Lopal
龙蟠科技

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 OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the "**Board**") of directors (the "**Directors**") of Jiangsu Lopal Tech. Co., Ltd. (the "**Company**", "**our Company**" or "**Lopal**") is pleased to announce the audited consolidated annual results of our Company and its subsidiaries (collectively, the "**Group**", "**our Group**", "**we**" or "**us**") for the year ended December 31, 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2023 as follows:

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- Sales volume of the Group's Lithium Iron Phosphate ("**LFP**") cathode materials amounted to 178,287 tons, representing an increase of 64.9% as compared to 108,120 tons for the year ended December 31, 2023; and
- Gross profit amounted to RMB670.7 million for the year ended December 31, 2024, representing a turnaround from a gross loss of RMB57.5 million from the year ended December 31, 2023.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	**7,673,051**	8,729,479
Cost of sales		**(7,002,365)**	(8,786,960)
Gross profit/(loss)		**670,686**	(57,481)
Other income, gains and losses	5	**150,116**	92,288
Reversal of impairment losses/(impairment losses) on financial assets		**29,628**	(18,966)
Selling and distribution expenses		**(163,763)**	(196,537)
Administrative expenses		**(622,434)**	(868,973)
Research and development expenses		**(483,919)**	(485,724)
Share of results of associates		**(28,747)**	(23,583)
Finance costs	6	**(258,663)**	(261,377)
Listing expenses		**(13,395)**	(10,216)
Loss before taxation		**(720,491)**	(1,830,569)
Income tax (expense)/credit	7	**(75,879)**	316,368
Loss for the year		**(796,370)**	(1,514,201)
OTHER COMPREHENSIVE (EXPENSE)/ INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(5,087)**	133
Change in the fair value on hedging instruments designated as cash flow hedges		**1,946**	(2,025)
Other comprehensive expense for the year		**(3,141)**	(1,892)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(799,511)**	(1,516,093)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(633,042)**	(1,233,291)
Non-controlling interests		**(163,328)**	(280,910)
		(796,370)	(1,514,201)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(635,390)**	(1,234,799)
Non-controlling interests		**(164,121)**	(281,294)
		(799,511)	(1,516,093)
LOSS PER SHARE	9		
Basic and diluted *(RMB)*		**(1.09)**	(2.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** **RMB'000**	2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**6,623,890**	6,359,929
Right-of-use assets		**1,200,434**	1,286,193
Goodwill		**214,173**	289,826
Other intangible assets		**49,450**	68,217
Interests in an associate		**47,659**	74,490
Financial assets at fair value through other comprehensive income		**141,450**	141,450
Deferred tax assets		**344,332**	392,691
Trade and other receivables	*10*	**21,819**	226,733
Total non-current assets		**8,643,207**	8,839,529
Current assets			
Inventories		**1,391,918**	1,610,238
Trade and other receivables	*10*	**2,494,120**	3,395,047
Tax recoverable		**9,630**	14,214
Financial assets at fair value through profit or loss		**505,364**	59,527
Derivative financial instruments		**64**	950
Pledged bank deposits		**257,202**	350,726
Cash and cash equivalents		**2,507,463**	2,958,603
Total current assets		**7,165,761**	8,389,305
Current liabilities			
Trade and other payables	*11*	**1,928,336**	2,902,805
Tax payable		**5,323**	4,934
Bank and other borrowings	*12*	**6,445,107**	6,405,976
Lease liabilities		**71,306**	294,752
Derivative financial instruments		**878**	4,062
Contract liabilities		**92,290**	21,940
Deferred income		**14,619**	10,298
Total current liabilities		**8,557,859**	9,644,767
Net current liabilities		**(1,392,098)**	(1,255,462)
Total assets less current liabilities		**7,251,109**	7,584,067

	Note	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities		**6,646**	8,826
Bank and other borrowings	*12*	**2,397,113**	2,520,719
Lease liabilities		**757,366**	795,418
Deferred income		**156,509**	78,038
Total non-current liabilities		**3,317,634**	3,403,001
Net assets		**3,933,475**	4,181,066
Equity			
Share capital		**665,079**	565,079
Reserves		**2,415,170**	2,887,288
Total equity attributable to owners of the Company		**3,080,249**	3,452,367
Non-controlling interests		**853,226**	728,699
Total equity		**3,933,475**	4,181,066

1. GENERAL INFORMATION

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

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in research, development and manufacturing of lithium iron phosphate ("LFP") cathode materials and environmental protection chemicals for vehicle.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except where otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Going concern

During the year ended 31 December 2024, the Group reported a net loss of approximately RMB796 million (2023: RMB1,514 million). As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB1,392 million (2023: RMB1,255 million).

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group has implemented, or is in the process of implementing, the following key plans and measures: (i) The Group has been actively negotiating with a number of banks and financial institutions for renewal, extension and replacement of bank loans; (ii) The Group continues to take active measures to control administrative costs including streamlining the workflows of different business operations; (iii) The Group continues to take active actions to improve the working capital situation including monitoring the collection of receivables closely and take immediate actions for any outstanding receivables and negotiation with suppliers to extend credit terms; and (iv) The Group will consider other financing arrangements with a view to improving the Group's liquidity and financial position. The directors of the Company have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that after taking into account the above plans, the Group has sufficient financial resources to continue as a going concern for the foreseeable future. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from customers during the year. There is no seasonality and cyclicality of the operations of the Group.

Revenue during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of LFP cathode materials		
— Without procurement of lithium carbonate and raw materials from customers	**4,034,101**	6,186,681
— With procurement of lithium carbonate and raw materials from customers	**1,584,764**	566,947
	5,618,865	6,753,628
Sales of automotive specialty chemicals	**1,886,787**	1,903,212
Processing income from lithium carbonate	**66,004**	—
Others	**101,395**	72,639
Total revenue	**7,673,051**	8,729,479
Timing of revenue recognition within the scope of IFRS 15		
At a point in time	**7,673,051**	8,729,479

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

	2024	2023
	RMB'000	*RMB'000*
Customer A *(Note (i))*	**2,751,703**	2,648,020
Customer B *(Note (ii))*	**975,561**	1,545,614

Notes:

(i) The revenue contributed by Customer A is from sales of LFP cathode materials.

(ii) The revenue contributed by Customer B is from sales of LFP cathode materials.

(iii) The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date.

	2024	2023
	RMB'000	*RMB'000*
Within one year	**250,107**	42,057
Over one year	**225,006**	198,800
	475,113	240,857

(b) Segment information

The chief operating decision-maker ("**CODM**") review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

The CODM assesses the performance based on the nature of the Group's businesses which are principally located in the PRC, and comprises (i) Sales of automotive specialty chemicals business, (ii) sales of LFP cathode material business and (iii) processing for lithium carbonate and raw materials.

