INTERIM REPORT 2026

GLOBAL NEW MATERIAL
INTERNATIONAL HOLDINGS LIMITED
环球新材国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 06616

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr SU Ertian *(Chairman and Chief Executive Officer)*
Mr JIN Zengqin
Mr ZHOU Fangchao *(Joint company secretary)*
Mr BAI 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 LEE Ching Ying *(Appointed on 17 July 2026)*
Ms CHEUNG Ka Lun Karen *(Resigned on 17 July 2026)*

AUDITOR

RSM Hong Kong
Certified Public Accountants
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)

HONG KONG LEGAL ADVISER

Charles Russell Speechlys LLP

PRINCIPAL BANKERS

In the Chinese Mainland:
Industrial Bank Co., Ltd. Shanghai Branch
Bank of Liuzhou Co., Ltd.
Liuzhou Urban Rural Credit Cooperative Union

In Hong Kong, China:
Citibank (Hong Kong) Limited

In the Republic of Korea:
Shinhan Bank Chungbuk Retail Banking Center

In Germany:
Deutsche Bank AG

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 CHINESE MAINLAND

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
Cayman 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,

The first half of 2026 represents a watershed half-year in the development journey of the Group. Following the completion of the acquisition of Merck Surface Solutions Business (currently the Group's German business operation) on 31 July 2025, the current reporting period marks the first full half-year operating cycle of the Group after establishing a business footprint spanning Asia, Europe and the Americas. The Company's business scope and management complexity have thus undergone fundamental changes, and the core challenge confronting us has shifted from "whether a cross-border Acquisition can be completed" to "whether the globally dispersed technologies, products, production capacities and talents can be integrated into a truly efficiently operated company".

During the reporting period, geopolitical tensions, tariff policies, exchange rate volatility and divergent downstream demand continued to exert impacts on the global manufacturing and new materials industries. While the Group observes long-term resilient demand for surface performance materials in enhancing product aesthetics, functionality and sustainability, the Group also clearly recognise that the strategic value of the Group's global footprint must ultimately be translated, through effective integration and operational excellence, into sustained improvements in operational quality, enhanced profitability and increased shareholder returns.

Acquisition alters asset boundaries while integration determines value boundaries. This is the most straightforward judgment on the current stage of the Group.

FROM GLOBAL FOOTPRINT TO GLOBAL OPERATION

Transaction completion and consolidated financial statements merely mark the commencement of integration. Cross-border integration shall not remain at superficial unification of organisational structures, systems and procedures, but shall be implemented across clients, products, supply chains, research and development, capital and organisational responsibilities.

During the 1H2026, the Group steadily pushed forward the integration of the German business operation with existing businesses centring on client and business continuity, global supply chains, product and market synergy, governance of material matters and operation management systems. The Group's principles are clear: clients and delivery take priority, safety and compliance serve as the bottom line, professional systems and cultural traditions of different markets shall be respected, and unified operational standards and accountability mechanisms applicable to the entire Group shall be gradually established. The Group does not pursue unification for its own sake, nor sacrifice team stability and long-term value for short-term speed.

The foundation of the Group's PRC business operation, synthetic mica and mass production, the Korea business operation's accumulated strengths in special substrates and high-end applications, as well as the German business operation's advantages in brands, technologies, product portfolios and global client networks, are combining to form a more comprehensive capability portfolio. The Group's objective is not to simply juxtapose several outstanding enterprises, but to achieve genuine interconnection among them across clients, technologies, products and supply chains. Newly added clients and projects, stable delivery, improved product mix and inventory turnover efficiency, as well as growing operating cash flows, constitute the genuine yardsticks for testing integration outcomes.

CHAIRMAN'S STATEMENT

ESTABLISHMENT OF "THREE MATERIAL SYSTEMS AND ONE TECHNOLOGY PLATFORM"

The broader the business footprint, the clearer the strategic boundaries shall be. The Group is shaping a business framework featuring "three core material systems, one generic technology platform and multiple high-value application scenarios": the high-end effect material and functional pigment system centred on pearlescent effective pigments, the synthetic mica and functional substrate system, the cosmetic active and personal care functional material system, alongside the surface functionalisation and formulation application technology platform running through all three systems. Accordingly, the Group is upgrading from a single material supplier to a global platform provider of surface performance materials and application solutions.

The high-end effect material and functional pigment system extends far beyond conventional pearlescent effective pigments. Leveraging diversified substrates including natural mica, synthetic mica, glass and aluminium oxide, the Group's offerings evolve from delivering colour, lustre and texture to providing functionalities such as weather resistance, laser marking, electrical conductivity and thermal reflection, catering to applications covering automotive and industrial coatings, plastics, printing, cosmetics and green construction. Among these sectors, automotive coatings represent a key application market of the Group. Its stringent requirements for colour design, weather durability, batch consistency and global delivery also serve as a vital test scenario for the Group's comprehensive capabilities. The growth logic of this system lies in its upgrade from supplying colour and lustre to assisting clients in defining product appearance, performance and brand differentiation.

Synthetic mica is not merely an upstream raw material for effect materials, but an underlying material platform enabling the Group to achieve synergies in quality, cost, supply security and application innovation. Through continuous optimisation of purity, particle size, substrate structure and surface functionalities, synthetic mica can underpin high-end effect materials while expanding into functional filler, electrical insulation, fire-resistant materials and new energy-related scenarios. It provides the Group with self-controllable core substrates and reinforces product innovation, large-scale manufacturing and the resilience of the global supply chain.

The cosmetic active and personal care functional material system further extends the Group's offerings from supplying colour and texture to delivering efficacy and formulation value. The Group's existing capabilities cover cosmetic-grade effect materials, functional filler, active ingredients and UV filters, with further expansion into functional segments including moisturisation, sun protection, anti-ageing and mosquito repellent. This system shares client channels, regulatory and quality systems, application testing and formulation services, which helps raise certification barriers, enhance client loyalty and sustainable repeat purchases, and forms a key pillar for high value-added and knowledge-intensive growth.

Within this framework, surface functionalisation is not an isolated fourth product category, but a generic technology platform running through all three material systems. Via surface coating, modification and end-formulation adaptation, the Group can improve materials' weather resistance, dispersibility, compatibility, skin feel and application stability, enabling the same substrate to enter various client systems and higher-value scenarios. Adopting the unified technological chain of "substrate research and development – surface functionalisation – end-formulation adaptation", the Group drives coordination among global research and development, application, production and supply chain centring on key client projects, sample verification and industrialisation milestones, so as to boost the commercialisation efficiency of research and development outputs.

CHAIRMAN'S STATEMENT

During the reporting period, the 100,000-tonne annual synthetic mica production plant in Tonglu, Hangzhou (the "**Hangzhou Tonglu Synthetic Mica Production Plant**") commenced commissioning and production line operation, entering the stages of process optimisation, capacity ramp-up and client verification. Capacity expansion and product mix upgrading of Chesir Pearl also continued to progress. However, such completion and capacity formation merely mark the starting point of the Group. Investments can only be truly converted into shareholder value when production capacity is translated into stable quality, technologies are converted into client certifications, and certifications are converted into sales orders and operating cash flows. Future resource allocation will be more concentrated on segments with technological foundations, accessible client resources, industrialisation conditions and reasonable capital returns.

LEVERAGING OPERATIONAL QUALITY AND GOVERNANCE CAPABILITIES TO UNDERPIN THE GLOBAL PLATFORM

Revenue marks the starting point of operations, while cash flows and capital returns represent the operational outcomes. The Group clearly recognises that integration investments, finance costs, working capital occupation and supply chain volatility may still exert impacts on short-term profit quality and cash returns. The management will remain equllay focused on scale growth and operational efficiency, continuously enhancing earnings quality and cash returns through leaner operations and stronger capital discipline. The Directors mandate each business department to accord equal priority to cash flows and capital returns as revenue growth, and strengthen the management of trade receivables, inventory, procurement, costs and expenses as well as asset-liability structure. Every growth going forward shall be subject to three core assessment criterias: whether clients will continuously choose the Group, whether such growth generates operating cash flows, and whether invested capital yields reasonable returns.

With rising business complexity, governance capabilities must advance ahead of business scale. The Group will continue to strenthen the division of responsibilities between the Group headquarters and individual business departments, and reinforce mechanisms covering reserved powers for material matters, authorisation administration, operational targets, project tracking and risk early warning. While preserving the decision-making efficiency of local teams in close proximity to clients and markets, all business departments are required to comply with the unified bottom-line requirements of the Group in respect of capital, safety, environmental protection, compliance, brand reputation and material risks. In respect of material investments, new projects and acquisitions, the Group will place greater emphasis on capital sources, worst-case scenarios, management carrying capacity and exit arrangements, and adhere to phased decision-making and post-investment evaluation.

During the reporting period, the Group also pressed ahead with relevant work for the proposed acquisition of controlling interests in Zhejiang Jihua and its subsidiaries (the "**Jihua Group**") in accordance with disclosed arrangements. The transaction remains subject to the satisfaction of relevant precedent conditions and completion of requisite procedures prior to closing. Upon closing of the transaction, Jihua Group will serve as a new industrial carrier for the Group's expansion into dyes, dye intermediates, polymer coatings and other fine chemical materials, and provide the Group with an additional domestic capital market platform.

The Group does not regard the closing of the acquisition of Jihua Group or a listed status as value realisation itself. Genuine value hinges upon operational improvements, standardised governance, controllable risks and cash returns. The Directors attach equal importance to risk prevention prior to completion and governance handover after completion, with focused attention on capital security, risk isolation, operational authorisation, team stability and medium-to-long term transformation pathways, ensuring every step is aligned with the interests of the Company and all shareholders as a whole.

CHAIRMAN'S STATEMENT

OUTLOOK: TRANSLATING GLOBAL CAPABILITIES INTO LONG-TERM RETURNS

Looking ahead to the second half of 2026, the external environment may remain volatile, and internal integration cannot be accomplished overnight. The Group does not underestimate the challenges, yet maintain confidence in the Group's technological foundation, global client resources, industrial depth and capable teams. The priorities for subsequent work are clear:

Firstly, retain clients and guarantee delivery, continue to push forward the integration of the German business operation, boost collaborative efficiency across global commercial, supply chain, research and development as well as production systems, and establish talent, cultural and execution systems matching a global materials enterprise;

Secondly, optimise product portfolios centred on the three core material systems, strengthen the surface functionalisation and formulation application technology platform, accelerate the ramp-up for new production capacities, client certification and commercialisation, and convert industrial investments into revenue, profits and cash flows;

Thirdly, reinforce the management of working capital, asset-liability structure and finance costs, adhere to prudent investment and capital allocation disciplines, and enhance the Group's capacity to withstand cyclical fluctuations; and

Lastly, steadily press ahead with the transaction relating to Jihua Group on the premise of strict compliance with regulatory rules of both jurisdictions and satisfaction of transaction conditions, and prepare in advance for governance, risk segregation and operational handover after completion.

"I always believe how far an enterprise can go does not lie in how fast it expands when the market is favourable, but lies in whether it can hold clients, cash flows, compliance and reputation during complicated periods. Scale can be quickly changed in one transaction, while capabilities can only be formed through day-to-day operations."

Nowadays, the Group boasts deeper industrial reach, richer technological resources and a network closer to global customers than ever before. Meanwhile, the Group shoulders greater operational responsibilities and stricter governance requirements. The mission of the Group is crystal clear: convert the global footprint into global operation, translate technological resources into client value, and turn growth opportunities into cash flows and sustainable returns.

Lastly, on behalf of the Board, I would like to express sincere gratitude to our global clients, partners and all shareholders for their enduring trust and support. I also extend my appreciation to all employees for their professionalism, commitment and perseverance throughout the integration and transformation journey.

The Directors and management will continue to push forward all work with a prudent, pragmatic and resolute attitude, and strive to build the Group into a global platform for surface performance materials and application solutions with in-depth technologies, high-quality operations, disciplined governance and the capacity to navigate through cycles, so as to create sustainable long-term value for shareholders.

Dr Su Ertian
Chairman of the Board and Chief Executive Officer

28 August 2026

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the six months ended 30 June 2026 (the "**1H2026**"), geopolitical divergence and the restructuring of trade rules have driven a notable rise in the value of industrial-chain security and brought about profound adjustments to the industrial landscape. Supply systems featuring self-reliance and controllability as well as multi-source layout, together with technical capabilities for key materials, are replacing pure cost advantages to become core competitive factors. As a core supporting industry for the upgrading of high-end manufacturing, the new-materials industry is driven by both policies and market demands and maintains sound and steady performance amid cyclical fluctuations. Among such materials, fuelled by the combined effects of demand upgrading, technological iteration and regulatory reshaping, the surface-performance-materials segment has seen continuous increase in industrial concentration, and the globalised full-industrial-chain advantages of leading enterprises have been further magnified.

