners of the Company, used in the			
diluted earnings per share calculation	60,635	107,014	
Number of shares			
Weighted average number of ordinary shares used in the			
basic earnings per share calculation	1,238,870,132	1,238,870,132	

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.

For the six months ended 30 June 2025

#### 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).

For the six months ended 30 June 2025

#### 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 follows:

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

#### 15. BANK LOANS AND OTHER BORROWINGS

The bank loans and other borrowings are secured by pledged of 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

#### 2022 Convertible bond

On 28 December 2022, the Company entered into a subscription agreement with an independent third party in relation to the issue of 3.5% coupon convertible bonds in the aggregate principal amount up to CNH500.0 million ("Convertible Bonds") in two tranches. The unlisted, guaranteed and unsecured convertible bond in the principal amount of CNH300.0 million ("Tranche A Convertible Bond") was issued by the Company on 30 December 2022. The interest will be paid annually at the end of each year until the settlement date.

Tranche A Convertible Bond is convertible at the option of the holder into fully paid ordinary shares with HK\$0.1 each of the Company on or after the later of (i) the first day of the fortieth month from the date of issue; and (ii) the date on which the listing of, and permission to deal in, the conversion shares falling to be issued upon exercise of the conversion rights attached to Tranche A Convertible Bond having been granted by the Listing Committee of the Stock Exchange up to and including ending on the date immediately before the maturity date (i.e. 30 December 2026) at an initial conversion price of HK\$7.6 per share.

For the six months ended 30 June 2025

## 16. CONVERTIBLE BONDS (continued)

## 2022 Convertible bond (continued)

If Tranche A Convertible Bond is not converted during the conversion period, the Company shall redeem Tranche A Convertible Bond by repaying to the holder of the Tranche A Convertible Bond on the maturity date (the "Maturity Date") the aggregate of (i) the outstanding principal amount of CNH300,000,000; (ii) the interest accrued but unpaid up to and including the Maturity Date; and (iii) the additional amount which could make up an internal rate of return ("IRR") of 9% per annum on the aggregate principal amount of Tranche A Convertible Bond if the sum of the amounts referred in (i) and (ii) above, plus any amount already paid by the Company on such outstanding principal amount of Tranche A Convertible Bond, falls short of making up the IRR of 9% per annum on the relevant aggregate principal amount calculated from the issue date up to the Maturity Date.

Tranche A Convertible Bond is guaranteed by a substantial shareholder of the Company and a subsidiary of the Company.

The net proceeds received from the issue of Tranche A Convertible Bond have been split between the liability and derivative components, as follows:

	RMB'000
Liability component at 1 January 2024	313,029
Interest charged for the period	15,223
Liability component at 30 June 2024	328,252
Liability component at 1 January 2025	333,715
Interest charged for the period	16,229
Liability component at 30 June 2025	349,944
Derivative component at 1 January 2024	3,822
Fair value loss for the period	1,413
Derivative component at 30 June 2024	5,235
Derivative component at 1 January 2025	5,900
Fair value loss for the period	239
Derivative component at 30 June 2025	6,139

The interest charged for the period is calculated by applying an effective interest rate of 9.96% per annum to the liability component.

The directors estimate the fair value of the liability component of Tranche A Convertible Bond at 30 June 2025 to be approximately RMB349,944,000 (as at 31 December 2024: RMB342,480,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

For the six months ended 30 June 2025

## 16. CONVERTIBLE BONDS (continued)

## 2022 Convertible bond (continued)

The derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values has been calculated using binomial option pricing model (level 3 fair value measurements). The key assumptions used are as follows:

	At 30 June 2025	At 31 December 2024
Weighted average share price	HK\$4.67	HK\$4.35
Weighted average exercise price	HK\$7.60	HK\$7.60
Expected volatility	41.08%	36.69%
Expected life	1.5 years	2 years
Risk free rate	1.36%	1.1%
Expected dividend yield	0.00%	0.00%

Information about level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range	Effect on fair value for increase of inputs
Derivative component embedded in the Tranche A Convertible Bond	Binomial option pricing model	Expected volatility	41.08% (As at 31 December 2024: 36.69%)	Increase

The fair value of derivative component embedded in Tranche A Convertible Bond is determined using binomial option pricing model and the significant unobservable input in the fair value measurement is expected volatility.

As at 30 June 2025, it is estimated that with all other variables held constant, an increase or decrease in the expected volatility by 10% (as at 31 December 2024: 10%) would have decreased or increased the Group's profit by approximately RMB2,308,000 or RMB2,239,000 (as at 31 December 2024: RMB2,067,000 or RMB2,599,000) respectively.

