THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jiangsu Lopal Tech. Group Co., Ltd.** (the "**Company**"), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Jiangsu Lopal Tech. Group Co., Ltd.
江蘇龍蟠科技集團股份有限公司

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

(Stock Code: 2465)

(1) MAJOR TRANSACTION IN RELATION TO PUT OPTION; (2) PASSIVE FORMATION OF FINANCIAL ASSISTANCE ARISING FROM THE DISPOSAL; (3) RESOLUTION ON THE EXTERNAL INVESTMENT BY A CONTROLLED SECOND-TIER SUBSIDIARY FOR THE CONSTRUCTION OF A NEW PROJECT AND THE CUMULATIVE EXTERNAL INVESTMENTS; (4) RESOLUTION ON SETTLEMENT OF CERTAIN FUNDRAISING INVESTMENT PROJECTS AND USE OF SURPLUS PROCEEDS FOR INVESTMENT IN CONSTRUCTION OF NEW PROJECT; AND (5) NOTICE OF 2026 SIXTH EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 7 to 45 of this circular.

A notice convening the 2026 sixth extraordinary general meeting (the "**EGM**") to be held at 2nd Floor, Large Conference Room, No. 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province, PRC on Monday, November 23, 2026 at 2 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the EGM, you are advised to complete and return the enclosed proxy form in respect of the EGM in accordance with the instructions printed thereon as soon as possible and in any event, not less than 24 hours prior to the commencement of such meeting or any adjournments thereof, (i.e., not later than on Sunday, November 22, 2026 at 2 p.m. (Hong Kong time)). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

November 3, 2026

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Notice of 2026 Sixth Extraordinary General Meeting EGM-1

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"A Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are listed on the Shanghai Stock Exchange and traded in RMB
"A Shareholder(s)"	holder(s) of the A Share(s)
"Affiliate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Board"	the board of Directors of the Company
"Business Day(s)"	a day other than a Saturday, Sunday or public holiday on which commercial banks are open for general business in Jakarta, Indonesia and Singapore
"Changzhou Liyuan"	Changzhou Liyuan New Energy Technology Group Co., Ltd. (常州鋰源新能源科技集團有限公司) (formerly known as Changzhou Liyuan New Energy Technology Co., Ltd. (常州鋰源新能源科技有限公司)), a limited liability company established in the PRC on May 12, 2021 and a direct non-wholly owned subsidiary of the Company which is owned as to approximately 68.69% by the Company as of the Latest Practicable Date
"Commencement Date"	the date of Completion
"Company"	Jiangsu Lopal Tech. Group Co., Ltd. (江蘇龍蟠科技集團股份有限公司), a joint stock company incorporated in the PRC with limited liability whose A Shares are listed on the Shanghai Stock Exchange (stock code: 603906) and H Shares are listed on the Hong Kong Stock Exchange (stock code: 2465)
"Completion"	completion of the sale and purchase of the Target Shares in accordance with the terms of the Share Purchase Agreement
"Completion Date"	the date on which Completion occurs
"Conditions"	the conditions precedent as set out in the Share Purchase Agreement
"connected person"	has the meaning ascribed to it under the Hong Kong Listing Rules

"Controlling Shareholders"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the sale and purchase of the Target Shares by LBM AP as Seller to Kinetiq as Buyer pursuant to the Share Purchase Agreement
"EGM"	the 2026 sixth extraordinary general meeting of the Company to be convened on Monday, November 23, 2026 to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transactions contemplated thereunder
"Event of Default"	any event designated as an event of default under any financing agreement or other financing document to which the Target Company is a party or by which it is bound, which is continuing after the expiry of any applicable grace or remedy period
"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Financial Adviser"	Ignite Capital (Asia Pacific) Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Independent Third Party(ies)"	third parties independent of and not connected (as defined under the Hong Kong Listing Rules) with the Company and its connected person(s)