Segment results represent the gain/(loss) generated by each segment without allocation of other income, gain and losses, share of result of associates, finance costs, listing expenses and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

The Group's major assets are almost all located in the PRC and revenue are primarily sold to the PRC customers. As a result, the directors of the Company consider that it will not be meaningful to allocate the Group's assets and revenue to specific geographical areas.

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

(c) Segment result

Information regarding the Group's reportable segments is presented below:

Year ended 31 December 2024

	Sales of automotive specialty chemicals business *RMB'000*	Sales of LFP cathode material business *RMB'000*	Processing for lithium carbonate and raw materials *RMB'000*	Other business *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue from external customers	1,930,529	5,643,448	85,933	13,141	—	7,673,051
Recognised at a point in time	1,930,529	5,643,448	85,933	13,141	—	7,673,051
Recognised over time	—	—	—	—	—	—
Inter-segment sales	59,372	1,774	1,032,111	20,186	(1,113,443)	—
Total segment revenue	1,989,901	5,645,222	1,118,044	33,327	(1,113,443)	7,673,051
Segment profit/(loss)	140,901	(678,004)	6,274	(38,973)	—	(569,802)
Other income, gains and losses						150,116
Share of result of associates						(28,747)
Finance costs						(258,663)
Listing expenses						(13,395)
Loss before income tax						(720,491)
Income tax expense						(75,879)
Loss for the year						(796,370)

Year ended 31 December 2023

	Sales of automotive specialty chemicals business RMB'000	Sales of LFP cathode material business RMB'000	Other business RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue from external customers	2,004,852	6,705,747	18,880	—	8,729,479
Recognised at a point in time	2,004,852	6,705,747	18,880	—	8,729,479
Recognised over time	—	—	—	—	—
Inter-segment sales	179,344	44,304	—	(223,648)	—
Total segment revenue	2,184,196	6,750,051	18,880	(223,648)	8,729,479
Segment profit/(loss)	50,163	(1,655,248)	(22,596)	—	(1,627,681)
Other income, gains and losses					92,288
Share of result of associates					(23,583)
Finance costs					(261,377)
Listing expenses					(10,216)
Loss before income tax					(1,830,569)
Income tax credit					316,368
Loss for the year					(1,514,201)

5. OTHER INCOME, GAINS AND LOSSES

	2024 **RMB'000**	2023 RMB'000
Interest income on bank deposit	**20,964**	31,335
Government grants *(Note (a))*	**144,398**	86,517
Loss on disposal of property, plant and equipment	**(509)**	(948)
Loss on early termination of leases	**(8,857)**	—
Gain on disposal of interests in an associate *(Note (b))*	**—**	16,583
(Loss)/gain from changes in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	**(7,819)**	46,900
Loss from changes in fair value of other borrowings at FVTPL	**(41,342)**	(106,250)
Gain/(loss) from changes in fair value of derivatives	**32,840**	(876)
Others	**10,441**	19,027
	150,116	92,288

Notes:

(a) Included in the amount are government grants received by the Group amounting to RMB126,514,000 (2023: RMB75,518,000) for the year ended 31 December 2024, representing tax refunds, operating subsidies and various industry-specific subsidies granted by the government authorities to reward the Group's effort for technological innovation. There are no unfulfilled conditions relating to such government grants recognised.

(b) On 21 February 2023, 四川鋰源新材料有限公司 ("Sichuan Liyuan"), a subsidiary of the Company, entered into an agreement with an independent third party. Pursuant to the agreement, Sichuan Liyuan agreed to sale and the independent third party agreed to purchase equity interest representing RMB23,000,000 paid-up capital of 四川省盈達鋰電新材料有限公司 at a consideration of RMB38,186,000. A gain on disposal of interest in an associate of RMB16,583,000 was recognised in profit or loss for the year ended 31 December 2023.

6. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on:		
— bank borrowings	**209,198**	191,345
— lease liabilities	**40,952**	50,761
— discounted bills	**8,513**	19,271
	258,663	261,377

7. INCOME TAX EXPENSE/(CREDIT)

(a) Taxation in the consolidated statement of profit or loss

	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Current tax	**28,885**	12,757
Under provision in prior years	**1,305**	475
	30,190	13,232
Deferred taxation	**45,689**	(329,600)
	75,879	(316,368)

The group companies are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 15% entitled by subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

8. DIVIDENDS

No dividend was declared or proposed by the Company in respect of the years ended 31 December 2024 and 2023.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(633,042)**	(1,233,291)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**580,210**	563,387

The computation of diluted loss per share for the years ended 31 December 2024 and 2023 does not assume the exercise of the Company's share option since their assumed execution would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
— contracts with customers	**1,523,333**	2,298,882
Less: Allowance for credit losses	**(88,286)**	(123,968)
	1,435,047	2,174,914
Bills receivable	**319,210**	479,476
Less: Allowance for credit losses	**(1,123)**	(354)
	318,087	479,122
Other receivables *(Note (b))*	**785,967**	986,990
Less: Allowance for credit losses	**(23,162)**	(19,246)
	762,805	967,744
	2,515,939	3,621,780
Analysis for reporting purposes:		
Non-current portion	**21,819**	226,733
Current portion	**2,494,120**	3,395,047
	2,515,939	3,621,780

Notes:

(a) As at 1 January 2023, trade receivables from contracts with customers amounted to RMB2,121,005,000.

(b) As at 31 December 2024, other receivables included VAT recoverables amounted to RMB363,623,000 (2023: RMB483,859,000) and prepayment for purchase of raw materials amounted to RMB269,022,000 (2023: RMB138,386,000).

The Group's trading terms with its customers are mainly on credit. The credit period is generally from one month to three months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

The following is an aged analysis of trade receivables net of allowance for expected credit losses presented based on revenue recognition date.

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**1,400,089**	2,161,710
1 year to 2 years	**33,191**	12,244
2 years to 3 years	**1,421**	720
3 years to 4 years	**184**	182
4 years to 5 years	**162**	58
	1,435,047	2,174,914

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

11. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**893,005**	1,191,017
Bills payable	**89,992**	590,635
Other payables	**945,339**	1,121,153
	1,928,336	2,902,805

The following is an aged analysis of trade payables as at 31 December 2024 and 2023, presented based on the invoice date.

	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**723,842**	1,178,237
1 year to 2 years	**125,320**	6,113
2 years to 3 years	**39,541**	3,648
Over 3 years	**4,302**	3,019
	893,005	1,191,017

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

The bills payable are guaranteed by banks in the PRC and have maturities of 6 months to 1 year.