I. Macro and industrial environment: Policy support and tightening compliance reshape industry boundaries

Domestically, the policies under the 15th Five-Year Plan are implemented in depth, and the strategic positioning of new materials keeps rising. The "Catalogue for the Guidance of Industrial Structure Adjustment (2024 Version)" categorises high-quality artificial crystal materials into the encouraged category, which provides clear policy support for technological breakthroughs and large-scale application of core base materials such as synthetic mica. As the sole undertaking entity for the synthetic mica project, a strategic emerging material under the "Industrial Strong-Foundation Project" of the Ministry of Industry and Information Technology of the People's Republic of China, the Group directly benefits from such policy support.

Globally, the divergence in world economic growth intensified in 2026. Geopolitical conflicts and trade barriers drive multinational enterprises to restructure supply chains under the principle of "security and resilience first". Meanwhile, requirements of various countries on raw-material traceability, purity and environmental-protection attributes keep increasing, and downstream brands accelerate the shift to raw-material partners with stable quality and controllable sources. The dual effects of policy support and tightening compliance jointly raise the industry's entry thresholds.

II. Industry supply-demand pattern: Steady expansion of market size with concurrent concentration and high-end transformation

(I) Supply-side: Production capacity accelerates to gather among leading enterprises, and barriers in the high-end market become prominent

Industry resources are accelerating to concentrate in leading enterprises equipped with full-chain technologies, large-scale production capacity, complete product matrices and global service systems, and the supply presents notable structural stratification. The requirements of the mid-to-high-end market for performance adaptation for high-end customers, full-link compliance traceability and global supporting services are far above the industry average, and effective supply is highly concentrated in a small number of global leading enterprises. With the expansion of high-end application scenarios and rising customer requirements for supply-chain stability and compliance, such stratification trend will be further solidified.

(II) Demand-side: Diversified expansion of downstream demand with strong momentum from emerging tracks

The global surface-material and pearlescent effective pigments market expands steadily and has formed a dual-engine pattern of "steady growth in traditional sectors plus high growth in emerging sectors". According to industry research reports by Frost & Sullivan, the compound annual growth rate (CAGR) of the global pearlescent-material market size reached 10.0% from 2019 to 2025. Driven by rising penetration rate, material substitution and policy support, the market size is expected to exceed RMB50 billion by 2030. Structurally, the automotive and environmental-protection coating sectors posted remarkable growth during 2019-2025. Intelligent transportation, Building-Integrated Photovoltaics (BIPV) and high-end cosmetics are expected to inject new momentum into industry growth from 2025 to 2030.

III. Competitive landscape and core barriers: Sustained prominence of leading-player effect and upgrade of competitive factors toward system-based capabilities

According to the report by Frost & Sullivan, as of 2025, the market concentration ratio of the top-three enterprises (CR3) in the global pearlescent-material market stood at 44.1%, while small-and-medium-sized manufacturers remain concentrated in the mid-to-low-end and regional markets. Upon completion of the acquisition of the German business operation, based on 2025 sales metrics, the Group held a market share of 24.4% in the global pearlescent-material market and 13.0% in the global surface-material market, ranking first in the industry in both cases.

The core of industry competition has shifted from mere price comparison to comprehensive-capability competition covering "technology and quality - cost efficiency - global delivery". Coupled with the evolution of downstream demand toward high-performance, eco-friendly and scenario-specific products, industry entry barriers keep rising. The advantages of leading enterprises will be further consolidated, and the living space for small-and-medium-sized enterprises will keep narrowing.

GROUP PERFORMANCE AND HIGHLIGHTS

The 1H2026 represents the first complete semi-annual operating cycle in which the integration effects arising from the Group's strategic acquisition of the German business operation starts to manifest at the financial and operational levels. It also constitutes a critical six-month period for the Group to fully shift from "scale leapfrogging" to "value unlocking" and achieve systematic upgrading of its fundamentals. During the reporting period, the Group anchored its strategic positioning as a global platform for surface-performance materials and application solutions, prioritised end-to-end integration and efficiency enhancement following the cross-border acquisition as its top management focus, as well as drove synergistic empowerment to advance from "implementation and layout" into "accelerated unlocking". Business has been advancing across multiple regions in parallel, diversified growth drivers have taken shape, and the anti-cyclical development resilience has been notably enhanced.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Financial performance

In the 1H2026, alongside the full consolidation of the German business operation, the Group deeply activated its global business layout and achieved notable growth in total revenue, recording total revenue of RMB2,558.3 million, representing an increase of 180.5% compared with total revenue of RMB912.0 million for the corresponding period of the previous year. As the German business operation was only included in the Group's consolidated statement of financial position with effect from 31 July 2025, the results for the corresponding period of the previous year did not include such portion of revenue. Accordingly, the year-on-year increase mainly reflects the change in consolidation scope. The Group provides a sequential comparison on a like-for-like basis below for the German business operation between the 1H2026 and its initial consolidation period from August to December 2025. During the reporting period, the Group's business structure developed in a diversified manner and application scenarios kept expanding. Among others, the revenue contribution ratios of the three major business operations, namely the PRC business operation, the German business operation and the Korea business operation, stood at 34.1%, 59.5% and 6.4%, respectively.

During the reporting period, benefiting from the Group's proactive advancement of optimisation of production and sales, as well as sustained robust demand from major downstream customers, all business segments of the Group demonstrated sound growth momentum. Revenue of the PRC business operation rose by 15.4% compared with the corresponding period of the previous year, demonstrating steady and resilient business. Excluding foreign-exchange impacts, revenue of the Korea business operation increased by 17.2% versus the corresponding period of the previous year, showing an accelerating growth momentum. As the Group's core platform for high-end businesses, the German business operation saw its operational vitality fully unlocked. Excluding foreign-exchange impacts, the average monthly revenue in the 1H2026 grew by 32.3% compared with the average monthly revenue during its consolidation period from August to December 2025, which validates the operational effectiveness of acquisition integration.

In the 1H2026, the Group achieved gross profit of RMB977.7 million, representing an increase of 106.3% compared with the gross profit of RMB473.9 million for the six months ended 30 June 2025 (the "**1H2025**"). Such increase in gross profit was mainly attributable to the growth in revenue scale. The overall gross profit margin stood at 38.2%, representing a decrease of 13.8 percentage points from the gross profit margin of 52.0% for the 1H2025, which was mainly due to (i) accounting impacts arising from the acquisition of the German business operation, whereby the fair-value increment of inventories at the acquisition date was one-off recognised in costs upon sales, resulting in a reduction in gross profit of RMB118.0 million; (ii) the production bases of the German business operation are located in high-cost countries including Germany, the United States and Japan, and its gross profit margin is lower than that of the Group's mature businesses in the PRC and Korea; and (iii) the Hangzhou Tonglu Synthetic Mica Production Plant is in the initial phase of capacity ramp-up, scale effects have not been fully realised, unit production costs remain at a relatively high level, which has exerted a phased impact of 0.7 percentage points on the overall gross profit margin of the Group's PRC business operation.

Notably, the gross profit margin of the Group's Korea business operation rose by 1.7 percentage points to 45.9% in the 1H2026, from 44.2% for the 1H2025. The gross profit margin of the PRC business operation was 51.5%, representing a decrease of 2.1 percentage points from 53.6% for the 1H2025, affected by the low gross profit margin at the initial production stage of the Hangzhou Tonglu Synthetic Mica Production Plant. Excluding the impact of such project, the gross profit margin of the PRC business operation stood at 52.2%, which remained broadly stable compared with the corresponding period of the previous year, demonstrating strong resilience in endogenous profitability. After excluding the impact of non-cash acquisition-related accounting adjustments, the gross profit margin of the German business operation for the 1H2026 was 37.6%, representing an increase of 8.2 percentage points from the adjusted gross profit margin of 29.4% during its consolidation period from August to December 2025. As acquisition integration enters the phase of efficiency unlocking, operating efficiency and cost-control capabilities keep improving, driving steady enhancement in the profitability of the German business operation.

MANAGEMENT DISCUSSION AND ANALYSIS

In the 1H2026, the Group's selling expenses amounted to RMB425.4 million, representing an increase of 681.4% compared with RMB54.4 million for the 1H2025, mainly attributable to the incremental selling expenses arising from the first-time full consolidation of the German business operation and the increase in amortisation of the the appreciated valuation of intangible assets (such as customer relationships) in connection with the acquisition of the German business operation. The selling expense ratio of the German business operation is higher than that of the Group's original businesses, which essentially reflects its business model and brand positioning: targeting the global high-end market with high brand premium and a large proportion of direct-sales customers, the segment is required to undertake brand promotion, marketing and customer development functions on its own. Meanwhile, leveraging its network of global application centres, teams of formulation engineers and application technical specialists are deeply involved in joint development and mass-production onboarding for downstream direct-sales customers, and such professional technical inputs are also included in selling expenses. In other words, higher selling expense input is a concomitant outcome of strong brand power, high customer loyalty and product premiumisation, and is consistent with the segment's high-value products. Excluding the impact of the German business operation, the selling expense ratio of the PRC and Korea Business operations stood at 5.7%, representing a decrease of 0.3 percentage points from 6.0% for the 1H2025, with robust cost control maintained for the original businesses.

In the 1H2026, the Group's administrative and other operating expenses amounted to RMB403.5 million, representing an increase of 233.6% compared with RMB120.9 million for the 1H2025, mainly attributable to the incremental expenses generated from the consolidation of the German business operation, including one-off items such as fees under the Transitional Service Agreement (TSA) paid to Merck in the initial integration phase, as well as investments in governance, compliance and information systems required for establishing the global management platform covering Asia, Europe and America. Excluding one-off factors, the Group's administrative and other operating expense ratio stood at 11.6%, representing a slight increase of 0.4 percentage points from 11.2% for the 1H2025, which mainly reflects concentrated investments during the establishment phase of the globalised management structure. As integration progresses, there is room for optimisation of such expense ratio.

In the 1H2026, the Group's net impairment loss on trade receivables, bills receivables and other receivables amounted to RMB0.9 million, as compared with a net reversal of RMB2.1 million for the 1H2025. Finance costs increased from RMB144.6 million for the 1H2025 to RMB293.5 million for the 1H2026, mainly attributable to the increase in bank loans and other borrowings, as well as higher interest expenses arising from lease liabilities and defined-benefit retirement plans. Income tax expenses increased from RMB48.2 million for the 1H2025 to RMB82.7 million for the 1H2026, mainly attributable to the expansion of the PRC business operation and the incremental impact of the German business operation.

Affected by one-off transaction costs and professional fees related to the acquisition of the German business operation, fair-value adjustments and amortisation of intangible assets, initial integration expenses upon business acquisition (including fees under the Transitional Service Agreement paid to Merck, and other costs and expenses to be borne by the the Group arising from its spin-off from Merck), as well as increased finance costs incurred to complete the acquisition, the Group's profit segment was subject to phased pressure. In the 1H2026, the Group recorded a net loss of RMB93.4 million, representing a decrease of RMB193.0 million compared with a net profit of RMB99.6 million for the corresponding period of the previous year, of which loss attributable to owners of the Company amounted to RMB133.9 million and profit attributable to non-controlling interests stood at RMB40.5 million. After excluding the impacts of one-off items such as the acquisition of the German business operation and asset fair-value adjustments, the adjusted net profit was RMB43.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The aforesaid impacts mainly stem from accounting and one-off factors during the acquisition-integration phase and do not alter the operational substance of the Group's core businesses. After excluding such factors, the Group's core operating profitability remains sound and keeps improving. In the 1H2026, the Group's adjusted EBITDA amounted to RMB589.3 million, representing an increase of RMB158.0 million or 36.6% from RMB431.3 million for the 1H2025, with an adjusted EBITDA margin of 23.0%. Among others, the German business operation contributed RMB191.3 million to the Group's adjusted EBITDA during the reporting period, with an adjusted EBITDA margin of 12.6%, representing an increase of 2.5 percentage points compared with the adjusted EBITDA margin during its consolidation period from August to December 2025, and its operational profitability kept improving. Adjusted EBITDA and adjusted net profit are non-IFRS measures, which aim to reflect the core-business profitability after excluding acquisition-related one-off and non-cash items. They shall not be equated with or used as a substitute for profit or net cash flows generated from operating activities prepared in accordance with International Financial Reporting Standards, and may not be comparable with similarly-named metrics of other companies.

During the reporting period, moving from completion of the acquisition of the German business operation to realisation of synergies, operational-integration outcomes have been manifested simultaneously at both the financial and business levels:

1. **Gross profit margins of core businesses remain sound and operational profitability improves:** The gross profit margin of the Korea business operation rises steadily. Excluding the ramp-up impact of newly-commissioned projects, the gross profit margin of the PRC business operation stays stable. The gross profit margin (after excluding accounting adjustments) and adjusted EBITDA margin of the German business operation both increased notably compared with its consolidation period from August to December 2025, and its operational profit centre has entered an upward trajectory.