"Indonesia Phase 1 Plant"	the initial phase of the business of the Target Company, which shall consist of (i) the construction, operation and maintenance of a manufacturing facility for the process improvement and production of the Products, (ii) the materials development and procurement, sale, distribution and otherwise commercialization of the Products, (iii) any other activities and businesses as mutually agreed between the shareholders of the Target Company and (iv) other activities related and/or ancillary to the foregoing
"Indonesia Phase 2 Plant"	the second phase of the business of the Target Company, which is the additional manufacturing facility to manufacture the Products in Indonesia with 90,000 tons of LFP cathode production capacity
"Kinetiq" or "Buyer"	Kinetiq Capital (SG) Pte. Ltd., a private company limited by shares incorporated in Singapore
"Latest Practicable Date"	November 3, 2026, being the latest practicable date prior to the despatch of this circular for ascertaining certain information referred to in this circular
"LBM AP" or "Seller"	LBM New Energy (AP) Pte. Ltd. (formerly known as Lopal Tech Singapore Pte. Ltd.), a private company limited by shares incorporated in Singapore on September 28, 2018, a direct non-wholly owned subsidiary of Changzhou Liyuan and an indirect non-wholly owned subsidiary of the Company
"LBM AP Subscription"	The subscription of the share capital of LBM AP by PT Akasya Investasi Indonesia and Aisis Alliance L.P. at the subscription price of US$150,000,000 and US$50,000,000 respectively, details of which are disclosed in the announcements of the Company dated December 20, 2024 and February 10, 2025 and the circular of the Company dated January 8, 2025
"LBM SG"	LBM New Energy Singapore Pte. Ltd., a private company limited by shares incorporated in Singapore on February 8, 2023, an indirect non-wholly owned subsidiary of the Company which is wholly-owned by LBM AP
"LFP"	lithium iron phosphate ($LiFePO_4$)
"Long-Stop Date"	the date falling forty-five (45) days after the date of the Share Purchase Agreement, as may be extended in accordance with the terms of the Share Purchase Agreement

"Material Adverse Change"	any event, circumstance or change occurring after the date of the Share Purchase Agreement which has a material adverse effect on: (a) the business, operations or financial conditions of the Target Company and its subsidiaries, taken as a whole; (b) the ability of the Target Company or LBM AP to perform its obligations under any of the Transaction Documents; or (c) the validity or enforceability of the Transaction Documents or the rights or remedies of Kinetiq
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers of the Hong Kong Listing Rules
"NEV"	new energy vehicle
"Non-PFE Status"	the status of a person as not being a prohibited foreign entity under applicable United States federal tax laws, regulations or official guidance, or under any future United States federal tax law, regulation or official guidance that replaces or succeeds the foregoing
"Performance Guarantee"	the performance guarantee letter or equivalent instrument to be provided by LBM AP in favour of Kinetiq under the Shareholders' Agreement in the amount of US$36,000,000, securing LBM AP's obligation to pay the Put Price following valid exercise of the Put Option
"PRC"	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Products"	cathode active materials for use in electric vehicle batteries, energy storage systems, and other lithium battery products
"Put Completion"	completion of the transfer of the Put Shares in accordance with the Shareholders' Agreement
"Put Completion Date"	the thirtieth (30th) Business Day after the date of receipt or deemed date of receipt by LBM AP of a valid Put Exercise Notice, or such other date as LBM AP and Kinetiq agree in writing
"Put Exercise Notice"	a notice substantially in the form set out in the Shareholders' Agreement
"Put Option"	the option granted to Kinetiq under the Shareholders' Agreement to require LBM AP to purchase all, but not part only, of the Put Shares at the Put Price upon the occurrence of a Put Exercise Condition