12. BANK AND OTHER BORROWINGS

	2024 *RMB'000*	2023 *RMB'000*
Fixed-rate bank borrowings		
Secured	**5,667,141**	5,551,470
Unsecured	**1,638,811**	2,353,975
	7,305,952	7,905,445
Endorsed bills	**658,249**	570,000
Other borrowings	**878,019**	451,250
	8,842,220	8,926,695

	2024 *RMB'000*	2023 *RMB'000*
The carrying amounts of the above bank borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**4,908,839**	5,835,976
Within a period of more than one year but not exceeding two years	**479,934**	459,733
Within a period of more than two years but not exceeding five years	**1,917,179**	1,609,736
	7,305,952	7,905,445
The carrying amounts of the above endorsed bills are repayable within one year	**658,249**	570,000
The carrying amounts of the above other borrowings are repayable within one year	**878,019**	—
The carrying amounts of the above other borrowing is repayable within a period of more than two years but not exceeding five years	**—**	451,250
	8,842,220	8,926,695
Less: amounts due within one year shown under current liabilities	**(6,445,107)**	(6,405,976)
Amounts shown under non-current liabilities	**2,397,113**	2,520,719

13. EVENTS AFTER THE REPORTING PERIOD

Acquisition of Shandong Meiduo

On 6 March 2024, the Company (as the purchaser) entered into sale and purchase agreements with Longpan International Holdings Co., Ltd (龍蟠國際控股有限公司) (the "Vendors"), related party to the Group, to acquire 100% equity interest of Shandong Meiduo Technology Company Limited (山東美多科技有限公司) ("Shandong Meiduo") at consideration of RMB100,539,000 which shall be satisfied by cash payment. The transaction was completed on 21 January 2025.

Assets and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	141,813
Intangible assets	37
Inventories	610
Trade and other receivables	27,506
Cash and cash equivalents	24,539
Trade and other payables	(65,809)
Contract liabilities	(41)
Tax payables	(27)
Borrowing	(19,349)
Deferred income	(19,784)
	89,495

As Shandong Meiduo and the Company are controlled by Mr. Shi Junfeng, the acquisition of Shandong Meiduo will be accounted for based on the principles of merger accounting.

Deemed partial disposal of LBM NEW ENEGY

On 20 December 2024, LBM New Energy (AP) Pte. Ltd. ("**LBM NEW ENEGY**"), a partially owned subsidiary of the Company, entered into a share subscription agreement with 2 independent investors ("**LBM NEW ENEGY Investors**"). Pursuant to the subscription agreement, the LBM NEW ENEGY Investors agreed to subscribed 45.35% equity interest in LBM NEW ENEGY at a consideration of USD225,000,000 (equivalents to RMB1,617,390,000). Upon completion of the subscription, the shareholdings of the LBM NEW ENEGY will decrease from 100% to 54.65%. The LBM NEW ENEGY remains as subsidiary of the Company and no gain or loss on disposal will be recognised by the Group. The transaction was completed on 10 February 2025.

Deemed partial disposal of PT

On 21 February 2025, PT LBM Energi Baru Indonesia ("**PT LBM**"), a partially owned subsidiary of the Company, entered into an share subscription agreements with a independent investor ("**PT LBM Investor**"). Pursuant to the subscription agreement, the PT LBM Investor agreed to subscribed 20% equity interest in PT LBM at a consideration of USD15,971,000 (equivalents to RMB116,052,000). Upon the completion of the subscription, the shareholdings of the PT LBM will decrease from 100% to 80%. Up to the date of these consolidated financial statements are authorised to issue, the transaction is not yet completed. Details of the transaction are set out in the announcement published by the Company on 21 February 2025.

BUSINESS REVIEW AND OUTLOOK

Business Review

In 2024, our Company remains a major LFP cathode material manufacturer in the world and a renowned automotive specialty chemical manufacturer in PRC. Notably, our emerging business segment, lithium carbonate processing services, is gaining positive momentum.

Despite intense market competition, our Company implemented proactive measures to steadily increase capacity utilization at its LFP cathode material production facilities, maintain robust order backlogs, and achieve steady growth in sales volume of LFP cathode materials. The Group's total revenue reached RMB7,673.1 million in 2024, and its loss for the year narrowed significantly to RMB796.4 million in the same year compared to the prior year 2023. Our Company continues to supply advanced, high-quality products and services while demonstrated signs of operational recovery in 2024.

Segment Performance:

A. LFP Cathode Material

LFP cathode material is the most widely used cathode material in lithium-ion batteries, playing a pivotal role in determining their electrochemical performance. It outperforms alternatives in cycle life, safety, and temperature tolerance. Its extended cycle life ensures durability, while superior safety mitigates risks of thermal runaway and short circuits. Enhanced temperature resilience enables reliable operation across diverse environments.

The PRC's industrial policies supporting new energy vehicles ("**NEVs**") and energy storage have driven rapid growth in cathode material demand. According to Gaogong Industry Research Institute ("**GGII**") (高工產研鋰電研究所), China's lithium battery shipments reached 1,175 GWh in 2024, marking a 32.6% year-on-year growth. Cathode material shipments reached 3.35 million tons in 2024, representing a 35% year-on-year growth, among these, LFP cathode material shipments surged to 2.46 million tons, representing a 49% year-on-year increase, accounting for nearly 74% of total cathode material shipments.

Driven by flourishing demand, technological advancement and support from governmental and industrial policies, sales volume of our LFP cathode materials amounted to 178,287 tons, representing an increase of 64.9% as compared to 108,120 tons for the year 2023. In addition, our Company is actively developing our products to secure our market share. As of the date of this announcement, our M series lithium-ion manganese iron phosphate ("**LMFP**") cathode material has provided sample products to customers for testing purposes. Recently, our research and development team has successfully achieved a better balance of the compaction and capacitance of our M series products adopting our spherical technology. Our Company expects such improvement in the power density of the M series products and homogenize different raw materials further enhances manufacturability of the M series products.

B. Automotive Specialty Chemical

On automotive specialty chemical side, our Company strives to affirm our place at the forefront of PRC's automotive specialty chemical landscape, we provide automobile and industrial lubricants, diesel exhaust fluids, coolants and a variety of car maintenance products under the strong brand equity of our *Lopal* (龍蟠), *Kelas* (可蘭素) and *Teec* (迪克) brands.