2. **Net liabilities decreased compared with year-end level and liquidity remains sufficient:** As of 30 June 2026, cash and cash equivalents of the Group stood at RMB4,631.8 million (31 December 2025: RMB3,748.9 million). In the corresponding period, interest-bearing borrowings of the Group (excluding lease liabilities) amounted to RMB8,711.3 million (31 December 2025: RMB7,970.2 million). Such increase was mainly attributable to the Group's issuance of HK$1 billion convertible bonds in January 2026. As the increase in cash and cash equivalents exceeded that in interest-bearing borrowings, the Group's net liabilities decreased from RMB4,221.3 million as of 31 December 2025 to RMB4,079.5 million. During the reporting period, finance cost of the Group was RMB293.5 million. The Group's current liquidity position is sufficient to support its operations and existing debt arrangements. The Company will continue to push forward business integration and keep reviewing the Group's capital-and-liability position and financing arrangements. The Company may, from time to time, consider various financing options having regard to market conditions, its funding requirements and business development plans.

3. **The German business operation boasts solid fundamentals with an initial operational turning point emerging:** Sales orders from core customers of the German business operation achieved a smooth transition. Core functions including production, research and development and sales remained continuous. The total number of global employees registered a net-growth compared with the early stage of the acquisition of the German business operation, and sales revenue increased notably against its first consolidation period after such acquisition (August to December 2025). During the reporting period, capacity utilisation rates of the Gernsheim site in Germany and the Onahama site in Japan kept rising, mainly driven by the restart of idle assets, strategic equipment investment and the implementation of special initiatives for yield improvement. As a fully-vitalised high-end business platform post-acquisition, the value of the German business operation is being gradually realised.

MANAGEMENT DISCUSSION AND ANALYSIS

4. **Synergistic orders are implemented in batches, and global linkage effects are gradually unlocked:** Cross-regional and cross-product-line business synergy of the Group has entered the substantive implementation phase. As of the end of the reporting period, the German business operation has launched a total of 60 cross-selling products originating from the PRC business operation in batches, covering three major sectors namely industrial applications, coatings and cosmetics. Cross-selling businesses have reached more than 40 countries and regions worldwide. The first batch of formal industrial-sector orders have been secured across multiple markets including Canada, Korea, the United Kingdom, Romania, the United States, Italy, Peru and Poland. The Group has identified more than 500 potential cross-selling business opportunities across its global regions. It should be noted that the conversion of cross-selling opportunities from identification to actual orders normally requires a customer testing and certification cycle of six to eighteen months. There exists uncertainty as to whether such potential opportunities can be converted into actual orders and the relevant timing thereof.

II. Business Review

During the reporting period, the Group has achieved a qualitative leap in its competitive position within the global high-end surface-performance-material industrial value chain — evolving from a single-material supplier into a global platform-based enterprise for surface-performance materials and application solutions, with its leading-player advantages further consolidated. The long-term value of acquisition integration keeps manifesting. The Group steadily implemented synergy measures across multiple dimensions including supply-chain integration, sales-channel and customer expansion, product-and-market synergy and organisational-system integration to continuously unlock integration dividends.

The Group's integration of acquired business is implemented under the principle of "phased advancement with milestone gates". The first phase centres on business, customer and team stability as well as the development of independent operational capabilities, including implementation of governance mechanisms, building of key positions and organisational capabilities, migration of information systems, orderly exit from the Transitional Service Agreement, and safeguarding of customer and supply-chain continuity. The second phase drives the scaling-up of synergy plant to generate quantifiable operational contributions, measured by orders and invoiced revenue from synergistic sales, procurement savings, quality certification and cost improvements for logistics delivery and contract manufacturing. Subject to satisfying customer, quality, regulatory and return-on-investment requirements, the third phase further optimises the global research-and-development, manufacturing, supply-chain and commercial platforms. An Integration Steering Committee has been established at the Group level to define responsible persons, milestones and acceptance criteria for workflows covering sales, supply chain, contract manufacturing, research and development and procurement, and conduct reviews on a phased basis.

The following table sets forth the Group's revenue by reportable segment:

	Six months ended 30 June			
	2026		2025	
	Revenue RMB'000	The revenue proportion %	Revenue RMB'000	The revenue proportion %
PRC business operation	**871,855**	**34.1**	755,667	82.9
Korea business operation	**165,192**	**6.4**	156,371	17.1
German business operation	**1,521,296**	**59.5**	—	—
Total	**2,558,343**	**100.0**	912,038	100.0

In the 1H2026, the German business operation generated revenue of RMB1,521.3 million, accounting for 59.5% of the Group's total revenue. During the reporting period, one-off disruptions arising from the transitional period upon closing of the German business operation gradually subsided. Production capacities and production teams constrained during the initial-integration phase have been fully restored. Coupled with robust order demand from core downstream customers and continuous increase in the proportion of high-value-added products. During the reporting period, excluding foreign-exchange impacts, the average monthly revenue achieved the aforesaid growth of 32.3% compared with the first consolidation period post-acquisition. Its operational vitality has been fully unlocked under the Group's integrated empowerment.

In the 1H2026, the PRC business operation achieved revenue of RMB871.9 million, representing an increase of 15.4% compared with revenue of RMB755.7 million for the 1H2025, and accounting for 34.1% of total revenue. Such increase was mainly attributable to the steady capacity ramp-up of Phase II of the Liuzhou 30,000-ton-per-annum pearlescent-material production plant (the "**Liuzhou Pearlescent-material Production Plant**"), which provided effective support for growth in product sales volume; meanwhile, demand from downstream applications including automotive and industrial coatings kept expanding, and the proportion of high-value-added products such as synthetic mica substrates rose.

In the 1H2026, the Korea business operation recorded revenue of RMB165.2 million, representing an increase of 5.6% compared with revenue of RMB156.4 million for the 1H2025, and accounting for 6.4% of total revenue. Excluding the depreciation impact of the Korean Won against Renminbi, revenue of the Korea business operation rose by 17.2% compared with the 1H2025. Such growth was jointly driven by higher product sales volume and rising average selling prices. During the reporting period, benefiting from the batch roll-out of industrial-sector projects, recovered demand from downstream coating manufacturers in the automotive sector and expanded export scale in the cosmetics sector, the Korea business operation achieved both volume and price increases for pearlescent effective pigments products.

(i) A comprehensive global-operation framework has taken shape, with overseas-market expansion and strategic-customer cooperation continuously deepened

1. A multi-region synergistic global revenue framework is fully established

With the continuous deepening of the integration of sales and service systems, leveraging its sales network and brand heritage covering Asia, Europe and the Americas, the Group has built up a sales network reaching more than 150 countries and regions worldwide. Its global revenue framework featuring multi-region synergy and multi-point growth is increasingly well-developed.

In the PRC market, the Group gives full play to its manufacturing strengths of a full-range product matrix and large-scale delivery. In the 1H2026, it secured sales revenue of RMB1,087.2 million, representing a year-on-year growth of 42.8%, with its fundamental-market position further consolidated. Benefiting from the in-depth integration and concerted efforts of global sales networks, the penetration rate of the Group's mid-to-high-end products in core overseas markets including Europe and America increased notably. During the reporting period, sales revenue in Europe rose by 1,372.5% year-on-year, and sales revenue in North America grew by 1,824.7% year-on-year. Emerging markets including Asia (excluding the PRC), Africa and South America also maintained rapid-growth momentum. The proportion of overseas-market sales revenue accounted for 57.5%, representing an increase of 41.0 percentage points from 16.5% in the 1H2025. This signifies that the Group's global revenue structure has shifted towards multi-polar driving. The revenue structure across various regions has become more balanced, with counter-cyclical resilience and global-market share steadily enhanced.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth sales revenue by geographical sales region:

	Six months ended 30 June			
	2026		2025	
	RMB'000	%	RMB'000	%
The PRC	**1,087,165**	**42.5**	761,440	83.5
Europe	**575,232**	**22.5**	39,064	4.3
Asia (other than the PRC)	**420,539**	**16.4**	84,731	9.3
North America	**270,247**	**10.6**	14,041	1.5
South America	**117,198**	**4.6**	7,567	0.8
Africa	**39,391**	**1.5**	5,195	0.6
Others	**48,571**	**1.9**	—	0.0
Total	**2,558,343**	**100.0**	912,038	100.0

2. **Notable achievements in upgrading customer mix and expanding direct-sales channels**

Relying on leading product quality, profound research-and-development accumulation of technologies, stable large-scale delivery capabilities and solid brand moat, the Group has successfully entered into the supply-chain systems of several world-class luxury automotive brands and leading international customers in the beauty-and-personal-care sector. It has completed full-process qualification certifications and established the foundation for long-term and stable supply. In terms of customer concentration, aggregate sales from the top-five customers accounted for 15.5% of the Group's total revenue during the reporting period. The customer mix is relatively diversified, and the Group has no material dependence on any single customer.

With the continuous advancement of integration progress, notable results have been achieved in upgrading customer mix and expanding direct-sales channels. In the 1H2026, sales to trading-company customers of the Group amounted to RMB1,044.2 million, representing a year-on-year growth of 40.4%; sales to global end-user customers stood at RMB1,514.1 million, registering a substantial year-on-year increase of 800.5% and accounting for 59.2% of total sales volume, representing a rise of 40.8 percentage points compared with 18.4% for the corresponding period of last year.

The following table sets forth sales revenue by end-user customers and product category:

	Six months ended 30 June			
	2026		2025	
	RMB'000	%	RMB'000	%
Trading company customers				
– Pearlescent effective pigments	**889,991**	**34.7**	694,930	76.2
– Functional filler	**53,316**	**2.1**	40,194	4.4
– Cosmetic actives	**91,571**	**3.6**		
– Others	**9,334**	**0.4**	8,773	1.0
	1,044,212	**40.8**	743,897	81.6
End-user customers				
– Pearlescent effective pigments	**1,211,725**	**47.4**	156,195	17.1
– Functional filler	**116,076**	**4.5**	8,841	1.0
– Cosmetic actives	**181,769**	**7.1**	1,350	0.1
– Others	**4,561**	**0.2**	1,755	0.2
	1,514,131	**59.2**	168,141	18.4
Total	**2,558,343**	**100.0**	912,038	100.0

3. **Continuous expansion of the depth and breadth of cooperation with core strategic customers**

In the 1H2026, the Group continued to deepen its strategic cooperation with core brands in sectors including leading maternal-and-infant-care brands and top-tier beauty brands. The scope of cooperation has extended from product supply to full-link dimensions such as joint research and development of new products, customisation of exclusive formulations and integrated supply of full-range product categories. Customer stickiness has been steadily enhanced and the competitive moat for direct-sales channels has been further consolidated. During the reporting period, sales contributed by strategic customers of the German business operation amounted to RMB387.8 million, accounting for 25.5% of its sales revenue. The proportion of high-end strategic customers has increased and cooperation has been continuously deepened.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Upgrade of product-matrix structure underpinned by three material systems, and diversified-application expansion driven by technology platforms

1. **Well-defined business architecture supporting in-depth deployment of products and application scenarios**

In the 1H2026, the Group continued to consolidate its core business architecture of "three core material systems and one common-technology platform". Its product matrix covers the high-end effect-material and functional-pigment system centred on pearlescent effective pigments, the synthetic-mica-based functional-substrate system, and the cosmetic-active-ingredient and personal-care functional-material system. A common-technology platform for surface functionalisation and formulation applications spanning the three systems has also been established, consolidating the technical foundation for product innovation and scenario expansion.

During the reporting period, leveraging the aforesaid business architecture, the Group's product matrix accelerated its deployment toward high-value-added and diversified niche segments. The sales proportion of high-gross-margin categories such as high-end automotive coatings, cosmetic active raw materials and industrial functional materials rose steadily. Application scenarios have been extended to high-growth tracks including beauty and personal care, precision optics, laser marking, new-energy products, conductive materials and intelligent equipment, building diversified growth drivers for the Group's steady medium-and-long-term performance growth.

The following table sets forth the Group's revenue by major product:

	Six months ended 30 June			
	2026		2025	
	RMB'000	%	RMB'000	%
Pearlescent effective pigments	**2,101,716**	**82.2**	851,125	93.3
Cosmetic actives	**273,340**	**10.7**	—	—
Functional filler	**169,392**	**6.6**	49,035	5.4
Others	**13,895**	**0.5**	11,878	1.3
Total	**2,558,343**	**100.0**	912,038	100.0

The pearlescent effective pigments remains the Group's core revenue pillar. Its development boundary is extending from traditional colour and lustre to appearance design, weather resistance and functional performance. In the 1H2026, revenue generated by pearlescent effective pigments amounted to RMB2,101.7 million, accounting for 82.2% of sales revenue, representing an increase of RMB1,250.6 million or 146.9% from revenue of RMB851.1 million for the 1H2025. The increase in sales revenue of pearlescent effective pigments was mainly attributable to the consolidation of the German business operation by the Group during the reporting period, which contributed RMB1,138.1 million. Excluding the consolidation effect, benefiting from the capacity ramp-up of the Phase II of the Liuzhou Pearlescent-material Production Plant and the robust demand from mid-to-high-end downstream applications such as automotive and industrial coatings, the PRC and Korea business operations also achieved steady growth compared with the corresponding period of last year.

