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Jiangsu Lopal Tech. Co., Ltd.
江蘇龍蟠科技股份有限公司

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

(Stock Code: 2465)

**ANNOUNCEMENT IN RELATION TO PROVISION FOR
IMPAIRMENT ON ASSETS FOR THE YEAR OF 2024**

This announcement is made pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROVISION FOR IMPAIRMENT ON ASSETS FOR THE YEAR OF 2024

In accordance with the relevant provisions of “Accounting Standards for Business Enterprises”, “Accounting Regulatory Risk Alert” and the applicable accounting policies, in order to provide an objective and fair reflection of the financial position of Jiangsu Lopal Tech. Co., Ltd. (the “**Company**”, together with its subsidiaries collectively, the “**Group**”) as at December 31, 2024, the Company, based on the unaudited management accounts of the Group, performed impairment tests to estimate the recoverable amounts of certain assets of the Group which showed indications of impairment within the scope of consolidation, and recognized corresponding provision for impairment losses on the assets whose recoverable amounts are lower than their respective carrying amounts based on the impairment test results, which is expected to reduce the net profit attributable to owners of the Company by an estimated range of RMB140.04 million to RMB164.86 million, as the exact amount has yet to be determined.

I. DETAILS OF PROVISION FOR IMPAIRMENT ON ASSETS

Major items of impairment on assets for the year of 2024 are as follows:

(1) Provision for impairment on goodwill

The Company conducted goodwill impairment tests for the asset of Changzhou Liyuan New Energy Technology Co., Ltd. and Zhangjiagang TEEC Automotive Chemicals Co., Ltd., taking into account the operating conditions and development expectations of such assets. Based on a preliminary assessment, goodwill impairment indicators were identified. Goodwill impairment losses are expected to be RMB67.72 million to RMB82.77 million for the year 2024.

(2) Reversal of credit impairment losses

The reversal of credit impairment losses is estimated to be approximately RMB28.81 million to RMB31.84 million for the year 2024, primarily due to a reduction in the balance of trade receivables.

(3) Provision for impairment loss on inventories

Provision for impairment loss on inventories is expected to be approximately RMB156.45 million to RMB172.92 million for the year 2024, primarily due to changes in the market prices of raw materials.

(4) Provision for impairment loss on property, plant and equipment

Based on preliminary estimates, provision for impairment loss on property, plant and equipment is expected to be approximately RMB12.00 million to RMB19.00 million for the year 2024.

II. IMPACT ON PROFIT AND LOSS OF THE COMPANY FROM THE PROVISION FOR IMPAIRMENT

The aforementioned provision for impairment losses is expected to reduce the net profit attributable to the owners of the Company by an estimated range of approximately RMB140.04 million to RMB164.86 million, as the exact amount has yet to be determined. The amount of the provision for impairment losses has not been audited, and the final accounting treatment and its impact on the Group's financial results for the year 2024 shall be subject to the 2024 annual report of the Company to be published by the Company in due course.

III. FURTHER REVIEW AND APPROVAL

The proposed provision for impairment losses on assets is subject to review and approval by the audit committee of the Company, the board of directors of the Company, and the supervisory committee of the Company after the amount to be recognized has been determined. The Company will publish further announcement(s) to keep its shareholders and potential investors informed of the provision for impairment losses on assets as and when necessary.

By order of the Board
Jiangsu Lopal Tech. Co., Ltd.
SHI Junfeng
Chairman

Nanjing, PRC
January 17, 2025

As at the date of this announcement, the board of directors comprises Mr. SHI Junfeng, Mr. LU Zhenya, Mr. QIN Jian, Mr. SHEN Zhiyong and Mr. ZHANG Yi as executive directors; Ms. Zhu Xianglan as non-executive director; and Mr. LI Qingwen, Mr. YE Xin, Ms. GENG Chengxuan and Mr. Hong Kam Le as independent non-executive directors.