The lubricant market, influenced by macroeconomic trends and technological advancements, is shifting toward high-performance, eco-friendly solutions. Our NEV-specific lubricants represent a rapidly growing niche, while government investments in "new infrastructure" are expected to boost demand for construction machinery lubricants. Our diesel exhaust fluids are critical for reducing nitrogen oxide emissions in diesel engines via selective catalytic reduction ("**SCR**") technology, and are transitioning toward premium branded products as regulations phase out substandard alternatives. Coolants, essential for thermal management in engines and energy storage systems, are evolving to meet NEV and sustainability demands. Liquid cooling systems, preferred for NEV battery safety and efficiency, are driving innovation alongside applications in utility-scale energy storage projects. Our Company is pioneering greener coolant formulations to replace traditional polluting variants. Additionally, our variety of car maintenance products, spanning engine maintenance to exterior detailing, benefit from China's rising vehicle ownership, although the market is currently fragmented with no dominant brands. The growth of our automotive specialty chemical products is fuelled by stricter environmental policies by helping to reduce harmful emissions from vehicles and enhance vehicle efficiency, these products contribute to environmental sustainability.

In 2024, we have marked great achievement including, repeatedly honored as LubTop 2024 "Top 10 Lubricant Brands in China" (中國潤滑油十大品牌); named in the "China Top 100 Automotive Supply Chain Enterprises" (中國汽車供應鏈百強) for the 2024 Global Automotive Supply Chain Competitiveness White Paper (2024全球汽車供應鏈核心企業競爭力白皮書) and the "Technological Innovation Ecosystem Partner Award" (技術創新生態夥伴獎) in the 2025 Automotive Supply Chain New Ecosystem Conference (2025年汽車供應鏈新生態大會) highlight our technical excellence and role in fostering collaborative innovation.

C. Lithium Carbonate Processing Services

Lithium carbonate processing services as our newly introduced business in the year 2024, stems from our continuous and strong business corporate with Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) ("**CATL Group**"), as outlined in several agreements, including the Lopal Times Transfer Agreement and Lithium-mica Concentrate Procurement Framework Agreements.

In 2024, we processed lithium-mica concentrate purchased from the CATL Group, after which, with which our in-house facility produced 14,831.5 tons of lithium carbonate. The majority of which was utilized in-house for the production of LFP cathode materials and were subsequently to CATL Group or its associate. In comparison to the first half of 2024, the revenue generated from such business increased from RMB42.7 million to RMB66.0 million during the second half of 2024.

With the support of such positivity in 2024 and our ongoing efforts to explore opportunities to expand our customer base, we believe that this newly emerged segment will provide long term and significant benefits to our operations including stabilizing our raw material costs and supply of lithium carbonate and enhancing our relationship with CATL thereby strengthening our position in the LFP cathode material supply chain.

Outlook

Our Company is committed to the mission of "Green New Energy Core Materials for a Sustainable Global Future." ("用綠色新能源核心材料，共建全球美好生活"). By leveraging technological innovation and market-driven strategies, our Company has formed a business layout with LFP cathode materials business as our "core", and automotive environmental-friendly specialty chemical business as our "cornerstone". For both segments, we continuously expand our global footprint, optimize production capabilities, and strengthen supply chain resilience to solidify our market position. Simultaneously strive to develop innovative and diversified product portfolios to stay ahead of industry trends and adapt to the industry dynamics.

Looking ahead, our Group will remain steadfast in strengthening our core competencies and executing the following sustainable growth strategies:

1. *Expand Global Markets and Broaden Customer Base*

Amid rising global demand for LFP batteries in power and energy storage applications, China's LFP industry is accelerating its international expansion. Our Company prioritizes overseas market development, actively engaging over a dozen clients in Japan, South Korea, the U.S., and other regions. Progress includes sample testing, trial production, small-batch orders, facility audits, and supplier certifications.

During the Reporting Period, our Company achieved significant milestones in global partnerships including, a deepened collaboration with LG Energy Solution, Ltd., ("**LG**"), securing a five-year long-term supply agreement (including amendments) to lock in future production capacity. Under the agreement, our Company will supply approximately 260,000 tons of LFP cathode materials to LG from 2024 to 2028, being one of our largest global LFP order in 2024. In January 2024, our subsidiary, LBM NEW ENERGY (AP) PTE. LTD. ("**LBM NEW ENERGY**"), signed a supply agreement with Blue Oval Battery Park, Michigan ("**Blue Oval**") to supply LFP cathode materials from 2026 to 2030. These partnerships enhance our understanding of international product standards, stabilize revenue streams, and position us to capture global market share, solidifying our position in the LFP cathode material industry.

2. *Optimize Key Production Sites and Strengthen Production Capacity*

Our Company has established a diversified supply network through the construction and phased commissioning of multiple production bases. This supports our vertical integration strategy, enhances large-scale manufacturing capabilities, and elevates brand recognition in the LFP sector. In February 2025, our Company adjusted its investment strategy by forming PT LBM ENERGI BARU to develop a second-phase 90,000-ton LFP project in Indonesia, while expanding our overseas production footprint. In 2024, we produced over 50 thousand tons of iron phosphate in-house for our internal use.

3. Reduce Costs and Strengthen Supply Chain Resilience

Our Company is transitioning from traditional procurement to strategic sourcing, fostering long-term partnerships with key suppliers to drive cost efficiency and technological innovation. Real-time inventory management via enterprise resource planning and warehouse management system enables agile adjustments based on market fluctuations and customer demand. To mitigate risks from volatile raw material prices (e.g., lithium carbonate, urea, ethylene glycol, crude oil), our Company employs futures and derivatives hedging strategies, reducing the impact on profitability.

4. Drive Product Innovation and Enhance Competitiveness

Our Company focuses on research and development ("**R&D**") breakthroughs in automotive specialty chemicals and LFP cathode materials, leveraging three R&D centers (Shenzhen, Nanjing, Changzhou) and a China National Accreditation Service for Conformity Assessment ("**CNAS**") (中國合格評定國家認可委員會)-certified testing platform. As of the date of this announcement, we have 412 patents (including 125 invention patents) in the PRC. Our Company prioritizes advancements in LFP, sodium-ion battery cathodes, and solid-state battery technologies.

Our cathode materials innovations include: Lithium Energy 1 (鋰能1號) optimized for high-end energy storage with superior energy density and cycle life; Manganese Lithium 1 (High-Cycle Edition) (錳鋰1號高循環版) and Iron Lithium 1 (Fast-Charging Edition) (鐵鋰1號快充王) to feature high compaction, safety, and low-temperature fast-charging performance; Range 1 (續航1號) addresses range anxiety, low-temperature efficiency, and fast-charging challenges; Recycled 1 (再生1號) enables resource recovery from spent battery electrodes. As well as adopted breakthrough 'single-sintering' process technology to prepare fourth-generation high-voltage lithium iron phosphate materials, compared to dual-sintering process, it simplifies traditional multi-stage sintering processes into single precision temperature-controlled molding, while ensuring product particle gradation effectiveness at the same time, significantly reduces production energy consumption and cycle. Solid-State Battery Precursor D392, developed by our subsidiary Jiangsu Sanjin Lithium Technology Co., Ltd. ("**Sanjin Lithium**"), this high-nickel ternary precursor material enhances stability and safety through elemental doping and structural optimization, mitigating issues such as cathode cracking and thermal decomposition.