In the 1H2026, revenue generated by the Group's cosmetic actives products amounted to RMB273.3 million, accounting for 10.7% of sales revenue. It represented a new business operation arising from merger-and-acquisition integration during the reporting period, which further extended the Group's product portfolio towards provision of efficacy and formulation value. All revenue of this segment was derived from the German business operation, whose core products cover global high-value-added markets with relatively high profit margins and prominent growth potential including sun protection, skin care and mosquito repellent.

Synthetic mica serves as the underlying-material platform for the Group to enhance quality control, supply-security and application-innovation capabilities. In the 1H2026, revenue of functional filler stood at RMB169.4 million, accounting for 6.6% of sales revenue, representing an increase of RMB120.4 million or 245.5% compared with revenue of RMB49.0 million for the 1H2025. Such growth was mainly attributable to revenue contribution of RMB107.7 million from the newly-consolidated German business operation. Excluding the consolidation effect, sales of synthetic-mica substrates of the PRC business operation also delivered organic growth due to capacity ramp-up and higher proportion of high-value-added products.

2. **Technology-empowered product innovation across multiple fields**

The Group has in-depth engagement in its core tracks, with multiple technology-led landmark new products successively launched, further consolidating its industry-leading technological edge and core product competitiveness. During the reporting period, the Group rolled out the world's first PHOENIX robotic colour tool and the ROBO CHROMATICS humanoid-robot coating-colour system. It extended its years-accumulated industrial-grade precision colour-control technology to the humanoid-robot track and delivered systematic surface-performance solutions for emerging industries. In the high-performance-product segment, Xirallic® leopard-white pearlescent effective pigments has been globally launched. It optimises the relevant performance metrics of high-end silvery-white pigments and has secured indicative orders from multiple automotive-coating customers. In the beauty-ecosystem segment, the Group jointly released the "Cosmetic Colour Trend Forecast" report with BEAUTYSTREAMS, a globally authoritative beauty institution, unveiling six formulation-gamut trend directions for 2028 and providing full-link guidance for brands ranging from trend anticipation to formulation implementation.

3. **Consolidation of brand-pricing moat and orderly advancement of global cross-selling**

With the gradual realisation of integration-synergy effects, the Group's product-pricing power and brand moat have been continuously consolidated. Cross-selling is promoted via multi-brand matrix to achieve mutual empowerment between technical strengths and global channels. During the reporting period, product-price optimisations were successively implemented by the PRC business operation, the Korea business operation and the German business operation. A new round of price-adjustment measures have been rolled out and taken effect, fully demonstrating the market recognition and pricing power of the Group's mid-to-high-end products, and underpinning the steady improvement in profitability and continuous expansion of global-market share.

As aforesaid, the Group's synergistic sales have entered the substantive-implementation phase. Such synergistic-sales product portfolio covers three major sectors namely industrial applications, coatings and cosmetics. Among them, natural-mica-pigment products for industrial applications have secured the first batch of formal orders in core markets including Canada, the Republic of Korea, the United Kingdom, Romania, the United States, Italy, Peru and Poland; distribution-cooperation relationships have also been established in markets such as Turkiye and the United Arab Emirates. Sample submission and customer-qualification-certification work for the coating and cosmetics sectors are being steadily advanced across the globe.

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) In-depth integration of the global intelligent-manufacturing production-and-supply system, enhancing supply-chain self-reliance, controllability and resilience

1. Operational resilience demonstrated by the globally-coordinated production network

Following the full integration of the production network of the German business operation, the Group has established six manufacturing bases, six research-and-development centres and six application centres. Outcomes from the integration and synergy of global production capacities and supply chains have been gradually realised. In the 1H2026, the operational resilience of the integrated global production network kept strengthening. The three production bases of the German business operation located in Gernsheim of Germany, Savannah of the United States and Onahama of Japan maintained stable operations. Among them, driven by the reactivation of idle assets, strategic incremental capital expenditure on equipment and implementation of special projects for yield improvement, capacity-utilisation rates of the German base and the Japanese base increased notably compared with the corresponding period of 2025. Phase II of the Liuzhou Pearlescent-material Production Plant under the PRC business operation was at the critical stage of capacity ramp-up, supporting sustained growth in product sales volume. During the reporting period, large-scale domestic production capacities complemented high-end overseas precision production capacities. While meeting diversified product demands across global markets, quick responses and mutual capacity backup can be achieved in light of market fluctuations, safeguarding the stable operation of global businesses.

Adopting the capacity-integration strategy of "local retention, interoperable standards and flexible synergy", the Group fully preserves the production processes, quality-control systems and local-operation mechanisms of mature overseas plants. Meanwhile, it has built a cross-continental distributed supply-chain network to realise unified scheduling and inter-connectivity of global production capacities. Flexible cross-regional allocation and risk diversification have become routine operational capabilities, with supply-chain resilience and response speed enhanced notably.

2. Accelerated integration of global supply-chain and logistics networks

In the 1H2026, centring on three core modules, namely optimisation of warehousing layout, co-ordination of global freight and upgrade of direct-supply links, the Group phased in the construction of a unified cross-continental logistics network. During the reporting period, the Group conducted orderly stock-taking and assessment of regional warehousing networks to identify room for warehousing-network integration and optimisation. Meanwhile, tendering for global-freight integration was initiated, and the configuration of warehousing-distribution and freight networks was continuously optimised. This effectively reduced the comprehensive logistics-and-warehousing rate and shortened end-user-delivery links, facilitating continuous improvement in the operating-cost structure.

In respect of centralised supply-chain procurement, during the reporting period, the Group deepened the co-ordination and integration of its global-procurement system. It leveraged group-wide procurement scale to strengthen upstream bargaining power and lower comprehensive procurement costs of raw materials. With the further deepening of global-operation synergy effects, the scope and coverage of centralised procurement increased steadily, which is conducive to medium-and-long-term cost optimisation.

3. Steady advancement in the deployment of self-reliant and controllable upstream supply chains

At the upstream supply-chain end, the Group simultaneously advances self-reliance and controllability of core raw materials and deepens its upstream-resource deployment. In February 2026, the Hangzhou Tonglu Synthetic Mica Production Plant was successfully ignited for trial production. This plant is constructed in phases. Phase I is expected to deliver an annual capacity of 30,000 tonnes. The progress of plant construction and capacity ramp-up may be affected by engineering-construction works, production-line commissioning, yield improvement and changes in market demand, and there exists uncertainty in respect of actual progress. Upon full commissioning, this plant will deliver large-scale supply capacity for high-end synthetic mica. While securing the Group's demand for core production substrates for pearlescent effective pigments, it will lay the capacity foundation for expanding synthetic-mica applications into emerging-market segments, strengthening the Group's industrial-chain security safeguards.

In June 2026, the Group formally set-up a branch office in the Republic of India through its subsidiaries. Leveraging local teams to tap into India's emerging market and gain direct access to core natural-mica producing regions, the Group has enhanced quality control and cost optimisation for upstream-material procurement, improved market coverage across Asia-Pacific and localised-service capabilities for supply chains, and further completed the closed-loop industrial-value chain of the Group covering "raw-material end, manufacturing end and market end".

4. Tangible results from intelligent and lean upgrade of manufacturing system

During the reporting period, the Group deepened the integrated application of intelligent manufacturing and AI technologies within its global production system, consolidating manufacturing competitiveness through digital upgrade. The production base under the Korea business operation has been accredited as a K-Smart Lighthouse Factory by the Ministry of Trade, Industry and Energy of the Republic of Korea, achieving an upgrade in intelligence level. It has effectively driven steady improvement in production yield and optimised manufacturing lead-time and labour-man-hours. Meanwhile, drawing on more than sixty years of process-data accumulation from the German business operation and large-scale operational-data accumulation from domestic production bases, the Group has built an industry-leading professional database for pearlescent-effect materials. A vertical-domain AI-application system covering the full links of research-and-development formulation design, production-process optimisation and quality-control management has also been deployed, forming a data-driven closed-loop for research-and-production collaboration. The Group has launched the Instrumental Colour Release system, transforming the traditional colour-acceptance quality-control procedures relying on manual judgement into colour-data specifications that can be accurately identified, compared and retrieved by digital systems. It establishes general-purpose digital interfaces for effect-pigment products compatible with AI-aided design tools, facilitating the deep integration of products into emerging-industry ecosystems such as downstream AI-driven colour design and intelligent coating.

MANAGEMENT DISCUSSION AND ANALYSIS

(iv) Continuous upgrade of collaborative-governance system to build solid underpinnings for global-operation activities

1. Clear differentiation-and-complementation strategy for the three major brands

The Group is steadily advancing its transformation into a global platform-based enterprise and has established a strategic layout featuring the synergy of three core brands namely "Chesir, Susonity and CQV". It has evolved into a global platform for surface-performance materials and application solutions covering full product categories and tiers. The differentiated-strategy matrix for the three major brands has been clearly implemented and the collaborative-operation system has become increasingly mature. Susonity serves as the Group's high-end core platform, underpinning global core customers, cutting-edge technologies, brand credibility and quality-control systems. CQV builds a differentiated platform for mid-to-high-end effect materials and flaky alumina targeting the Republic of Korea and selected Asia-Pacific markets. Chesir consolidates its position as the global leader for mass-market pearlescent-effect materials, stabilising business operations and cash-flow sources and giving play to large-scale manufacturing advantages.

To ensure efficient multi-brand synergy, the Group has set up a governance architecture and decision-making mechanism of "relative brand independence, mutual capability synergy and unified group-wide co-ordination". At group level, strategic planning, resource allocation and coordination of key customers are co-ordinated, whilst each business entity retains independent brand-operation and local-management authority. Synergy channels for technology sharing, capacity scheduling and channel reuse have been opened up across the full links of research-and-development, production and sales. A sound internal-competition-avoidance mechanism has also been established. Internal mechanisms including clear brand positioning, product-portfolio management, tiered-customer management, quotation-authority management and recognition of synergy benefits are adopted to mitigate internal competition and resource consumption.

2. Strengthening of team building and support system underpinned by human resources

Upon completion of the acquisition of German business operation, the Group gave priority to ensuring smooth transition of overseas teams and seamless continuity of customer services. The local core team of the German business operation was retained. During the reporting period, staffing levels at the production base in Gernsheim of Germany and the Innovation and Application Centre in Höchst of Frankfurt were significantly expanded. The headcount of global employees under the German business operation achieved net growth compared with the initial stage of the Acquisition, building a talent moat underpinning global-operation activities.

Meanwhile, the Group regards international core talents as one of the key strategic assets for merger-and-acquisition integration. It continues to advance the development of talent systems and implementation of support mechanisms. Differentiated long-term incentive and performance-alignment schemes have been rolled out in light of business characteristics of respective regions to galvanise the vitality of core teams. During the reporting period, the Group organised business and technical exchanges among operating entities, promoting cross-regional sharing and reuse of production processes, research-and-development experience and customer-service capabilities, and deepening team-synergy effects.

(v) In-depth advancement of global research-and-development deployment and accelerated formation of production-and-research integrated closed-loop

1. **Official commissioning of the Frankfurt Innovation and Application Centre and continuous increase in technology investment**

The Group adheres to technological innovation as its core growth driver. Leveraging the surface-functionalisation and formulation-application technology platform spanning its three major product systems, the Group deepens its global research-and-development and application network and keeps scaling up research-and-development investment. It focuses on core directions including core base materials, high-end effect pigments and functional raw materials, and builds up technological reserves for emerging-application tracks. In the 1H2026, the Group's research-and-development expenditure amounted to RMB80.6 million, representing a year-on-year increase of 121.0% and accounting for 3.2% of revenue. The technological moat kept widening and platform-related competitive edges were continuously consolidated.

The Group further deepens its full-chain innovation system of "base-material research-and-development, surface-functional modification and end-product formulation adaptation". Global research-and-development resources and capabilities are integrated to promote cross-regional synergy and efficient sharing of technologies, talents and deliverables. On 26 June 2026, the Frankfurt Innovation and Application Centre of the German business operation was officially completed and commissioned at the Höchst Industrial Park. It constitutes a landmark milestone in the construction of the Group's global research-and-development system, signifying the completion of systematic centralised integration of Germany-based research-and-development and customer-service systems. As at this point, the Group has established a global innovation-and-application network with Frankfurt of Germany as the European hub interconnected with major regional centres in the Americas and Asia. A complete closed-loop ranging from laboratory-based technological research-and-development to market-oriented practical application has been formed. The integrated innovation model of "global research-and-development with regional commercialisation" is consolidated, bringing about notable improvement in research-and-development efficiency and speed of commercial implementation.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Landmark breakthroughs and industry recognition in technological innovation and intellectual-property-rights field

In the 1H2026, the Group achieved multiple industry-relevant and milestone outcomes in technological innovation and intellectual-property-rights. As of the end of the reporting period, the Group held a total of 462 valid patents and nearly 40 pending patent applications, covering the complete chain ranging from base-material formulation, smelting equipment and crystal control to surface modification and end-use applications. The Group's subsidiary, Guangxi Chesir Pearl Material Co., Ltd., was selected as a creation entity for national intellectual-property-rights demonstration enterprises for 2025-2027 by the National Intellectual Property Administration of the PRC, signifying that the Group's intellectual-property-rights work has entered the national-level demonstration tier. In respect of product pipelines, in May 2026, the project "Development of make-up-lasting cosmetic-grade synthetic-mica powder", jointly completed by the Group's subsidiaries, namely Zhejiang Hongzun Technology Co., Ltd., Guangxi Chesir Pearl Material Co., Ltd. and Luzhai Chesir Pearl Mica Material Co., Ltd., passed the scientific-and-technological-achievement evaluation organised by Zhongke Hechuang. It was appraised by an authoritative expert panel as being at the "domestically leading and internationally advanced" level, further consolidating the Group's technological reserves in the field of high-end cosmetic materials. Drawing on its proprietary effect-pigment and patented core printing technologies, the German business operation participated in-depth in the STELLA conceptual-banknote project of Bundesdruckerei. This project won the Grand Award under the "Best Specimen Banknote" category at the 2026 Excellence in Currency Awards of International Association for Currency Affairs (IACA), further strengthening the Group's industry influence in the global high-security printing sector.