For the six months ended 30 June 2025

## 16. CONVERTIBLE BONDS (continued)

#### 2023 Convertible bond

On 5 November 2023, the Company entered into an agreement with an independent third party in relation to issue 9% coupon convertible bonds in the aggregate principal amount up to US\$80,000,000 in two tranches. The unlisted, and unsecured convertible bonds with a nominal value of US\$40,000,000 ("First Tranche Initial Bond") was issued by the Company on 8 November 2023.

First Tranche Initial Bond is convertible at the option of the holder thereof, at any time from the later of (a) the date on or after the relevant issue date of such bonds and (b) the date on which the listing of, and permission to deal in, the shares falling to be issued upon exercise of the conversion rights attached to the applicable convertible bonds having been granted by the Listing Committee of the Stock Exchange, to the close of business on the date falling seven days prior to the maturity date or, if such bond shall have been called for redemption by the Company before the maturity date, then up to and including the close of business on a date no later than seven days prior to the date fixed for redemption thereof at an initial conversion price of HK\$7.6 per share.

On giving not less than 30 nor more than 60 days' notice by the Company to the bondholders, First Tranche Initial Bond may be redeemed by the Company in whole or in part, on the date specified in the option redemption notice at their optional redemption amount together with interest accrued but unpaid to such date (if any) at any time.

The net proceeds received from the issue of First Tranche Initial Bond have been split between the liability and derivative components and movement during the period, as follows:

	RMB'000
Liability component at 1 January 2024	263,113
Interest charged for the period	18,981
Interest paid	(12,987)
Exchange differences	8,083
Liability component at 30 June 2024	277,190
Liability component at 1 January 2025	284,489
Interest charged for the period	19,920
Interest paid	(12,962)
Exchange differences	(6,591)
Liability component at 30 June 2025	284,856
Derivative component at 1 January 2024	1,884
Fair value gain for the period	(294)
Exchange differences	55
Derivative component at 30 June 2024	1,645
Derivative component at 1 January 2025	(733)
Fair value loss for the period	(35)
Exchange differences	17
Derivative component at 30 June 2025	(751)

For the six months ended 30 June 2025

## 16. CONVERTIBLE BONDS (continued)

## 2023 Convertible bond (continued)

The interest charged for the period is calculated by applying an effective interest rate of 14.85% per annum to the liability component.

The directors estimate the fair value of the liability component of First Tranche Initial Bond at 30 June 2025 to be approximately RMB284,966,000 (as at 31 December 2024: RMB297,809,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

The derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values are estimated using binomial option pricing model (level 3 fair value measurements). The key assumptions used are as follows:

	At 30 June 2025	At 31 December 2024
Weighted average share price	HK\$4.67	HK\$4.35
Weighted average exercise price	HK\$7.60	HK\$7.60
Expected volatility	38.96%	40.48%
Expected life	0.4 years	0.9 years
Risk free rate	4.27%	4.18%
Expected dividend yield	0.00%	0.00%

Information about level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range	Effect on fair value for increase of inputs
Derivative component embedded in First Tranche Initial Bond	Binomial option pricing model	Expected volatility	38.96% (As at 31 December 2024: 40.48%)	Decrease

The fair value of derivative component embedded in First Tranche Initial Bond is determined using binomial option pricing model and the significant unobservable input in the fair value measurement is expected volatility. As at 30 June 2025, it is estimated that with all other variables held constant, an increase or decrease in the expected volatility by 10% (as at 31 December 2024: 10%) would have decreased or increased the Group's profit by approximately RMBNil or RMBNil (as at 31 December 2024: RMBNil or RMBNil) respectively.

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## 16. CONVERTIBLE BONDS (continued)

#### **CQV** Convertible bonds

On 26 June 2024, CQV Co., Ltd. ("CQV"; KOSDAQ: 101240), a subsidiary of the Company, entered into an underwriting agreement (the "Underwriting Agreement) and a supplementary agreement (the "Supplementary Agreement") with independent third parties in relation to the issue of unlisted and unsecured 2% coupon convertible bonds in an aggregate principal amount of KRW15,000,000,000 ("CQV Convertible Bonds") which was issued on 28 June 2024 with maturity date of 28 June 2027. The interest will be paid in arrears every three months until the maturity date.

CQV Convertible Bonds are convertible at the option of the holders into common stock of CQV on or after one year from the issue date of CQV Convertible Bonds and to the first business day within the month preceding the maturity date at an initial conversion price of KRW5,760 per share. The conversion price may be adjusted every seven months from the issue date based on the stock price of CQV common stock prevailing in the preceding month.