"Put Option Expiry Date"	the date falling twenty three (23) months after the date of Completion, subject to an extension for a further twenty four (24) months with the written consent of Kinetiq and LBM AP
"Put Option Period"	the period beginning on the date of Completion and expiring on the Put Option Expiry Date
"Put Price"	an amount equal to 76% of the net asset value of the Target Company as of the Put Completion Date, provided that the Put Price shall in no event be less than US$36,000,000
"Put Shares"	all, but not part only, of the Target Shares held by Kinetiq and any Subsequent Shareholder when the Put Option is exercised
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Law"	the Securities Law of the People's Republic of China, as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong Liyuan"	Shandong Liyuan Technology Co., Ltd.* (山東鋰源科技有限公司), a limited liability company established in the PRC on September 10, 2021 and a direct wholly owned subsidiary of Changzhou Liyuan as of the Latest Practicable Date
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of RMB1.00 each
"Share Purchase Agreement"	the share purchase agreement dated October 22, 2026 entered into between LBM AP as seller and Kinetiq as buyer in relation to the sale and purchase of 76% of all the issued shares in the share capital of the Target Company
"Share Transfer Deed"	the notarial deed of share transfer to be executed by LBM AP and Kinetiq before an Indonesian notary in order to effect the transfer of the Target Shares
"Shareholder(s)"	the holder(s) of the Share(s)

"Shareholders' Agreement"	the shareholders' agreement dated October 22, 2026 entered into among LBM AP, LBM SG, Kinetiq and the Target Company in connection with the Share Purchase Agreement and relating to the governance of the Target Company and the rights and obligations of its shareholders, which takes effect on and from the Completion Date
"Subsequent Shareholder"	any person, other than LBM AP or its designated entity or individual, which acquires any Target Share in accordance with the Shareholders' Agreement and executes a deed of adherence substantially in the form set out in the Shareholders' Agreement
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Target Company"	PT LBM Energi Baru, a foreign investment company established under the laws of the Republic of Indonesia in February 2025, an indirect non-wholly owned subsidiary of the Company which is owned as to 99.99% by LBM AP as of the Latest Practicable Date
"Target Shares"	the shares in the capital of the Target Company representing 76% of all the issued shares in the share capital of the Target Company immediately before Completion
"Transaction Documents"	collectively, the Share Purchase Agreement, the Shareholders' Agreement, the Share Transfer Deed and any other document designated as a transaction document by the parties thereto
"United States"	the United States of America
"US$"	United States dollars, the lawful currency of the United States of America
"Valuation Report"	the valuation report prepared by the Valuer, the summary of which is set out in Appendix I to this circular
"Valuer"	Beijing Jinkai Zhongtian Asset Valuation Co., Ltd. (北京金開中天資產評估有限公司), an independent professional valuer which complies with the requirements of Securities Law
"%"	per cent

* *The Chinese name(s) of the PRC entities have been translated into English in this circular for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*

Jiangsu Lopal Tech. Group Co., Ltd.
江蘇龍蟠科技集團股份有限公司

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

(Stock Code: 2465)

Executive Directors:
Shi Junfeng
Lu Zhenya
Qin Jian
Shen Zhiyong
Zhang Yi

Non-executive Director:
Zhu Xianglan

Independent Non-executive Directors:
Geng Chengxuan
Hong Kam Le
Zhang Jinlong
Lu Jian

Registered Office:
No. 6 Hengtong Avenue
Nanjing Economic and Technological
Development Zone
PRC

Principal Place of Business in Hong Kong:
46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

November 3, 2026

To the Shareholders

Dear Sir/Madam,

(1) MAJOR TRANSACTION IN RELATION TO PUT OPTION;
(2) PASSIVE FORMATION OF FINANCIAL ASSISTANCE ARISING FROM THE DISPOSAL;
(3) RESOLUTION ON THE EXTERNAL INVESTMENT BY A CONTROLLED SECOND-TIER SUBSIDIARY FOR THE CONSTRUCTION OF A NEW PROJECT AND THE CUMULATIVE EXTERNAL INVESTMENTS;
(4) RESOLUTION ON SETTLEMENT OF CERTAIN FUNDRAISING INVESTMENT PROJECTS AND USE OF SURPLUS PROCEEDS FOR INVESTMENT IN CONSTRUCTION OF NEW PROJECT;
AND
(5) NOTICE OF 2026 SIXTH EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated October 22, 2026 in respect of, among others, the Share Purchase Agreement and the Shareholders' Agreement.