Our automotive specialty chemical advancements upgraded Kerui 1 (可蘭素1號), a flagship diesel exhaust fluids product, with anti-scaling and low-temperature polymerization technologies to maintain market dominance. In addition, we launched low-conductivity coolants for new energy coolants, in particular, the Company launched the third-generation low electrical conductivity coolant, possessing anti-metal corrosion protection capability exceeding national standards by 5 times. Its unique corrosion inhibition system can provide excellent anti-corrosion protection for metals in power battery cooling systems, supported by our new energy coolant research key laboratory.

Our Company is expanding its hydrogen energy business to fuel our hydrogen energy initiatives, with applications in hydrogen vehicles, drones, and power systems. It also contributed to drafting the "Technical General Requirements for Hydrogen Storage Bottles in Unmanned Aerial Vehicles" (無人駕駛航空器儲氫瓶技術通用要求) standard in collaboration with the Shenzhen UAV Industry Association (深圳市無人機產業協會).

These innovations underscore our technological prowess and reinforce its leadership in across all segments of our Company. Moreover, we aim to continue expand and cultivate our talent reserve through providing valuable training programs and incentive schemes.

5. Green Development Strategy

In response to global climate challenges and the consensus on carbon reduction and green sustainability, PRC's "carbon peaking and carbon neutrality" ("碳達峰、碳中和") goals are catalyzing transformative upgrades across economic, energy, and industrial structures, with a focus on reshaping efficient energy supply systems and accelerating green energy transitions. To align with PRC's strategies, our Company has embedded green development into our core operations, synergizing with PRC's new energy and advanced materials agenda. This includes expanding into the lithium battery sector through LFP cathode materials, optimizing existing product lines such as lubricants, and strategically entering the hydrogen energy market via catalysts and hydrogen storage solutions. By driving innovation in green materials, our Company aims to set new standards for sustainable development while contributing to a low-carbon future.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our Group recorded revenue of RMB7,673.1 million in 2024, representing a decrease of approximately 12.1% from RMB8,729.5 million in 2023, primarily due to decrease in revenue from sales of LFP cathode materials of RMB1,134.7 million.

The table below sets out the breakdown of our revenue for the periods indicated:

	For the years ended December 31,			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Types of products				
LFP cathode materials	**5,618,865**	**73.3**	6,753,628	77.4
Without procurement of lithium carbonate and raw materials from customers	**4,034,101**	**52.6**	6,186,681	70.9
With procurement of lithium carbonate and raw materials from customers[(1)]	**1,584,764**	**20.7**	566,947	6.5
Automotive specialty chemicals	**1,886,787**	**24.6**	1,903,212	21.8
Diesel exhaust fluid	**564,397**	**7.4**	625,738	7.1
Automobile and industrial lubricant	**691,808**	**9.0**	706,616	8.1
Coolant	**504,698**	**6.6**	484,701	5.6
Car maintenance products	**74,958**	**1.0**	70,240	0.8
Other products[(2)]	**50,926**	**0.6**	15,917	0.2
Processing income from lithium carbonate	**66,004**	**0.9**	—	—
Others[(3)]	**101,395**	**1.2**	72,639	0.8
Total	**7,673,051**	**100.0**	8,729,479	100.0

Notes:

(1) Revenue from sales of LFP cathode materials with procurement of lithium carbonate and raw materials from customers is recognized on a net basis, excluding cost of lithium carbonate and raw materials procured from customers.

(2) Mainly comprising revenue from sales of filling equipment and packaging containers, etc. for automotive specialty chemical products.

(3) Mainly comprising revenue from sales of iron phosphate by-product, daily chemical products and unfinished products as well as revenue from our emerging hydrogen energy business.

Revenue from LFP cathode materials decreased by 16.8% from RMB6,753.6 million in 2023 to RMB5,618.9 million in 2024, primarily due to the decrease in the average selling price of our LFP cathode materials from RMB62,424 per ton in 2023 to RMB30,931 per ton in 2024 mainly attributable to (i) the decline in lithium carbonate market prices, and (ii) an increase in sales of LFP cathode materials with procurement of lithium carbonate and raw materials from customers which result in lower revenue recognized and lower average selling price. Despite the decrease in average selling price, sales volume of LFP cathode materials increased from 108,120 tons in 2023 to 178,287 tons in 2024.

Revenue from automotive specialty chemicals decreased by 0.9% from RMB1,903.2 million in 2023 to RMB1,886.8 million in 2024, primarily due to the increase in the sales volume of coolants mainly attributable to an increase in sales volume from 99,372 tons in 2023 to 108,332 tons in 2024, partially offset by the decrease in revenue from sales of diesel exhaust fluid, mainly attributable to a decrease in sales volume from 331,370 tons in 2023 to 323,959 tons in 2024 in the year.

Revenue from others increased from RMB72.6 million in 2023 to RMB101.4 million in 2024, primarily due to an increase in sales of iron phosphate by-product.

In 2024, our Group engaged in processing services of lithium carbonate and recognized processing income from lithium carbonate processing of RMB66.0 million.

Cost of Sales

Cost of sales of our Group decreased by approximately 20.3% from RMB8,787.0 million in 2023 to RMB7,002.4 million in 2024, primarily due to (i) the decrease in cost of raw materials, especially cost of lithium carbonate, as a result of the decline in the principal raw material prices in 2024 and (ii) the increase in the proportion of sales of LFP cathode materials with procurement of lithium carbonate and raw materials from customers from 6.5% of our total revenue in 2023 to 20.7% of our total revenue in 2024, cost of which was deducted directly upon recognition of such revenue.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Our Group recorded a gross profit of RMB670.7 million in 2024, representing a turnaround from a gross loss of RMB57.5 million in 2023. Such turnaround was primarily attributable to the gross profit margin of LFP cathode materials in 2024 as a result of the less volatile market prices of lithium carbonate in the year and the increased proportion of revenue from LFP cathode materials with procurement of lithium carbonate and raw materials from customers.