CQV Convertible Bonds may be redeemed at the option of the holders one year from the issue date of CQV Convertible Bonds and every three months thereafter in the relevant outstanding principal amount multiplied by the early redemption rate stipulated in the Underwriting Agreement.

CQV shall reserve a right to purchase up to 40% of the principal amount of CQV Convertible Bonds during the exercise period stated in the Supplementary Agreement, in which case the purchase price shall ensure yield to call at an annual compound interest rate of 7% (calculated quarterly).

If CQV Convertible Bonds are not converted during the conversion period or redeemed during the option period, CQV shall redeem CQV Convertible Bonds by repaying to the holder of CQV Convertible Bonds on the maturity date at 113.0412% of the outstanding principal amount.

For the six months ended 30 June 2025

## 16. CONVERTIBLE BONDS (continued)

## CQV Convertible bonds (continued)

The net proceeds received from the issue of CQV Convertible Bonds have been split between the liability and derivative components and movement during the period, as follows:

	RMB'000
Liability component at date of issue	69,318
Transaction cost related to liability component	(2,783)
Exchange differences	(860)
Liability component at 30 June 2024	65,675
Liability component at 1 January 2025	65,085
Interest charged	4,233
Interest paid	(767)
Exchange differences	4,436
Liability component at 30 June 2025	72,987
Derivative component at date of issue	10,971
Exchange differences	(142)
Derivative component at 30 June 2024	10,829
Derivative component at 1 January 2025	7,180
Fair value loss for the period	787
Exchange differences	505
Derivative component at 30 June 2025	8,472

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## 16. CONVERTIBLE BONDS (continued)

## CQV Convertible bonds (continued)

The interest charged for the period is calculated by applying an effective interest rate of 13.20% per annum to the liability component.

The directors estimate the fair value of the liability component of the CQV Convertible Bonds at 30 June 2025 to be approximately RMB81,018,000 (31 December 2024: RMB72,476,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

The derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values are estimated using binomial option pricing model (level 3 fair value measurements). The key assumptions used are as follows:

	At 30 June 2025	At 31 December 2024
Weighted average share price	KRW4,325	KRW3,840
Weighted average exercise price	KRW4,035	KRW5,760
Expected volatility	47.03%	48.02%
Expected life	2.0 years	2.5 years
Risk free rate	2.33%	2.73%
Expected dividend yield	0.00%	0.00%

Information about level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range	Effect on fair value for increase of inputs
Derivative component embedded in CQV Convertible Bond	Binomial option pricing model	Expected volatility	47.03% (As at 31 December 2024: 48.02%)	Decrease

The fair value of derivative component embedded in CQV Convertible Bonds is determined using binomial option pricing model and the significant unobservable input in the fair value measurement is expected volatility.

As at 30 June 2025, it is estimated that with all other variables held constant, an increase or decrease in the expected volatility by 10% (as at 31 December 2024: 10%) would have decreased or increased the Group's profit by approximately RMB1,056,000 or RMB1,009,000 (as at 31 December 2024: RMB1,170,000 or RMB794,000) respectively.

For the six months ended 30 June 2025

## 17. TRADE PAYABLES

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

	At	At
	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
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
	107,686	89,013

## 18. SHARE CAPITAL

	Number of shares in issue	Authorised HK\$'000	Issued and fully paid RMB'000
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)	1,238,870,132	8,000,000	103,701

## 19. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

During the period ended 30 June 2025, purchase of property, plant and equipment of RMB413,323,000 (six months ended 30 June 2024: Nil) were set off by prepayment for construction in progress and deposit paid for acquisition of property, plant and equipment amounting to RMB343,323,000 and RMB70,000,000.

## **20. CONTINGENT LIABILITIES**

CQV is a defendant in a lawsuit for injunction of patent infringement brought during 2022 claiming approximately RMB1,100,000 (as at 31 December 2024: RMB1,060,000). 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.

For the six months ended 30 June 2025

## 21. CAPITAL COMMITMENTS

	At	At
	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
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
	6,391,058	5,873,063

## 22. 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 Global 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.