Going forward, the Group will maintain a steady pace of research-and-development investment and deepen global research-and-development synergy. It will give full play to the radiating role of the Frankfurt Innovation and Application Centre as the European hub, and continuously focus on three core research-and-development directions namely upgrading of core-material technologies, expansion into high-value-added application tracks and full-link deployment of digital and AI technologies. Core-product technological competitiveness will be enhanced to drive the commercialisation of more research-and-development deliverables. In-depth technological development underpins the long-term high-quality development of the Group's global platform.

OUTLOOK AND FUTURE STRATEGIES

I. Operation environment and overall judgement

Looking ahead to the second half of 2026, uncertainties persist over the recovery of the global economy and manufacturing industries. Geopolitics, trade policies, exchange-rate fluctuations and logistics volatility may continue to affect customers' procurement rhythm and cross-border supply chains. Meanwhile, downstream markets are accelerating their upgrade towards differentiation, functionalisation, safety compliance and sustainability, bringing structural opportunities for material enterprises with technological accumulation, global-service capabilities and stable-delivery capacity.

Following the completion of the acquisition of the German business operation on 31 July 2025, the current reporting period represents the first full-half-year operating cycle of the Group after establishing its footprint spanning Asia, Europe and the Americas. At the current stage, the key to development lies no longer merely in revenue scale or geographical coverage, but in maintaining continuity of customers and businesses, and translating global technologies, brands, production capacities and channels into steady profitability, operating cash flows and reasonable returns on capital.

MANAGEMENT DISCUSSION AND ANALYSIS

Going forward, the Group will shift from expanding asset boundaries to enhancing the operating efficiency, synergy capabilities and capital returns of global assets.

(**i**) **Consolidation of the three major product systems and common-technology platform**

The Group takes building a global platform for surface-performance materials and application solutions as its long-term direction, continuously consolidates three core product systems of pearlescent effective pigments, synthetic mica and cosmetic active materials, and adopts surface-functionalisation and formulation-application capabilities as the common-technology platform, focusing on serving high-value applications including automotive and industrial coatings, cosmetics and personal care, electronics and electrical appliances, and new-energy sectors.

- *Pearlescent effective pigments: Upgrade from visual-effect-oriented to comprehensive-performance-oriented*

  Pearlescent effective pigments remain an important source of revenue and customer base for the Group. Their development boundaries are extending from traditional colour and lustre to appearance design, weather resistance and functional properties. Drawing on multiple base materials including natural mica, synthetic mica, glass, alumina, silica and metals, as well as brand and technological reserves such as Xirallic® and Colorstream®, the Group will continuously enrich its differentiated product portfolio for colours, textures and functionalities, and increase the proportion of high-value applications in automotive coatings, industrial coatings, high-end cosmetics and other sectors. Growth priorities under this system will shift from boosting the volume of single-type products to penetration of high-end products, certification by key customers and capabilities for application solutions. Research-and-development and market-relevant investments will be measured by the revenue conversion of new products, mass-production of projects and quality of customer contributions.

- *Synthetic mica: Extension from core base material to functional-material platform*

  Synthetic mica serves not only as an important base material for high-end pearlescent effective pigments, but also as the underlying material platform for the Group to enhance its capabilities in quality control, supply-chain security and application-oriented innovation. Through continuous improvement of crystal quality, particle-size control, purity, stability and surface-functionalisation capabilities, the Group will consolidate the application of synthetic mica in high-end effect-relevant materials and prudently expand into applications relating to functional filler, electrical insulation, high-temperature resistance and new-energy sectors. The Hangzhou Tonglu Synthetic Mica Production Plant with an annual output capacity of 100,000 tonnes was ignited for trial production in February 2026. Going forward, priorities will be placed on process optimisation, capacity ramp-up, customer validation and order conversion. Capacity-related advantages will be translated into consistent quality, large-volume delivery, profits and cash flows, and the self-supply of the Group's core base materials as well as the resilience of its global supply chain will be strengthened.

- *Cosmetic active materials: Extension from visual-expression-oriented to efficacy-value-oriented*

  Cosmetic active materials enable the Group to extend its offering from colours and textures further to efficacy-relevant and formulation-oriented value. The Group's existing product portfolio covers categories including cosmetic-grade effect materials, functional filler, active ingredients, UV-filtering agents and mosquito-repellent ingredients, which can cater for functional requirements such as sun protection, moisturisation and repair, personal protection and other relevant purposes. This system shares part of global customers, sales channels, quality-and-regulatory systems and application-testing resources with the existing effect-pigment-relevant business, and is characterised by stringent certification requirements, relatively long cooperation cycles and recurring purchases. The Group will promote product-portfolio synergy, cross-selling to key customers, regional registration compliance and development of application solutions, so that this segment will gradually evolve into an important component of high-value-added and knowledge-intensive growth.

- *Surface functionalisation: The technology platform underpinning the three major systems*

  Surface-functionalisation does not constitute a standalone fourth product category, but serves as a common-technology platform running through the three major product systems. Via surface coating, modification and end-product formulation adaptation, the weather resistance, dispersibility, compatibility, skin feel and application stability of materials can be enhanced, enabling the same base material to be adopted by different customer systems and deployed in higher-value-added scenarios. The Group will refine its full-chain innovation system of "base-material research-and-development, surface-functional modification and end-product formulation adaptation", drive synergy among research-and-development and application resources across different regions, and measure its commercial value by reference to the speed of customer certification, product premium, repeat purchases and large-scale orders.

(ii) Strengthening deployment in automotive and new-energy-vehicle applications

Automotive-relevant applications represent an important source of revenue for the Group and constitute a key market for testing material technologies, quality consistency and global-service capabilities. Certification cycles for automotive-coating projects are relatively long with stringent requirements for performance and stability, and supply continuity is generally strong upon project onboarding. With rising consumer demand for vehicle body colours, textures and personalised expression, together with accelerated product iteration by new-energy-vehicle brands, the automotive business will continue to act as a key enabler for the Group's product premiumisation, optimisation of customer mix and brand enhancement.

- *Advancing conversion of global automotive projects*

  The Group will leverage the Xirallic® series as well as effect materials based on multiple substrates including alumina and synthetic mica to develop products centred on high weather resistance, differentiated colour tones and application stability. It will integrate the global customer network for automotive coatings of the German business operation, special-substrate and colour-technology expertise of the Korean business operation, and large-scale manufacturing capacity of the PRC business operation to drive joint development, customer testing, regional certification and mass-volume delivery, and expand coverage of international automotive-coating enterprises, global original-equipment-manufacturer brands, and mainstream and new-energy-vehicle original-equipment manufacturers in the PRC. The performance of the automotive business will be measured by key-customer and model onboarding, conversion from certification to mass production, cross-regional orders, delivery performance and quality of payment collection.

(iii) Deepening global integration and synergy

Completion of the transaction and financial consolidation marks merely the starting point of integration. The Group will prioritise customer stability and business continuity. On the basis of ensuring quality, delivery, safety and compliance, it will advance the alignment between the German business operation and existing businesses in commercial, research-and-development, supply-chain, production and management aspects. The synthetic-mica resources and large-scale manufacturing capacity of the PRC business operation, the special-substrate expertise and flexible-production capabilities of the Korean business operation, as well as the international brands, proprietary technologies and global-customer network of the German business division are complementary to one another. The Group will foster a global operating system whereby "high-end customisation, special-purpose applications and large-scale manufacturing" mutually reinforce one another.

On the market front, the Group will take automotive and new-energy-vehicle sectors as priority synergy scenarios, and promote joint development and cross-selling for industries including industrial coatings, cosmetics and personal care, plastics and printing sectors. On the supply-chain front, it will optimise procurement, capacity division of labour, inventory levels and logistics in light of customer requirements, cost considerations, trade environment and delivery radius. On the management front, it will gradually unify key operating data and risk-control requirements. Newly-secured orders, customer retention, on-time delivery, product mix, turnover efficiency and operating cash flows shall serve as the primary metrics for assessing integration value.

(iv) Enhancing operating quality and capital returns

The Group will establish mechanisms for research-and-development project screening and phased evaluation centred on the three major product systems. It will drive earlier-stage synergy among research-and-development, application, production and supply-chain functions around customer scenarios, so as to improve efficiency from technical conception to customer validation and mass-volume delivery. For cutting-edge directions yet to complete technical and market validation, steady progress will be made mainly through customer co-creation, joint research-and-development or small-scale trials to control industrialisation risks.

With the gradual establishment of the global production network and newly-added production capacities, the Group will shift from capacity expansion to improving capacity utilisation, quality stability, supply-chain resilience and asset returns, and strengthen management over gross profit and expenses, trade receivables, inventories, procurement, capital expenditure and operating cash flows. For each newly-added production capacity, product project and market-relevant investment, three questions shall be addressed: whether customers will continuously choose the Group, whether growth will generate operating cash flows, and whether invested capital can achieve reasonable returns.

- *Steadily advancing external development*

  The Group will prudently manage debt maturities, financing costs, interest-rate risks and foreign-exchange risks, reasonably arrange onshore and offshore funds as well as capital expenditure, and maintain requisite liquidity and financial flexibility. As of the date of this announcement, the Company is proceeding with work in relation to the proposed acquisition of controlling stake in Jihua Group in accordance with the disclosed arrangements. Completion of the transaction remains subject to the satisfaction of relevant pre-conditions, shareholders' approval and completion of necessary procedures. The Group does not presuppose that the transaction will necessarily generate immediate synergies. If the transaction is completed, it will strengthen corporate governance, fund security, risk isolation and operational alignment on the basis of maintaining business continuity and team stability, and assess its long-term value by reference to operational improvement, cash flows and capital returns.

II. Key work priorities for the next phase

Based on the foregoing assessments, the Group will focus on advancing the following work in the next phase:

Firstly, consolidate customer bases, product quality and delivery performance, continuously push forward the integration of the German business operation, and improve the synergy efficiency of global commercial, research-and-development, supply-chain and management functions;

Secondly, optimise the product portfolio centred on the three major product systems, enhance product performance and application value via the surface-functionalisation platform, and accelerate certification and commercialisation with automotive and new-energy-vehicle sectors as priority scenarios;

Thirdly, drive steady capacity ramp-up for synthetic mica and other newly-added production capacities, and convert process improvements, production capacities and customer validation into orders, profits and cash flows;

Fourthly, optimise global capacity division of labour, procurement, inventory levels and logistics, and strengthen management over trade receivables, capital expenditure, assets and liabilities, as well as financing costs; and

Lastly, prudently advance the transaction relating to Jihua Group subject to the satisfaction of pre-conditions and regulatory requirements, and refine the global governance, talent, compliance and risk-management systems.

The Group maintains confidence in the long-term development of global surface-performance materials and high-value-added applications. The management will adhere to a prudent, pragmatic and result-oriented approach, convert global technological, customer, production-capacity and brand resources into sustainable operating outcomes, and deliver long-term value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Statements concerning the Group's future operating environment, industry trends, development strategies, capacity progress and integration outcomes set forth in this section and other parts of this interim report constitute forward-looking statements. They reflect only the management's current judgements as of the date of this interim report and involve known and unknown risks and uncertainties. Actual results may differ materially from such forward-looking statements due to factors including macroeconomic and geopolitical conditions, trade and tariff policies, foreign-exchange and interest-rate fluctuations, industry competition, progress of customer certification, execution of merger-and-acquisition integration and changes in regulatory policies. Save as otherwise required by applicable laws and The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Group assumes no obligation to update any forward-looking statements.

USE OF THE NET PROCEEDS

Use of the net proceeds from the issue of the 2026 Convertible Bonds

On 15 December 2025, the Company and The Hongkong and Shanghai Banking Corporation Limited and Deutsche Bank AG, Hong Kong Branch (the "**Managers**") entered into the subscription agreement (the "**Subscription Agreement**"), pursuant to which the Company has agreed to issue, and the Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the HKD-denominated convertible bonds (the "**2026 Convertible Bonds**") in an aggregate principal amount of HK$1.0 billion. The 2026 Convertible Bonds have an initial conversion price of HK$10.19 per Share and are convertible into the maximum of 98,135,410 Shares. The closing price of the Shares on 15 December 2025, being the date on which the terms of the Subscription Agreement were fixed, was HK$9.48 per Share. The amount of the net proceeds received by the Company from the issue of the 2026 Convertible Bonds amounted to HK$981.0 million. Further details of the 2026 Convertible Bonds are disclosed in the announcement of the Company dated 15 December 2025.