The gross profit of LFP cathode materials amounted to RMB134.9 million in 2024, representing a gross profit margin of 2.4%, as compared to a gross loss of RMB544.3 million and a gross loss margin of 8.1% in 2023 respectively. Such turnaround was primarily due to the decline in the price of major raw material, lithium carbonate, in 2024 as well as the increase in the proportion of sales of LFP cathode materials with procurement of lithium carbonate and raw materials from customers.

The gross profit of automotive specialty chemical business increased by 10.2% from RMB484.2 million in 2023 to RMB533.8 million in 2024. The gross profit margin of our automotive specialty chemical business increased by 2.9% from 25.4% in 2023 to 28.3% in 2024, primarily due to the decrease in raw material prices.

Our newly introduced lithium carbonate processing services recorded a profit margin of 11.4% in 2024.

Other Income, Gains and Losses

In 2024, the other income, gains and losses of our Group increased by 62.6% from RMB92.3 million in 2023 to RMB150.1 million in 2024, primarily attributable to (i) a decrease in loss from changes in fair value of other borrowings at FVTPL of RMB64.9 million mainly due to the change in the fair value of financial liabilities recognised for minority shareholders' repurchase rights and (ii) an increase in government grants of RMB57.9 million attributable to the increase in equipment and rent subsidies of our Pengxi Plant and (iii) gain from changes in fair value of derivatives of RMB32.8 million.

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

Our Group recorded reversal of impairment losses on financial assets of RMB29.6 million in 2024, as compared to an impairment loss on financial assets of RMB19.0 million in 2023, mainly due to a decrease in trade receivables.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 16.6% from RMB196.5 million in 2023 to RMB163.8 million in 2024, primarily attributable to the decrease in advertising and marketing expenses as a result of the reduction in billboard advertising for cost saving purpose.

Administrative Expenses

Administrative expenses of our Group decreased by 28.4% from RMB869.0 million in 2023 to RMB622.4 million in 2024, primarily attributable to a decrease in provision for impairment loss of inventories as the market price of lithium carbonate was less volatile in 2024.

Research and Development Expenses

Research and development expenses remained relatively stable at approximately RMB485.7 million in 2023 and RMB483.9 million in 2024.

Share of Results of Associate

Our share of results of associate represents the profits attributable to us from our equity interest in an associate. We recorded loss on share of results of associate of RMB23.6 million in 2023 and RMB28.7 million in 2024, primarily because the associate we invested incurred loss during both periods.

Finance Costs

Finance costs of our Group remained relatively stable at RMB261.4 million in 2023 and RMB258.7 million in 2024.

Listing Expenses

Listing expenses of our Group increased by 31.4% from RMB10.2 million in 2023 to RMB13.4 million in 2024, primarily attributable to the global offering of our Company.

Income Tax (Expense)/Credit

Our Group recorded income tax credit of RMB316.4 million in 2023 while it recorded income tax expense of RMB75.9 million in 2024, primarily attributable to (i) the significant decrease in loss before taxation by RMB1,110.1 million and (ii) the increase in tax effect of temporary difference not recognised of RMB186.1 million in 2024.

Loss for the Year

As a result of the foregoing, our Group recorded loss for the year of RMB796.4 million in 2024, as compared to a loss for the year RMB1,514.2 million in 2023.

Inventories

Our inventories primarily consist of raw materials, such as lithium carbonate, iron phosphate, base oil, ethylene glycol, urea and lubricant additives, work in progress and finished goods. Our inventories decreased by 13.6% from RMB1,610.2 million as of December 31, 2023 to RMB1,391.9 million as of December 31, 2024, primarily attributable to the decline in the lithium carbonate market prices in 2024.

Trade and Other Receivables

Our trade and other receivables, where other receivables are mainly value added tax recoverable, prepayments for purchases of non-current assets, prepayments to suppliers and prepayments for advertising and marketing expenses, decreased by 30.5% from RMB3,621.8 million as of December 31, 2023 to RMB2,515.9 million as of December 31, 2024, primarily due to the decreased average selling price of our LFP cathode materials and collections of trade receivables from customers.

Property, Plant and Equipment

Our property, plant and equipment consist of construction in progress, buildings, plant and machinery, motor vehicles, other equipment and leasehold improvement. Property, plant and equipment of our Group increased by 4.2% from RMB6,359.9 million as of December 31, 2023 to RMB6,623.9 million as of December 31, 2024, primarily due to the expansion and/or construction of our production facilities.

Goodwill

Our Group recorded goodwill of RMB289.8 million and RMB214.2 million as of December 31, 2023 and 2024, respectively. Such decrease was primarily due to the decrease in the carrying amount of Changzhou Liyuan CGU (as defined below).

For the years ended December 31, 2023 and 2024, our Group recognized provision for impairment loss of goodwill of RMB72.8 million and RMB75.7 million, respectively, as the respective recoverable amounts of certain subsidiaries acquired by our Group were estimated to be lower than their respective carrying amounts. For details, please refer to the announcement of our Company dated March 28, 2025. Goodwill is allocated to our Group's cash-generating units ("**CGUs**") as follows:

	As of December 31,	
	2024	2023
	RMB'000	***RMB'000***
Jiangsu Ruilifeng[1] and its subsidiaries ("**Jiangsu Ruilifeng CGU**") under sale of automotive chemical specialty business	**177,846**	177,846
Changzhou Liyuan and its subsidiaries ("**Changzhou Liyuan CGU**") under sale of LFP cathode material business	**36,327**	111,980
	214,173	289,826

Notes:

1. Jiangsu Ruilifeng New Energy Technology Co., Ltd. ("**Jiangsu Ruilifeng**") (江蘇瑞利豐新能源科技有限公司), a limited liability company established in the PRC on September 17, 2009 and a direct non-wholly owned subsidiary of our Company which is owned as to 70% by our Company.

Right-of-use assets

Our Group recorded right-of-use assets of RMB1,286.2 million and RMB1,200.4 million as of December 31, 2023 and 2024, respectively. Such decrease was primarily due to normal amortization charges.

Trade and Other Payables

Our trade and other payables, where other payables mainly consist of payroll, other tax payables, payables for equipment and constructions, etc., decreased by 33.6% from RMB2,902.8 million as of December 31, 2023 to RMB1,928.3 million as of December 31, 2024, primarily attributable to settlement of part of our bills payables.

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

The financial assets at FVTPL held by our Group mainly comprise of our investments in listed and unlisted equity, unlisted funds and wealth management products. The financial assets at FVTOCI/FVTPL amounted to RMB201.0 million and RMB646.8 million as of December 31, 2023 and December 31, 2024, respectively. Such increase was primarily attributable to the increase in fair value of our investments in three unlisted funds of RMB450.4 million which had been redeemed as of the date of this announcement. Our investment in wealth management products and invest in other types of financial assets is to maximize our capital utilization efficiency.