## 23. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 August 2025.

# DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As of 30 June 2025, the interests and short positions of the Directors and chief executives of the Company or any of their associates in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set forth in Appendix C3 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

		Number of Shares or underlying	Approximate percentage of
Name of Directors	Nature of interest and capacity	Shares held	shareholding
Dr SU Ertian (" <b>Dr SU</b> ")	Interest in controlled corporation (1)	301,155,800	24.31%
	Interest in controlled corporation (2)	45,337,828	3.66%
	Interest in controlled corporation (3)	27,234,172	2.20%
	Interest in controlled corporation (4)	1,068,000	0.09%
	Interest in controlled corporation (5)	20,227,200	1.63%
	Interest in controlled corporation (6)	19,458,948	1.57%
	Beneficial owner	19,062,000	1.54%
Mr JIN Zengqin (" <b>Mr JIN</b> ")	Interest in controlled corporation (5)	20,227,200	1.63%
	Interest in controlled corporation (6)	19,458,948	1.57%
Mr LIM Kwang Su	Beneficial owner	13,481,181	1.09%
Mr HU Yongxiang (" <b>Mr HU</b> ")	Interest in controlled corporation (7)	19,285,200	1.56%

#### Notes:

- (1) The Shares are owned by Hongzun Int Investment Group Ltd. ("Hongzun International"), which is wholly-owned by Guangxi Hongzun Investment Group Co., Ltd. ("Hongzun Investment"). Hongzun Investment is owned as to 99.0% and 1.0% by Dr SU and Ms WANG Huan, the spouse of Dr SU, respectively. Therefore, Dr SU is deemed to be interested in all the Shares held by Hongzun Investment for the purpose of the SFO. Dr SU is the chairman of Hongzun Investment. Dr SU is the sole director of Hongzun Investment and Hongzun International, respectively.
- (2) Ertian International Investment Limited ("Ertian International") is wholly-owned by Dr SU. Therefore, Dr SU is deemed to be interested in all the Shares held by Ertian International for the purpose of the SFO. Dr SU is the sole director of Ertian International.
- (3) Seven Color Pearl Investment Limited ("Seven Color Pearl Investment") is wholly-owned by Dr SU. Therefore, Dr SU is deemed to be interested in all the Shares held by Seven Color Pearl Investment for the purpose of the SFO. Dr SU is the sole director of Seven Color Pearl Investment.
- (4) The general partner of Liuzhou Lianrun Enterprise Management Partnership Enterprise (Limited Partnership) ("Liuzhou Lianrun LP") is Dr SU who owns 11,000 shares of Liuzhou Lianrun LP. The original 21 individual equity holders of Guangxi Chesir Pearl Material Co., Ltd. ("Chesir Pearl"), who are limited partners and independent third parties, own 167,000 shares of Liuzhou Lianrun LP. Therefore, Dr SU is deemed to be interested in all the Shares held by Liuzhou Lianrun LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner contributed more than one-third of the capital contribution of Liuzhou Lianrun LP.
- (5) The general partner of Liuzhou Qise Enterprise Management Partnership Enterprise (Limited Partnership) ("Liuzhou Qise LP") is Dr SU who owns 10,000 shares of Liuzhou Qise LP. Mr JIN, being one of the limited partners, owns 1,565,200 shares of Liuzhou Qise LP and the original 8 individual equity holders of Chesir Pearl, who are limited partners and independent third parties, own 1,796,000 shares of Liuzhou Qise LP. Therefore, Dr SU and Mr JIN are deemed to be interested in all the Shares held by Liuzhou Qise LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner (except Mr JIN) contributed more than one-third of the capital contribution of Liuzhou Qise LP.

- (6) The general partner of Liuzhou Colorful Enterprise Management Partnership Enterprise (Limited Partnership) ("Liuzhou Colorful LP") is Dr SU who owns 10,000 shares of Liuzhou Colorful LP. Mr JIN, being one of the limited partners, owns 1,500,000 shares of Liuzhou Colorful LP and the original 9 individual equity holders of Chesir Pearl, who are limited partners and independent third parties, own 1,733,158 shares of Liuzhou Colorful LP. Therefore, Dr SU and Mr JIN are deemed to be interested in all the Shares held by Liuzhou Colorful LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner (except Mr JIN) contributed more than one-third of the capital contribution of Liuzhou Colorful LP.
- (7) Mr HU is the sole director of China Banyan Capital INT Holdings Limited who owns 50 shares of China Banyan Capital INT Holdings Limited. The original 12 individual equity holders of Chesir Pearl, who are independent third parties, hold 49,950 shares of China Banyan Capital INT Holdings Limited. Therefore, Mr HU is deemed to be interested in the Shares held by China Banyan Capital INT Holdings Limited.