The purpose of the circular is to provide you with the relevant information for making informed decisions in respect of the resolution at the EGM in respect of, among other things, (i) the Transaction Documents and the transactions contemplated thereunder; (ii) the passive formation of financial assistance arising from the Disposal; (iii) the external investment by a controlled second-tier subsidiary for the construction of a new project and the cumulative external investments; (iv) the settlement of certain fundraising investment projects and the use of surplus proceeds for investment in the construction of a new project; and (v) the notice of the 2026 sixth extraordinary general meeting.

II. SHARE PURCHASE AGREEMENT

(i) Principal Terms of Share Purchase Agreement

On October 22, 2026, LBM AP (an indirect non-wholly owned subsidiary of the Company) as Seller, and Kinetiq as Buyer, entered into the Share Purchase Agreement in relation to the Disposal. The principal terms of the Share Purchase Agreement are set out below:

Date	October 22, 2026
Parties	(1) LBM AP (a non-wholly owned subsidiary of the Group), as seller; and (2) Kinetiq, as buyer. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer and its ultimate beneficial owner(s) are Independent Third Parties as of the Latest Practicable Date.
Subject matter	Pursuant to the Share Purchase Agreement, the Seller has agreed to sell, and the Buyer has agreed to purchase, the Target Shares, representing 76% of all the issued shares in the share capital of the Target Company immediately before Completion, for an aggregate consideration of US$31.92 million.
Payment	Prior to the execution of the Share Transfer Deed, the Buyer shall pay the consideration for the Target Shares of US$31.92 million in cash. The Seller shall bear all bank charges and transfer costs relating to such payment.

Completion	Completion is conditional on the Conditions being satisfied or validly waived before the Long-Stop Date, being the date falling forty-five (45) days after the date of the Share Purchase Agreement, subject to extension of up to fifteen (15) Business Days by either the Seller or the Buyer in certain circumstances or such later date as the Seller and Buyer may agree in writing. Completion shall take place on the third (3rd) Business Day after the Conditions have been satisfied or waived, or such other date as the parties may agree in writing, in Indonesia.

(ii) Conditions Precedent

Completion is conditional on the Conditions being satisfied or validly waived before the Long-Stop Date. The Conditions are summarised below:

(1) no applicable law, court order or binding direction of a governmental authority prohibits Completion;

(2) any consent required from the working capital facility lenders for the transfer of the Target Shares and the resulting change in the Target Company's ownership has been obtained in writing and remains effective;

(3) any Indonesian investment, competition or other regulatory approval (if required) that must legally be obtained before Completion has been obtained and remains effective;

(4) the Buyer has delivered evidence reasonably satisfactory to the Seller that sufficient immediately available funds will be available at Completion to pay the consideration for the Disposal in full;

(5) the Buyer has obtained all corporate and shareholder approvals required from it for the Transaction Documents, the acquisition of the Target Shares and the Completion payments;

(6) the warranties given by the Buyer under the Share Purchase Agreement are true and accurate in all material respects and not misleading as of the date of the Share Purchase Agreement and as of the Completion Date;

(7) the Seller has obtained all corporate approvals (including any required board and shareholder approvals) required for entry into the Share Purchase Agreement and the sale of the Target Shares;

(8) the Seller has delivered the disclosure letter in a form that is reasonably acceptable to the Buyer;

(9) all approvals and waivers required under the articles of association of the Target Company for the transfer of the Target Shares have been obtained in writing and remain effective;

(10) no Material Adverse Change has occurred between the date of the Share Purchase Agreement and Completion;

(11) the warranties given by the Seller under the Share Purchase Agreement are true, accurate in all material respects and not misleading as of the date of the Share Purchase Agreement and as of the Completion Date;

(12) the Seller has complied with, and procured that the Target Company has complied with, in all material respects, the undertakings stipulated in the Share Purchase Agreement in relation to the conduct of the Target Company's business before Completion; and

(13) the Seller has procured, at least thirty (30) days prior to Completion, that the Target Company has published a newspaper announcement and has notified its employees in relation to the transfer of the Target Shares in accordance with Article 127 of the Indonesian Companies Law.