On 6 January 2026, the Company completed the issue of the 2026 Convertible Bonds in the principal amount of HK$1.0 billion to the subscribers. The amount of the net proceeds received by the Company from the issue of the 2026 Convertible Bonds amounted to HK$981.0 million. Further details of which are disclosed in the announcement of the Company dated 6 January 2026.

The table below sets forth the intended use of the net proceeds from issue of the 2026 Convertible Bond and the actual utilisation amount for the 1H2026:

Prescribed usage	Allocation of the net proceeds from the issue of the 2026 Convertible Bonds HK$' million	Percentage to the total net proceeds %	Balance as of 6 January 2026 HK$' million	Amount utilised up to 30 June 2026 HK$' million	Remaining balance as of 30 June 2026 HK$' million	Expected timeline for the intended use
Replenishment of the working capital required for the consolidation of the core business operations of the Group and the Worldwide Business	**392.4**	**40.0**	**392.4**	**392.4**	**–**	**Utilised**
Refinance the Group's existing indebtedness	**392.4**	**40.0**	**392.4**	**392.4**	**–**	**Utilised**
The Group's general corporate purposes	**196.2**	**20.0**	**196.2**	**196.2**	**–**	**Utilised**
Total	**981.0**	**100.0**	**981.0**	**981.0**	**–**	

The net proceeds from the issue of the 2026 Convertible Bond have been fully utilised in the 1H2026.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has decided not to declare and pay any interim dividend for the 1H2026 (1H2025: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity and indebtedness

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

As of 30 June 2026 and 31 December 2025, the bank and cash balances amounted to RMB4,631.8 million and RMB3,748.9 million, respectively. These balances were maintained at a prudent level for the purpose of satisfying the requirements for daily business operations of the Group and the Hangzhou Tonglu Synthetic Mica Production Plant. The increase in the bank and cash balances as of 30 June 2026 was mainly due to cash generated from operating activities and the increase in bank loans and other borrowings.

As of 30 June 2026 and 31 December 2025, the bank loans and other borrowings amounted to RMB7,253.2 million and RMB7,489.2 million, respectively. The decrease in borrowings was attributable to the repayments of bank loans and other borrowings of RMB979.0 million, and exchange differences of RMB249.4 million which reduced the carrying amount of borrowings, partially offset by the new bank loans and other borrowings of RMB992.4 million obtained during the first half of 2026.

As of 30 June 2026, the Group had borrowing from related company of RMB36.2 million (31 December 2025: RMB68.4 million).

As of 30 June 2026, the Group had a liability component of the convertible bonds of RMB1,228.1 million (31 December 2025: RMB412.6 million).

As of 30 June 2026, the Group's portion of bonds payable amounted to RMB193.7 million (31 December 2025: Nil).

Gearing ratio

The gearing ratio (calculated as total interest-bearing borrowings divided by total assets) of the Group was 57.7% as of 30 June 2026 (31 December 2025: 56.8%). The increase in the gearing ratio was mainly due to the increase of convertible bonds and bonds payable.

Net asset value

As of 30 June 2026 and 31 December 2025, the net assets of the Group amounted to RMB4,481.5 million and RMB4,473.5 million, respectively. Net asset value per Share contributed to owners of the Company as of 30 June 2026 amounted to RMB2.50, as compared to RMB2.54 as of 31 December 2025.

Pledge of assets

As of 30 June 2026, certain property, plant and equipment, right-of-use assets and patents with aggregate net book value of RMB1,605.9 million, as compared to RMB2,370.7 million as of 31 December 2025, were pledged to financial institutions as collaterals for bank and other borrowings.

As of 30 June 2026, the restricted deposits and restricted bank deposits pledged as security for the Group's banking facility amounted to RMB31.0 million (31 December 2025: RMB218.6 million).

CAPITAL STRUCTURE

In the 1H2026, 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 1H2026 is set forth in the paragraph under "Share Option Scheme" below.

As of 30 June 2026, the Company had issued:

(i) the Tranche A Convertible Bond in an aggregate principal amount of RMB300.0 million on 30 December 2022. Such convertible bond has an initial conversion price of HK$7.6 per share and are convertible into the maximum of 43,815,789 shares of the Company; and

(ii) the 2026 Convertible Bonds in an aggregate principal amount of HK$1.0 billion on 6 January 2026. Such convertible bonds have an initial conversion price of HK$10.19 per share and are convertible into the maximum of 98,135,410 shares of the Company.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital commitments represent the amount of capital expenditure contracted for as of a particular date but not yet incurred. As of 30 June 2026, the capital commitments amounted to RMB2,092.1 million (31 December 2025: RMB932.0 million), which represent the consideration of the proposed transaction, as well as the commitments to purchase property, plant and equipment including in relation to (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; (c) the Hangzhou Tonglu Synthetic Mica Production Plant; and (d) projects such as the ERP overhaul for the global Surface Solutions Business. It is estimated that the said commitments will be financed by internal resources and external financing.

FOREIGN EXCHANGE EXPOSURE

The Group primarily operates in the PRC, Germany and Korea different business units through acquisition. Most of the Group's business transactions, assets and liabilities are denominated in Renminbi, Euro, US$ and Korean Won. Hence, the Group is exposed to foreign currency risks primarily in respect of transactions denominated in different currencies. To efficiently and effectively manage these risks, the Group's financing and treasury activities are co-ordinated at the corporate level. As a matter of policy, the management of the Group regularly and closely monitors the Group's foreign currency exposure and considers hedging against significant foreign currency exposure should there be any likely and significant foreign exchange risks arising from the performances of contracts or the financial position of the Group as a whole. In the 1H2026, the Group was not engaged in any hedging activities on foreign currency risks, as the Directors are of the opinion that the related foreign currency risks affecting the Group's operations or liquidity and is manageable.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

On 2 February 2026, a limited partnership agreement ("**Junheng LLP Agreement**") entered into between Shenzhen Chesir Pearl Technology Co., Ltd. ("**Shenzhen Chesir**"), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company, acting as the general partner and Tonglu Liuan Equity Investment Partnership (Limited Partnership) ("**Hongzun LLP**"), a limited partnership established in the PRC, acting as the limited partner, to establish Tonglu Junheng Equity Investment Partnership (Limited Partnership) ("**Junheng LLP**") for the purpose of proposed acquisition (the "**Acquisition**") of the 202,308,716 shares (the "**JH Sale Shares**") in issue of Zhejiang Jihua Group Co., Ltd. ("**Zhejiang Jihua**"), a joint stock limited liability company established in the PRC, with its shares currently listed on the Shanghai Stock Exchange (Stock code: 603980) by Junheng LLP from the Hangzhou Jinhui Electromechanical Equipment Co., Ltd. ("**Hangzhou Jinhui**") and Mr. Shao Hui (collectively, the "**Vendors**").

On 6 February 2026, the conditional share transfer agreement ("**Share Transfer Agreement**") entered into between Junheng LLP, as the purchaser, has conditionally agreed to purchase, subject to the satisfaction of the conditions precedent, and and the Vendors, as the vendors, have conditionally agreed to sell, the JH Sale Shares.

On 7 May 2026, an option agreement (the "**Option Agreement**") has been entered into between the Company, being the grantor of the put option (the "**Put Option**") and the grantee of the call option (the "**Call Option**"), Hongzun LLP, being the grantee of the Put Option and the grantor of the Call Option; and Hongzun Investment, being the limited partner of Hongzun LLP that owns 99% of its interest, whereby (a) the Put Option has been granted by the Company to Hongzun LLP, pursuant to which Hongzun LLP will be entitled to sell, and the Company will acquire, 60% interest in Junheng LLP at the option price and (b) the Call Option has been granted by Hongzun LLP to the Company, pursuant to which the Company will be entitled to acquire, and Hongzun LLP will sell, 60% interest in Junheng LLP at the option price.

On 16 July 2026, a supplemental agreement (the "**Supplemental Agreement**") entered into between the Vendors and Junheng LLP pursuant to which the parties thereunder have agreed on additional terms and conditions after the Group has completed the due diligence on the Zhejiang Jihua and its subsidiaries.

On 6 August 2026, a second supplemental agreement (the "**Second Supplemental Agreement**") entered into between the Vendors and Junheng LLP for amendments of certain terms under the Share Transfer Agreement and incorporation of certain new terms. Pursuant to the Second Supplemental Agreement, Junheng LLP agreed to purchase, and the Vendors agreed to sell, an aggregate of 202,308,616 JH Sale Shares, representing 29.89% of the issued share capital of Zhejiang Jihua, as opposed to 202,308,716 JH Sale Shares (i.e. the original total number of JH Sale Shares) as set forth in the Share Transfer Agreement.

Further details of the above events are disclosed in the announcements of the Company dated 6 February 2026, 11 February 2026, 27 March 2026, 30 June 2026, 17 July 2026 and 7 August 2026.

Save as disclosed above, the Group did not have any significant investment, material acquisition or disposal for the 1H2026.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

Employees' contribution and support are valuable to the business development of the Group. 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.

As of 30 June 2026, the Group had a total of 2,265 employees: 854 in the PRC, 747 in Germany, 204 in Korea, 187 in Japan, 140 in the United States and 133[1] in other countries and regions (31 December 2025: the Group had a total of 2,111 employees: 761 in the PRC, 700 in Germany, 201 in Korea, 182 in Japan, 144 in the United States and 123 in other countries and regions). 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 (a) participated in relevant defined contribution retirement schemes administered by responsible government authorities in the PRC for its employees there; (b) participated in defined benefit and defined contribution retirement pension plans in Korea for its employees there; (c) provided the required social security and retirement contribution to employees in Europe and other countries; and (d) provided a mandatory provident fund scheme to employees in Hong Kong.

SUBSEQUENT EVENT

Save as disclosed in the paragraphs under "Significant Investment, Material Acquisition and Disposal", there was no significant event affecting the Group which occurred after 30 June 2026 and up to the date of this interim report.

1 The 133 employees are located in Thailand, Malaysia, Singapore, India, France, the United Kingdom, Italy, Switzerland, the Netherlands, Poland, Spain, Brazil and Mexico, etc.

INDEPENDENT REVIEW REPORT

RSM Hong Kong

29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

T +852 2598 5123
F +852 2598 7230

rsm.global/hongkong/assurance

羅申美會計師事務所

香港銅鑼灣
恩平道28號
利園二期29樓

電話 +852 2598 5123
傳真 +852 2598 7230

rsm.global/hongkong/assurance

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 34 to 56 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 2026 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 (the "HKICPA"). 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.

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
29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

28 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Unaudited Six months ended 30 June 2026 RMB'000	 2025 RMB'000
Revenue	4	**2,558,343**	912,038
Cost of goods sold		**(1,568,676)**	(432,211)
Sales related tax and auxiliary charges		**(11,931)**	(5,882)
Gross profit		**977,736**	473,945
Other income, other gains and losses		**134,960**	(8,115)
(Impairment)/reversal of impairment losses on trade, bills and other receivables, net		**(897)**	2,065
Selling expenses		**(425,390)**	(54,436)
Administrative and other operating expenses		**(403,527)**	(120,946)
Profit from operations		**282,882**	292,513
Finance costs		**(293,543)**	(144,648)
(Loss)/profit before tax		**(10,661)**	147,865
Income tax expense	5	**(82,701)**	(48,237)
(Loss)/profit for the period	6	**(93,362)**	99,628
Attributable to:			
Owners of the Company		**(133,894)**	62,198
Non-controlling interests		**40,532**	37,430
		(93,362)	99,628
(Loss)/earnings per share	8		
– Basic (RMB)		**(0.11)**	0.05
– Diluted (RMB)		**(0.11)**	0.05

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Unaudited Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
(Loss)/profit for the period	**(93,362)**	99,628
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement gains on defined benefit pension plan, net of tax	**15,643**	19
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(28,974)**	23,346
Other comprehensive income for the period, net of tax	**(13,331)**	23,365
Total comprehensive income for the period	**(106,693)**	122,993
Attributable to:		
Owners of the Company	**(121,908)**	71,704
Non-controlling interests	**15,215**	51,289
	(106,693)	122,993

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**4,245,257**	4,044,521
Right-of-use assets	10	**612,621**	667,464
Intangible assets		**701,358**	661,655
Prepayments for construction in progress	11	**96,296**	113,332
Goodwill		**1,241,075**	1,317,700
Restricted deposits		**41,624**	33,847
Defined benefit assets, net		**4,906**	3,053
Deposits and other receivables		**68,087**	56,338
Escrow deposit	12	**100,019**	—
Long term time deposit		**—**	50,000
Deferred tax assets		**10,060**	18,606
Total non-current assets		**7,121,303**	6,966,516
Current assets			
Inventories		**2,173,845**	2,322,651
Trade and bills receivables	14	**1,182,435**	1,078,297
Deposits, prepayments and other receivables		**549,721**	496,932
Tax recoverable		**4,450**	3,042
Restricted bank deposit	13	**93,562**	184,754
Short term time deposit		**50,000**	—
Bank and cash balances		**4,631,775**	3,748,921
Total current assets		**8,685,788**	7,834,597
TOTAL ASSETS		**15,807,091**	14,801,113