Save as disclosed above, as of 30 June 2025, none of the Directors or chief executives of the Company or any of their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) notified to the Company and the 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 taken under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

# SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30 June 2025, the persons or corporations (not being a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

		Number of Shares or underlying	Approximate percentage of
Name of Shareholders	Nature of interest and capacity	Shares held	shareholding
Hongzun International	Beneficial owner	301,155,800	24.31%
Hongzun Investment	Interest in controlled corporation (1)	301,155,800	24.31%
Ms WANG Huan ("Ms WANG")	Spouse interest (2)	433,543,948	35.00%
Guangxi Energy Co., Ltd. (formerly known as Guangxi Guidong Electric Power Co., Ltd.)	Beneficial owner (3)	98,401,000	7.94%
("Guangxi Energy")			
Guangxi Guangtou Zhengrun Development Group Co., Ltd. (formerly known as	Interest in controlled corporation (3)		
Guangxi Zhengrun Development Group Co., Ltd.)		98,401,000	7.94%
Guangxi Energy Group Co., Ltd.	Interest in controlled corporation (3)	98,401,000	7.94%
Guangxi Investment Group Co., Ltd.	Interest in controlled corporation (3)(4)		
("Guangxi Investment")		110,291,000	8.90%

#### Notes:

- (1) Hongzun International is wholly-owned by Hongzun Investment. Therefore, Hongzun Investment is deemed to be interested in all the Shares held by Hongzun International for the purpose of the SFO. Dr SU is the sole director of Hongzun International and Hongzun Investment.
- (2) Ms WANG was deemed to be interested in all the Shares held by her spouse, Dr  $\,$ SU.
- (3) Guangxi Energy is a listed company on the Shanghai Stock Exchange (stock code: 600310) and is owned as to 32.47% by Guangxi Guangtou Zhengrun Development Group Co., Ltd. is wholly-owned by Guangxi Energy Group Co., Ltd. (which in turn is owned as to 79.74% by Guangxi Investment) as of 30 June 2025. Therefore, Guangxi Guangtou Zhengrun Development Group Co., Ltd. Guangxi Energy Group Co., Ltd. and Guangxi Investment are deemed to be interested in all the Shares held by Guangxi Energy. Guangxi Investment is wholly-owned by the PRC government.

(4) GX Land & Sea Connectivity Holding Ltd ("GX Land & Sea") owns 59,478,344 Shares as of 30 June 2025. GX Land & Sea is wholly-owned by Guangxi Land & Sea Connectivity Fund (Limited Partnership), which is a limited partnership established in the PRC. Guangxi Land & Sea Connectivity Fund (Limited Partnership) is owned as to 49.5% by Guangtou Capital Management Group Co., Ltd. and 49.5% by China Development Bank Capital Co., Ltd. and its general partner is Guangxi Luhai New Channel Equity Investment Management Center (Limited Partnership). Guangxi Luhai New Channel Equity Investment Management (Shanghai) Co., Ltd. and its general partner is Guangxi Luhai New Channel Equity Investment Management Group Co., Ltd., which in turn is owned as to 35.0% by China Development Bank Capital Co., Ltd. and 35.0% by Guangtou Capital Management Group Co., Ltd. is owned as to 51.0% by Guangxi Financial Investment Group Co., Ltd. and 49.0% by Guangxi Investment. Guangxi Investment is also the sole shareholder of Guangxi Financial Investment Group Co., Ltd., and is wholly-owned by the PRC government. China Development Bank Capital Co., Ltd. is wholly-owned by China Development Bank, which is owned as to 36.5% by the Ministry of Finance of the PRC and 34.7% by Central Huijin Investment Ltd. Central Huijin Investment Ltd. is wholly-owned by China Investment Co., Ltd., which in turn is wholly-owned by the PRC government. Therefore, Guangxi Investment is deemed to be interested in all the Shares held by GX Land & Sea.

Save as disclosed above, as of 30 June 2025, the Directors were not aware of any other person or corporation having any interests or short positions in the Shares and underlying Shares as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

#### **SHARE OPTION SCHEME**

A share option scheme (the "**Share Option Scheme**") of the Company 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. The salient terms of the Share Option Scheme were disclosed in the 2024 annual report of the Company pursuant to the requirements of Chapter 17 of the Listing Rules. No share option of the Company 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 interim report.

The number of share options available for grant under the Share Option Scheme was 116,269,558 share options as of 1 January 2025 and 30 June 2025, respectively.

## **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 Listing Rules)) during the 1H2025.

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

#### **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 control 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.

## **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors are set out below:

- (1) Mr SU Ertian obtained a doctoral degree in Business Administration at the University of Hong Kong in July 2025.
- (2) Professor CHEN Fadong has been promoted from tenured associate professor to professor in the Department of Data Science and Management Engineering, School of Management, Zhejiang University, China, with effect from May 2025.

Saved as disclosed above, there are no other matters required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

#### 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 officer should be separated and should not be performed by the same individual. Dr SU, the chairman of the Board and the chief executive officer of the Company, currently performs these two roles. Dr 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 SU Ertian 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 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.