The Conditions set out in paragraph (2) above may be waived only by the written agreement of LBM AP and Kinetiq. The Conditions set out in paragraphs (4) to (6) above may be waived by the Seller. The Conditions set out in paragraphs (8) to (12) above may be waived by the Buyer. Conditions set out in paragraphs (1), (3), (7) and (13), each being a Condition required by applicable law, may not be waived.

Each Party shall use reasonable endeavours to satisfy the Conditions for which it is responsible. Each Party shall promptly notify the other when a Condition for which it is responsible has been satisfied or cannot be satisfied before the Long-Stop Date. Neither Party may rely on the non-satisfaction of a Condition caused by its breach of the Share Purchase Agreement. As of the Latest Practicable Date, none of the Conditions has been fulfilled.

(iii) Shareholding Structure of the Target Company

Shareholding structure of the Target Company (i) as of the Latest Practicable Date and up to immediately prior to Completion and (ii) immediately after Completion is set out below (assuming no other changes to the issued shares of the Target Company as of the Latest Practicable Date and up to immediately prior to Completion):

	As of the Latest Practicable Date and up to immediately before the Completion		Immediately after the Completion	
Shareholders	**Number of shares in the Target Company**	**Approximately shareholding percentage (%)**	**Number of shares in the Target Company**	**Approximately shareholding percentage (%)**
LBM AP	1,019,900	99.99	244,700	23.99
LBM SG	100	0.01	100	0.01
Buyer	—	—	775,200	76.00
Total	1,020,000	100.00	1,020,000	100.00

Note: Any discrepancies between totals and sums of the percentage figures of individual shareholders listed hereinabove are due to rounding adjustments.

Upon Completion, the Buyer will hold 76% of the issued shares in the Target Company and the Group will, through the Seller and LBM SG, hold 24% of the issued shares in the Target Company. The Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Company.

(iv) Basis for Determination of the Consideration for the Disposal

The consideration for the Disposal was determined after arm's length negotiations between the Seller and the Buyer with reference to the appraised value of the total shareholders' equity of the Target Company of RMB285,940,300 under the asset-based approach as of June 30, 2026 pursuant to the valuation of the Target Company carried out by the Valuer.

In the Valuation Report, the Valuer adopted both the asset-based approach and the income approach in the valuation of the Target Company. The final valuation conclusion was based on the asset-based approach.

Given the use of the income approach, the valuation constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a

waiver from strict compliance with the requirements under Rules 14.60A, 14.66(2) and paragraph 29(2) of Appendix D1B of the Hong Kong Listing Rules, on the following grounds:

(a) the income approach is adopted as an additional valuation approach for comparison purpose in compliance with the applicable regulations in the PRC, and is not a material factor to be taken into account by the Company and the Seller in determining the consideration for the Disposal. The consideration for the Disposal was determined with reference to the appraised asset-based value of the Target Company in the Valuation Report, and as the valuation is concluded based on the asset-based approach, the income approach is irrelevant in such determination of the consideration for the Disposal;

(b) the assumptions of the profit forecast should be provided by the Valuer in the valuation. Neither the Company nor the Target Company was involved in the valuation process or the preparation of the Valuation Report, including the estimation of the appraised value, the making of any assumptions in the Valuation Report or the profit forecast included therein, save for providing the historical financial information of the Target Company and other factual information requested by the Valuer. The Directors would determine the consideration for the Disposal based on the result of the valuation instead of the financial information of the Target Company directly. Meanwhile, the decision to select, apply and conclude on a particular valuation approach was made solely by the Valuer;