Contract Liabilities

As of December 31, 2023 and 2024, our contract liabilities were RMB21.9 million and RMB92.3 million, respectively. Such increase was primarily due to the increase in advance payments received for certain orders of our LFP cathode material products.

Capital Structure

The total assets of our Group decreased from RMB17,228.8 million as of December 31, 2023 to RMB15,809.0 million as of December 31, 2024. The total liabilities of our Group decreased from RMB13,047.8 million as of December 31, 2023 to RMB11,875.5 million as of December 31, 2024. Liabilities-to-assets ratio decreased slightly from 75.7% as of December 31, 2023 to 75.1% as of December 31, 2024. The current ratio of our Group, being current assets divided by current liabilities as of the respective date, decreased slightly from 0.87 times as of December 31, 2023 to 0.84 times as of December 31, 2024.

Liquidity and Capital Resources

Our Group adopts a prudent funding and treasury policy with a view to optimize its financial position. Our Group regularly monitors its funding requirements to support its business operations and perform ongoing liquidity review. Our primary uses of cash are to satisfy its working capital, capital expenditure and investment needs. For the Reporting Period, our Group financed its operations primarily through cash and cash equivalents, cash flows from operating activities, available bank loans and banking facilities, and net proceeds from the global offering of the H Shares, details of which were disclosed in the prospectus of our Company dated October 22, 2024 ("**Global Offering**"). Our Group mainly used Renminbi and U.S. Dollar to make borrowings and loans and to hold cash and cash equivalents. Cash and cash equivalents of our Group decreased by 15.2% from RMB2,958.6 million as of December 31, 2023 to RMB2,507.5 million as of December 31, 2024, primarily attributable to an increase in cash used in financing activities mainly resulted from repayments of bank borrowings. During the Reporting Period, our Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instruments to mange our liquidity and capital resources as of December 31, 2024.

To mitigate the price fluctuations of lithium carbonate, our Group has leveraged the lithium carbonate futures contracts traded on the Guangzhou Futures Exchange through our future hedging risk management working group ("**Working Group**"). The Working Group is responsible for applying and review the Futures and Derivatives Hedging Business Management System (期貨和衍生品套期保值業務管理制度) and the Internal Management Measures for Futures Hedging Operations (期貨套期保值業務內部控制管理辦法), managing and approving transactions accounts, monitoring risks, reporting to senior management of our Company and the Board of Directors for hedging activities.

Gearing ratio is calculated by total debt, comprising total bank and other borrowings and divided by total equity as of the same date and multiplied by 100%. The gearing ratio of our Group increased from 232.5% as of December 31, 2023 to 244.0% as of December 31, 2024, which was primarily due to the increase in other borrowings at fair value through profit or loss with reference to valuation carried out by an independent professional valuer.

Indebtedness

Bank and other borrowings

As of December 31, 2024, our Group had interest-bearing bank and other borrowings of RMB8,842.2 million, representing a decrease of 0.9% as compared to RMB8,926.7 million as of December 31, 2023. All of the borrowings of our Group are denominated in Renminbi. The following table sets forth the maturity structure of the bank and other borrowings of our Group as of December 31, 2023 and December 31, 2024:

	As of December 31, 2024			As of December 31, 2023		
	RMB'000			*RMB'000*		
	Fixed-rate bank borrowings	**Endorse bills**	**Other Borrowings**	Fixed-rate bank borrowings	Endorse bills	Other Borrowings
Within 1 year	**4,908,839**	**658,249**	**878,019**	5,835,976	570,000	—
1 to 2 years	**479,934**	**—**	**—**	459,733	—	—
2 to 5 years	**1,917,179**	**—**	**—**	1,609,736	—	451,250

As of December 31, 2024, banking facilities of our Group totaling RMB9,625.0 million (as of December 31, 2023: RMB10,522.7 million) were utilized to the extent of RMB7,306.0 million (as of December 31, 2023: RMB7,905.4 million).

As of December 31, 2023 and 2024, our other borrowings amounted to RMB451.3 million and RMB878.0 million, respectively. Other borrowings derived from the repurchase rights granted to certain new investors of Changzhou Liyuan in connection with its capital increases in October 2021, February 2024 and May 2024.

Lease liabilities

Our lease liabilities amounted to RMB1,090.2 million and RMB828.7 million as of December 31, 2023 and 2024, respectively. Such decrease was primarily due to the decrease in right-of-use assets of a subsidiary as we purchased the relevant leased property.

Capital Expenditures

Our capital expenditures are primarily cash used to purchase property, plant and equipment and other intangible assets. Our capital expenditures decreased by 78.7% from RMB3,209.9 million in 2023 to RMB684.6 million in 2024, primarily due to the decrease in purchase of property, plant and equipment at our overseas construction in progress sites according to our business needs. Our Group finances its capital expenditures through cash generated from operations, bank loans and the net proceeds from the Global Offering.

Foreign Exchange Risk and Hedging

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

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

Employee and Remuneration

As of December 31, 2024, our Group had 4,150 employees, as compared with 4,354 employees as of December 31, 2023. Total staff costs (including directors', chief executives', and supervisors' of our Company ("**Supervisors**")), including but not limited to wages, salaries and bonuses, retirement benefit expense, social security costs, housing benefits and other employee benefits, were RMB655.6 million in 2024, representing an increase of 23.6% from RMB530.6 million in 2023. Such increase was primarily due to the pay rises as a result of our business expansion.

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

Contingent liabilities

As of December 31, 2024, our Group did not have any material contingent liabilities, guarantees any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Pledge of Assets

As of December 31, 2024, the property, plant and equipment and right-of-use assets of our Group with carrying amounts of RMB756.1 million and RMB83.0 million (as of December 31, 2023: RMB581.9 million and RMB59.5 million) respectively were pledged as collateral for our borrowings. As of December 31, 2024, the bank deposits of our Group in the amount of RMB257.2 million (as of December 31, 2023: RMB350.7 million) were pledged as security for bill payable.

As of December 31, 2024, the trade and other receivables of our Group in the amount of RMB9.1 million (as of December 31, 2023: RMB140.5 million) were pledged as security for bill payable.