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	**104,530**	103,701
Reserves		**3,018,017**	3,048,026
		3,122,547	3,151,727
Non-controlling interests		**1,358,957**	1,321,744
Total equity		**4,481,504**	4,473,471
LIABILITIES			
Non-current liabilities			
Bank loans and other borrowings	15	**5,182,611**	5,065,192
Loan from a related company		**36,233**	68,430
Lease liabilities		**352,104**	391,959
Other payables		**45,739**	60,954
Deferred revenue		**113,525**	107,494
Defined benefit liabilities, net		**293,420**	312,905
Provisions		**103,944**	106,071
Bond payable	18	**193,735**	—
Deferred tax liabilities		**113,242**	123,956
Total non-current liabilities		**6,434,553**	6,236,961
Current liabilities			
Bank loans and other borrowings	15	**2,070,573**	2,423,972
Convertible bonds	16	**1,228,139**	412,610
Derivative component of convertible bonds	16	**36,217**	38,114
Lease liabilities		**51,282**	50,272
Trade payables	17	**386,839**	376,767
Accruals and other payables		**939,314**	627,908
Provisions		**86,009**	98,828
Contract liabilities		**24,133**	14,696
Deferred revenue		**829**	1,021
Current tax liabilities		**67,699**	46,493
Total current liabilities		**4,891,034**	4,090,681
TOTAL EQUITY AND LIABILITIES		**15,807,091**	14,801,113

Approved by the Board of Directors on 28 August 2026 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 2026

	Unaudited									
	Attributable to owners of the Company									
	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 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	—	—	—	—	—	—	62,198	62,198	37,430	99,628
Other comprehensive income	—	—	—	—	9,487	—	19	9,506	13,859	23,365
Total comprehensive income for the period	—	—	—	—	9,487	—	62,217	71,704	51,289	122,993
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	500,000	500,000
Transfer of statutory reserve	—	—	—	—	—	10,700	(10,700)	—	—	—
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
At 1 January 2026	**103,701**	**886,372**	**1,157,853**	**137,549**	**(119,601)**	**95,865**	**889,988**	**3,151,727**	**1,321,744**	**4,473,471**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(133,894)**	**(133,894)**	**40,532**	**(93,362)**
Other comprehensive income	**—**	**—**	**—**	**—**	**(3,691)**	**—**	**15,677**	**11,986**	**(25,317)**	**(13,331)**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**(3,691)**	**—**	**(118,217)**	**(121,908)**	**15,215**	**(106,693)**
Capital injection from non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**100,000**	**100,000**
Conversion of convertible bond of non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**18,726**	**18,726**
Acquisition of non-controlling interests	**829**	**68,192**	**19,363**	**—**	**—**	**—**	**4,344**	**92,728**	**(96,728)**	**(4,000)**
Transfer of statutory reserve	**—**	**—**	**—**	**—**	**—**	**2,125**	**(2,125)**	**—**	**—**	**—**
Changes in equity for the period	**829**	**68,192**	**19,363**	**—**	**(3,691)**	**2,125**	**(115,998)**	**(29,180)**	**37,213**	**8,033**
At 30 June 2026	**104,530**	**954,564**	**1,177,216**	**137,549**	**(123,292)**	**97,990**	**773,990**	**3,122,547**	**1,358,957**	**4,481,504**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Notes	Unaudited Six months ended 30 June 2026 RMB'000	2025 RMB'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**391,346**	(68,350)
Purchase of property, plant and equipment	20	**(389,913)**	(369,433)
Purchase of intangible assets		**(110,215)**	(2,438)
Prepayment for construction in progress	20	**—**	(371,121)
Payments for escrow deposit		**(100,000)**	—
Proceeds from disposal of property, plant and equipment		**8,898**	—
Proceeds from disposal of intangible assets		**4,831**	—
Increase in restricted deposits		**(7,777)**	(5,800)
Decrease/(increase) in restricted bank deposits		**91,192**	(14,000)
Interest received		**3,860**	11,272
NET CASH USED IN INVESTING ACTIVITIES		**(499,124)**	(751,520)
Bank loans and other borrowings raised		**992,412**	1,784,290
Repayment of bank loans and other borrowings		**(978,998)**	(1,223,482)
Repayment of loan from a related company		**(32,197)**	—
Proceeds from issue of convertible bond, net		**890,274**	—
Proceeds from issue of a bond, net		**193,735**	—
Principal elements of lease payments		**(25,567)**	(2,081)
Disposal of non-controlling interest		**—**	500,000
Capital injection of non-controlling interest		**100,000**	—
Payment for acquisition of non-controlling interests in a subsidiary		**(4,000)**	—
NET CASH GENERATED FROM FINANCING ACTIVITIES		**1,135,659**	1,058,727
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,027,881**	238,677
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(145,027)**	(63,047)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**3,748,921**	3,411,401
CASH AND CASH EQUIVALENTS AT 30 JUNE		**4,631,775**	3,587,211

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") 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 financial statements should be read in conjunction with the 2025 annual 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 financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

2. NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

A. New and amended standards adopted by the Group

The Group has adopted all of the new or amended IFRS Accounting Standards and Interpretations issued by the IASB that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

B. Impact of new and amended standards issued but not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the financial reporting periods commencing on or after 1 January 2026 and have not been early adopted by the Group.

	Effective for accounting periods beginning on or after
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendment to IAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 20 – Regulatory Assets and Regulatory Liabilities	1 January 2029
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

3. SEGMENT INFORMATION

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

As at 30 June 2026, the Group has identified three reportable segments as follows:

PRC business operation — development, manufacturing and sales of pearlescent effective pigments and functional filler largely in the PRC

Korea business operation — development, manufacturing and sales of pearlescent effective pigments largely in Korea

German business operation — development, manufacturing, and commercialisation of global surface solution products

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	German Business Operation RMB'000	Total RMB'000
Six months ended 30 June 2026 (Unaudited)				
Revenue from external customers				
– Pearlescent effective pigments	810,180	153,446	1,138,090	2,101,716
– Functional filler	61,674	—	107,718	169,392
– Cosmetic actives	—	—	273,340	273,340
– Others	1	11,746	2,148	13,895
	871,855	165,192	1,521,296	2,558,343
Intersegment revenue	10,474	—	—	10,474
Segment profit/(loss)	229,866	33,599	(188,926)	74,539
As at 30 June 2026 (Unaudited)				
Segment assets	8,961,213	499,095	6,273,318	15,733,626
Segment liabilities	3,664,881	109,909	1,721,090	5,495,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

3. SEGMENT INFORMATION *(continued)*

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

	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 effective pigments	705,282	145,843	851,125
– Functional filler	49,035	—	49,035
– Others	1,350	10,528	11,878
	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

	Unaudited Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Reconciliations of segment profit or loss:		
Total profit or loss of reportable segments	**74,539**	266,448
Unallocated amounts:		
Administrative expenses	**(43,854)**	(102,506)
Depreciation and amortisation	**(942)**	(942)
Interest expenses	**(232,309)**	(125,399)
Interest income	**107**	8,588
Fair value gain on derivative component of convertible bonds	**109,999**	991
Others	**(902)**	52,448
Consolidated (loss)/profit for the period	**(93,362)**	99,628

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

3. SEGMENT INFORMATION *(continued)*

Geographical information:

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

	Unaudited Six months ended 30 June	
	2026 **RMB'000**	**2025** **RMB'000**
The PRC	**1,087,165**	761,440
Europe	**575,232**	39,064
Asia other than the PRC	**420,539**	84,731
North America	**270,247**	14,041
Others	**205,160**	12,762
Consolidated total	**2,558,343**	912,038

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	
	2026 **RMB'000** **(Unaudited)**	**2025** **RMB'000** **(Unaudited)**
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
Pearlescent effective pigments	**2,101,716**	851,125
Functional filler	**169,392**	49,035
Cosmetic actives	**273,340**	—
Others	**13,895**	11,878
Total	**2,558,343**	912,038

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current income tax		
Provision for the period		
– PRC Enterprise Income Tax	**43,358**	45,184
– Other Corporate Income Tax	**40,104**	4,997
	83,462	50,181
Deferred tax	**(761)**	(1,944)
	82,701	48,237

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods.

Pursuant to the relevant laws and regulations in the PRC, Chesir Pearl and Luzhai Chesir Pearl Mica Material Co., Ltd. ("Chesir Luzhai"), subsidiaries of the Company, obtained the high and new technology enterprise certificate to entitle to a preferential tax rate of 15% (six months ended 30 June 2025: 15%) during the six months ended 30 June 2026 and 2025, subject to annual review by the relevant authority. The other subsidiaries of the Company in the PRC are subject to the PRC Enterprise Income Tax ("EIT") at a rate of 25% (six months ended 30 June 2025: 25%) for the periods.

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.

6. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Depreciation on property, plant and equipment	**139,900**	48,067
Depreciation on right-of-use assets	**37,227**	3,376
Research and development expenditures	**80,626**	36,480
Cost of inventories sold	**1,568,676**	432,211
Allowance for inventories (including in cost of goods sold)	**8,406**	6,171
Impairment/(reversal) of impairment losses on trade, bills and other receivables	**897**	(2,065)
Operating lease charge	**1,712**	2,081

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

7. DIVIDENDS

The board of directors has decided not to declare and pay any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	**2025 RMB'000 (Unaudited)**
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company, used in the basic earnings per share calculation	**(133,894)**	62,198
Effect of dilutive potential ordinary shares arising from convertible bond:		
Finance costs saving on conversion of convertible bonds outstanding	**85,486**	—
Fair value gain reversal on derivative component	**(109,999)**	—
Adjustments to the share of profit of a subsidiary based on dilution of its earnings per share	**—**	(1,563)
(Loss)/profit attributable to owners of the Company, used in the diluted earnings per share calculation	**(158,407)**	60,635
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**1,247,437,022**	1,238,870,132
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	**137,882,319**	—
Weighted average number of ordinary shares used in diluted earnings per share calculation	**1,385,319,341**	1,238,870,132

The weighted average number of ordinary shares for the current period has been adjusted as if the convertible bonds had occurred at the beginning of the earliest period presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired property, plant and equipment of approximately RMB398,716,000 (six months ended 30 June 2025: RMB369,433,000).

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, the Group acquired right-of-use assets of RMB7,458,000 (six months ended 30 June 2025: Nil).

11. PREPAYMENTS FOR CONSTRUCTION IN PROGRESS

During the six months ended 30 June 2026, the Group's prepayments for construction in progress decreased by approximately RMB17,036,000, mainly due to transfer to construction in progress upon progress of project works (six months ended 30 June 2025: increased by approximately RMB371,121,000).

12. ESCROW DEPOSIT

On 6 February 2026, Tonglu Junheng Equity Investment Partnership (Limited Partnership) ("Junheng LLP"), a non-wholly owned subsidiary of the Company, entered into an agreement with independent third parties to purchase 202,308,716 shares, representing approximately 29.89% of the total issued share capital, of Zhejiang Jihua Group Co., Ltd. ("Zhejiang Jihua"), at an aggregate consideration of RMB1,494,515,000 which will be settled by cash, and simultaneously paid an escrow deposit of RMB100,000,000 upon execution of agreement.

During the six months ended 30 June 2026, the balance increased by approximately RMB19,000, being interest income received.

13. RESTRICTED BANK DEPOSIT

As at 30 June 2026, the restricted bank deposit amounted to approximately RMB93,562,000 (as at 31 December 2025: RMB184,754,000). Of this amount, approximately RMB31,030,000 (as at 31 December 2025: RMB183,977,000) was pledged to the bank for securing the issuing of the bank loans and letter of credit. The remaining balance mainly represents restricted time deposits and deposits subject to temporary restrictions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
0 to 90 days	**1,088,484**	795,028
91 to 180 days	**92,360**	282,664
181 to 365 days	**1,591**	605
	1,182,435	1,078,297

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 RMB1,484,087,000 (as at 31 December 2025: RMB2,220,329,000) and right-of-use assets of RMB121,778,000 (as at 31 December 2025: RMB119,555,000) held by the Group.

During the six months ended 30 June 2026, the Group has raised new bank loans and other borrowings of RMB992,412,000 net of repayment of the bank loans and other borrowings on maturity of RMB978,998,000 to cope with the business expansions of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 in arrears annually 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.