Save as disclosed above, our Group had no other pledged assets as of December 31, 2024.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

Our Company, PT LBM Energi Baru Indonesia (an indirect non-wholly owned subsidiary of our Company) ("**PT LBM**"), Changzhou Liyuan New Energy Technology Co., Ltd., (常州鋰源新能源科技有限公司) (a direct non-wholly owned subsidiary of our Company) ("**Existing Shareholder**"), and PT Akasya Investasi Indonesia ("**INA**") and Aisis Alliance L.P. ("**Aisis**", together with INA, the "**Investors**") entered into a subscription agreement on December 20, 2024, pursuant to which the Investors have conditionally agreed to subscribe for, and the PT LBM has conditionally agreed to allot and issue to the Investors, 5,310,959 shares in PT LBM at the total subscription price of USD200,000,000 ("**PT LBM Deemed Disposal**"). Following completion of the PT LBM Deemed Disposal, PT LBM was owned as to 54.7% by the Existing Shareholder, 34.0% by INA and 11.3% by Aisis. Further details are set out in the announcements of our Company dated December 20, 2024 and February 10, 2025, as well as circular of our Company dated January 8, 2025.

Other than the PT LBM Deemed Disposal, there was no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures by our Group during the Reporting Period. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of our Company dated October 22, 2024 ("**Prospectus**"), there were no specific plan authorized by the Board for other material investments or acquisition of capital assets as of the date of this announcement. However, our Group will continue to identify new opportunities for business development.

USE OF PROCEEDS

Our Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on October 30, 2024 (the "**Listing Date**"). The net proceeds from the Global Offering amounted to approximately HKD495.0 million. Our Company intends to use the net proceeds in the same matter and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The below table sets out the proposed and actual applications of the net proceeds from the Listing Date to December 31, 2024:

Intended use of net proceeds	**Percentage of intended use of net proceeds** *(%)*	**Net proceeds from the Global Offering** *(In HKD millions)*	**Amount utilized as of December 31, 2024** *(In HKD millions)*	**Amount unutilised as of December 31, 2024** *(In HKD millions)*	**Expected timeline of full utilization of the net proceeds**
Payment for partial expenses for phase II of the Indonesia Plant	**40.0**	**198.0**	—	**198.0**	
Construction expenses of the Plant	20.0	99.0	—	**99.0**	**By the end of 2025**
Purchase and installation of major production machineries and equipment	20.0	99.0	—	**99.0**	**By the end of 2025**
New LMFP production lines at Xiangyang Plant in Hubei Province	**40.0**	**198.0**	—	**198.0**	**By the end of 2025**
Repay certain interest-bearing bank borrowings	**10.0**	**49.5**	—	**49.5**	—[1]
Repay borrowings from Bank of Nanjing (南京銀行)	6.6	32.7	—	**32.7**	—[1]
Repay borrowings from Agricultural Bank of China (中國農業銀行)	3.4	16.8	—	**16.8**	—[1]
Working capital and other general corporate purposes	**10.0**	**49.5**	—	**49.5**	**By the end of 2025**
Total	**100.0**	**495.0**	—	**495.0**	

Notes:

(1) As of the date of this announcement, the intended use of net proceeds for the repayment of banking borrowings from both Bank of Nanjing and Agricultural Bank of China have been fully utilized.

The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions. Further announcement(s) and/or disclosure in our annual report(s) in respect of change in timeline, if any, will be made by our Company in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as and when appropriate to update its shareholders and potential investors.

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

During the Reporting Period, except for the Global Offering, neither our Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of our Company.

As of December 31, 2024 and up to the date of this announcement, our Company did not hold any H shares of our Company as treasury shares (as defined in the Listing Rules).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Completion of Shandong Meiduo Acquisition

As disclosed in the Prospectus, our Company entered into Shandong Meiduo Original Agreement and the Shandong Meiduo Supplemental Agreement with and among Lopal International and Shandong Meiduo, pursuant to which, our Company conditionally agreed to acquire 100% equity interest in Shandong Meiduo from Lopal International at an aggregate consideration of RMB100,539,200 ("**Shandong Meiduo Acquisition**"). As disclosed in the announcement dated January 22, 2025, completion of the Shandong Meiduo Acquisition took place on January 21, 2025. Further details are set out in the Prospectus and announcement of our Company dated October 22, 2024 and January 22, 2025, respectively.

Investment from LG Energy Solution, Ltd., ("LG")

On February 21, 2025 (after trading hours), LBM New Energy (AP) Pte. Ltd. ("**LBM**", an indirect non-wholly owned subsidiary of our Company), PT LBM Energi Baru Indonesia ("**PT LBM**") and LG entered into the subscription agreement and the shareholders agreement, and our Company, Changzhou Liyuan, LBM, PT LBM and LG entered into the side letter agreement. Pursuant to the said subscription agreement, PT LBM conditionally agreed to issue to LG, and LG agreed to subscribe for, a total of 255,930.64 newly issued shares in PT LBM for an aggregate subscription price of USD15,970,911.12, which upon issuance will collectively represent 20% of the issued and outstanding share capital of PT LBM on a fully diluted basis. As of the date of this announcement, the subscription has not been completed. Further details are set out in the announcement and circular of our Company dated February 21, 2025 and March 27, 2025, respectively.

Save as disclosed above, disclosed in note 13 to the consolidated statement of financial position, and the PT LBM Deemed Disposal as disclosed in this announcement, our Group has no other material subsequent events since the end of the Reporting Period up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as our code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors and Supervisors, all the Directors and Supervisors confirmed that they have strictly complied with the Model Code from the Listing Date to the date of this announcement.

The Board has also established written guidelines on terms no less exacting than the Model Code (the "**Guidelines**") for securities transactions by relevant employees who are likely to be in possession of unpublished inside information of our Company in respect of securities in our Company as referred to code provision C.1.3 of the CG Code. No incident of non-compliance with the Guidelines by our relevant employees has been noted from the Listing Date to the date of this announcement after making reasonable enquiry.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended December 31, 2024.

AUDIT COMMITTEE

As of the date of this announcement, the audit committee of our Company (the "**Audit Committee**") comprising three independent non-executive Directors, namely Ms. Geng Chengxuan (chairlady of the Audit Committee), Mr. Ye Xin and Mr. Hong Kam Le. The Audit Committee has reviewed the audited annual results for the Reporting Period of our Company. The Audit Committee, our management have also reviewed the accounting principles and practices adopted by our Group and discussed matters in relation to risk management, internal control and financial reporting.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of our consolidated statements of comprehensive income, consolidated statement of financial position and the related notes thereto for the Reporting Period as set out in this preliminary announcement have been agreed by our auditor, Moore CPA Limited, to the amounts set out in our audited consolidated financial statements for the year ended December 31, 2024. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and our Company (https://www.lopal.cn). The annual report of our Company for the Reporting Period containing all the information required by the Listing Rules will be sent to the Shareholders (upon request) and made available for review on the same websites in due course.

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

Nanjing, PRC
March 28, 2025

As at the date of this announcement, the Board 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.