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:

	Liability component RMB'000	Derivative component RMB'000
At 1 January 2025	333,715	5,900
Interest charged for the period	16,229	—
Fair value loss for the period	—	239
At 30 June 2025	349,944	6,139
At 1 January 2026	**356,462**	**35,284**
Interest charged for the period	**17,335**	**—**
Fair value gain for the period	**—**	**(22,846)**
At 30 June 2026	**373,797**	**12,438**

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

16. CONVERTIBLE BONDS *(continued)*

2022 Convertible bond *(continued)*

The directors estimate the fair value of the liability component of Tranche A Convertible Bond at 30 June 2026 to be approximately RMB373,797,000 (as at 31 December 2025: RMB356,462,000). 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 have been calculated using binomial option pricing model (level 3 fair value measurements). The key assumptions used are as follows:

	At 30 June 2026	At 31 December 2025
Weighted average share price	**HK$6.77**	HK$10.34
Weighted average exercise price	**HK$7.60**	HK$7.60
Expected volatility	**57.40%**	50.76%
Expected life	**0.5 year**	1 year
Risk free rate	**1.10%**	1.36%
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	57.40% (As at 31 December 2025: 50.76%)	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

16. CONVERTIBLE BONDS *(continued)*

2026 Convertible bond

On 15 December 2025, the Company entered into an agreement with independent third parties in relation to the issue of 4.25% coupon convertible bonds in the aggregate principal amount of HK$1,000,000,000 (the "2026 Convertible Bonds"). The 2026 Convertible Bonds were issued by the Company on 6 January 2026.

2026 Convertible Bonds are convertible at the option of the holder thereof, at any time on or after the relevant issue date of such bonds up to the close of business on the date falling ten days prior to the maturity date (i.e. 4 January 2027) or, if such bonds 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 ten days prior to the date fixed for redemption thereof at an initial conversion price of HK$10.19 per share.

On giving not less than 30 nor more than 60 days' notice by the Company to the bondholders, the 2026 Convertible Bonds may be redeemed by the Company in whole, but not in part, prior to the maturity date at their principal amount together with interest accrued but unpaid to such date (if any), provided that at least 90% in principal amount of the bonds originally issued has already been converted, redeemed or purchased and cancelled.

The net proceeds received from the issue of 2026 Convertible Bonds have been split between the liability and derivative components and movement during the period, as follows:

	Liability component RMB'000	Derivative component RMB'000
At the date of issuance	**779,535**	**110,739**
Interest charged for the period	**68,151**	**—**
Interest paid	**(9,298)**	**—**
Fair value gain for the period	**—**	**(85,013)**
Exchange differences	**(21,983)**	**(2,140)**
At 30 June 2026	**816,405**	**23,586**

The interest charged for the period is calculated by applying an effective interest rate of 19.37% per annum to the liability component.

The directors estimate the fair value of the liability component of 2026 Convertible bond at 30 June 2026 to be approximately RMB943,227,000. This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

16. CONVERTIBLE BONDS *(continued)*

2026 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 are estimated using binomial option pricing model (level 3 fair value measurements). The key assumptions used are as follows:

	At 30 June 2026
Weighted average share price	HK$6.77
Weighted average exercise price	HK$10.19
Expected volatility	57.17%
Expected life	0.52 years
Risk free rate	2.58%
Expected dividend yield	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 2026 Convertible bond	Binomial option pricing model	Expected volatility	57.17%	Increase

The fair value of derivative component embedded in 2026 Convertible bond is determined using binomial option pricing model and the significant unobservable input in the fair value measurement is expected volatility.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

16. CONVERTIBLE BONDS *(continued)*

CQV Convertible bonds *(continued)*

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 113.04% of the outstanding principal amount.

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

	Liability component RMB'000	Derivative component RMB'000
At 1 January 2025	65,085	7,180
Interest charged for the period	4,233	—
Interest paid	(767)	—
Fair value loss for the period	—	787
Exchange differences	4,436	505
At 30 June 2025	72,987	8,472
At 1 January 2026	**56,148**	**2,830**
Interest charged for the period	**4,053**	**—**
Interest paid	**(787)**	**—**
Derecognition on conversion	**(18,726)**	**(895)**
Fair value gain for the period	**—**	**(1,942)**
Exchange differences	**(2,751)**	**200**
At 30 June 2026	**37,937**	**193**

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 2026 to be approximately RMB40,191,000 (31 December 2025: RMB61,251,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

16. CONVERTIBLE BONDS *(continued)*

CQV Convertible bonds *(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 are estimated using binomial option pricing model (level 3 fair value measurements). The key assumptions used are as follows:

	At 30 June 2026	At 31 December 2025
Weighted average share price	**KRW3,015**	KRW4,215
Weighted average exercise price	**KRW4,035**	KRW4,270
Expected volatility	**31.04%**	32.63%
Expected life	**1 year**	1.5 years
Risk free rate	**2.99%~3.29%**	2.38%~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	31.04% (As at 31 December 2025: 32.63%)	Increase

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

17. TRADE PAYABLES

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

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
0 to 90 days	**335,459**	314,772
91 to 180 days	**4,337**	60,292
181 to 365 days	**45,340**	—
Over 365 days	**1,703**	1,703
	386,839	376,767

18. BOND PAYABLE

On 19 May 2026, the Company issued a JPY4,630,000,000 (approximately RMB198,200,000) sustainability-linked bond, which is guaranteed by Guangxi Chesir Pearl Material Co., Ltd, a non-wholly owned subsidiary of the Company, and carries an annual interest rate of 3.6%, payable annually and is due for repayment on 19 May 2028. During the six months ended 30 June 2026, the amount of bond payable was RMB193,735,000, primarily reflected by exchange differences.

19. SHARE CAPITAL

	Number of shares in issue	Authorised HK$'000	Issued and fully paid RMB'000
Share capital of the Company in ordinary shares of HK$0.1 each			
At 1 January 2025, 31 December 2025 and 1 January 2026	1,238,870,132	8,000,000	103,701
Share issued for acquisition of non-controlling interests (note (a))	9,571,649	—	829
At 30 June 2026	1,248,441,781	8,000,000	104,530

Note:

(a) On 20 January 2026, 9,571,649 ordinary shares of the Company of par value of HK$0.10 each were issued at a price of HK$8.01 in connection with the acquisition of a non-controlling interest in Guangxi Chesir Pearl Materials Co., Ltd. for a consideration of approximately HK$76,669,000 (equivalent to approximately RMB69,021,000). This consideration was settled entirely by the shares issued, of which approximately HK$957,000 (equivalent to approximately RMB829,000) was credited to the Company's share capital and the remaining proceeds of approximately HK$75,712,000 (equivalent to approximately RMB68,192,000) were credited to the share premium account.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

20. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

During the period ended 30 June 2026, purchase of property, plant and equipment of RMB406,949,000 (six months ended 30 June 2025: RMB413,323,000) were set off by prepayment for construction in progress and deposit paid for acquisition of property, plant and equipment amounting to RMB17,036,000 (six months ended 30 June 2025: RMB343,323,000) and RMB Nil (six months ended 30 June 2025: RMB70,000,000).

21. RELATED PARTY TRANSACTIONS

Transactions with related parties:

The Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	**2025 RMB'000 (unaudited)**
Interest paid to a related company	**32**	—

22. CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities (as at 31 December 2025: Nil).

23. CAPITAL COMMITMENTS

	At 30 June 2026 RMB'000 (Unaudited)	**At 31 December 2025 RMB'000 (Audited)**
Contracted but not provided for:		
Property, plant and equipment	**593,549**	789,314
Intangible assets	**104,052**	142,671
Acquisition of Zhejiang Jihua (note (a))	**1,394,515**	—
	2,092,116	931,985

Note:

(a) On 6 February 2026, Junheng LLP entered into a conditional share transfer agreement with two major shareholders of Zhejiang Jihua. Junheng LLP is a limited partnership established in the PRC, in which Shenzhen Chesir Pearl Technology Co., Ltd. ("Shenzhen Chesir"), a wholly-owned subsidiary of the Company, holds a 40% partnership interest and acts as the general partner responsible for the daily operation, while Tonglu Liuan Equity Investment Partnership (Limited Partnership) ("Hongzun LLP"), as the limited partner, holds the remaining 60% interest.

Pursuant to the agreement, Junheng LLP conditionally agreed to acquire 202,308,716 ordinary shares of Zhejiang Jihua, representing approximately 29.89% of its issued share capital, for a total consideration of approximately RMB1,494,515,000. An escrow deposit of RMB100,000,000 was paid upon execution of the agreement. Accordingly, as at 30 June 2026, Junheng LLP had an outstanding capital commitment of approximately RMB1,394,515,000 in respect of this acquisition, subject to the satisfaction of the various conditions precedent as stipulated in the agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

24. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 16 July 2026, Junheng LLP entered into a supplemental agreement with the two major shareholders of Zhejiang Jihua following satisfactory due diligence and provided for additional condition, precedent, indemnities, undertakings and guarantee, in relation to the proposed acquisition of shares in Zhejiang Jihua.

On 6 August 2026, Junheng LLP and the two major shareholders of Zhejiang Jihua further entered into a second supplemental agreement, pursuant to which the number of shares in Zhejiang Jihua to be acquired was adjusted to 202,308,616 shares, representing approximately 29.89% of the issued share capital of Zhejiang Jihua, and the purchase price was reduced by approximately RMB739 to approximately RMB1,494,515,000.

On 14 August 2026, the Company despatched a circular and notice of extraordinary general meeting to its shareholders in relation to, among other things, the proposed acquisition and the transactions contemplated thereunder.

For details, please refer to the Company's announcements dated 17 July 2026 and 7 August 2026, the notice of extraordinary general meeting of the Company dated 14 August 2026, and the circular of the Company dated 14 August 2026.

25. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 28 August 2026.

OTHER INFORMATION

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

As of 30 June 2026, 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 or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be (i) 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 under such provisions of the SFO); or (ii) recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 of the Listing Rules, were as follows:

Name of Directors	Nature of interest and capacity	Number of the Shares or underlying Shares held	Approximate percentage of shareholding
Dr SU Ertian ("**Dr SU**")	Interest in controlled corporation(1)	310,727,449	24.89%
	Interest in controlled corporation(2)	45,337,828	3.63%
	Interest in controlled corporation(3)	27,234,172	2.18%
	Interest in controlled corporation(4)	828,000	0.07%
	Interest in controlled corporation(5)	18,529,200	1.48%
	Interest in controlled corporation(6)	18,858,948	1.51%
	Beneficial owner	32,889,000	2.63%
Mr JIN Zengqin ("**Mr JIN**")	Interest in controlled corporation(5)	18,529,200	1.48%
	Interest in controlled corporation(6)	18,858,948	1.51%
Mr LIM Kwang Su	Beneficial owner	13,481,181	1.08%

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 ("**Ms WANG**"), 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.

(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 18 individual equity holders of Chesir Pearl, who are limited partners and independent third parties, own 127,000 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 5 individual equity holders of Chesir Pearl, who are limited partners and independent third parties, own 1,513,000 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 8 individual equity holders of Chesir Pearl, who are limited partners and independent third parties, own 1,633,158 shares of Liuzhou Colorful LP. Therefore, Dr SU and Mr JIN are deemed to be interested in all the Shares held by of 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.

Save as disclosed above, as of 30 June 2026, none of the Directors or the chief executives of the Company and 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 (i) 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 under such provisions of the SFO); or (ii) recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) 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 2026, the persons or corporations (not being a Director or chief executive of the Company) who had an 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:

Name of shareholders	Nature of interest and capacity	Number of the Shares or underlying Shares held	Approximate percentage of shareholding
Hongzun International	Beneficial owner	310,727,449	24.89%
Hongzun Investment	Interest in controlled corporation(1)	310,727,449	24.89%
Ms WANG	Spouse interest(2)	454,404,597	36.39%
HSBC Holdings plc	Interest in controlled corporation	17,860,647	1.43%
	Custodian (other than an exempt custodian interest)	13,418,000	1.07%
	Trustee	98,135,426	7.86%

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.

(2) Ms WANG was deemed to be interested in in all the Shares held by her spouse, Dr SU.

Save as disclosed above, as of 30 June 2026, the Directors were not aware of any other person or corporation having an 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.

OTHER INFORMATION

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. In the 1H2026, no share options of the Company have been granted, exercised, cancelled or lapsed under the Share Option Scheme.

The number of share options available for grant under the Share Option Scheme was 116,269,558 share options as of 1 January 2026 and 30 June 2026, 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 sale of treasury shares) in the 1H2026.

As of 30 June 2026, 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 controls systems and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the 1H2026. The unaudited condensed consolidated financial statements for the 1H2026 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, the changes in information of the Directors subsequent to the date of the 2025 annual report of the Company are as follow:

- Mr Leung Kwai Wah, Alex has resigned as an independent non-executive director and ceased as the chairman of the audit committee and the member of the remuneration committee and nomination committee of New City Development Group Limited, a company listed on the Stock Exchange (stock code: 00456), on 17 April 2026.

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

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a 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 in the 1H2026.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. 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 Dr SU is beneficial to business development of the Group by ensuring consistent leadership and enabling more effective and efficient overall strategic planning. The senior management team and the Board will provide check-and-balances of power and authority.

The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. Save for the above deviation, the Board is of the view that the Company has complied with the applicable code provisions as set forth in the CG Code for the 1H2026. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all the Directors, they have confirmed their compliance with the required standard as set forth in the Model Code in the 1H2026.