(c) the reason for adopting an additional valuation approach, in this instance the income approach, is only to comply with the PRC laws and regulations rather than pursuant to the Hong Kong Listing Rules, and the PRC laws and regulations have stringent controls on the fairness of the valuation process; and

(d) the summary of the Valuation Report as set out in Appendix I to this circular contains a clear and express statement addressing that the appraisal value is concluded based on the asset-based approach, such that there will be no confusion for the Shareholders. Accordingly, it would be an excessive burden for the Company to comply with the profit forecast requirement and the additional disclosures under the profit forecast requirement, and it would also not be appropriate for the Shareholders' consideration of the same.

The consideration for the Disposal is US$31.92 million (equivalent to approximately RMB217,403,928 at an exchange rate of US$1 = RMB6.8109 as of June 30, 2026). The net book value of the Target Shares as of June 30, 2026 is approximately RMB210,864,503.08, being 76% of the total shareholders' equity of the Target Company of RMB277,453,293.53 as of June 30, 2026. Accordingly, the consideration for the Disposal represents an excess of approximately RMB6,539,425 over the net book value of the Target Shares, representing a premium of approximately 3.10% over such net book value.

(v) Basis of Using the Asset-Based Approach and the Income Approach

Asset-Based Approach

According to the Valuer, the asset-based approach refers to a valuation method that, based on the balance sheet of the entity being valued as of the valuation date, reasonably estimates the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities to determine the value of the subject of valuation. In light of the circumstances of this valuation, the entity's financial statements have been audited and are available; furthermore, the information required for the asset-based approach can be obtained from external sources, and it is possible to carry out verification and valuation of the entity's assets and liabilities. Therefore, the asset-based approach is applicable to this valuation.

Income Approach

According to the Valuer, the income approach is founded on the economic theory of expected utility, namely that, from an investor's perspective, the value of an enterprise lies in the expected future income it is capable of generating. Although the income approach does not directly utilise comparable transactions in the actual market to illustrate the subject's current fair market value, it evaluates the asset from the perspective of its expected earning capacity, which is the fundamental basis for determining an asset's current fair market value. As the enterprise possesses independent profitability and the management of the entity under valuation has provided profit forecasts for future years, it is possible to reasonably estimate the enterprise's future profit levels based on historical operating data and the internal and external operating environment. Furthermore, the risks associated with future returns can be reasonably quantified, and the valuation data obtained is relatively comprehensive. Therefore, the basic conditions for applying the income approach are met.

Conclusion

Valuation using the asset-based approach takes the replacement cost of assets as the valuation standard, reflecting the socially necessary labour expended on asset inputs (acquisition and construction costs). Valuation using the income approach takes the expected returns on assets as the valuation standard, reflecting the extent of the assets' output capacity (profit-generating capacity). The income approach is significantly influenced by the enterprise's future profitability, asset quality, operational capabilities and business risks, whilst the future profitability of the entity being valued may be subject to considerable uncertainty. By comparison, the conclusions drawn from income approach valuations are characterised by a higher degree of uncertainty. The asset-based approach reflects the fair market value of assets from the perspective of replacement cost. In light of the circumstances of this valuation, the subject entity has provided detailed information regarding its assets and liabilities, and the necessary data required for the asset-based approach has also been obtained from external

sources. This valuation involves a comprehensive inventory and valuation of the subject entity's assets and liabilities; consequently, the valuation results derived from the asset-based approach are, relatively speaking, more reliable. Taking into account the subject of this valuation, the valuation purpose and the applicable valuation approach, and following a comparative analysis, the asset-based approach is selected as it more accurately reflects the Target Company's intrinsic value and provides a more reasonable basis for the valuation purpose. Consequently, the valuation results derived from the asset-based approach are adopted as the final valuation conclusion.

For further details, please refer to the summary of the valuation report as set out in Appendix I to this circular.

Directors' View

The Directors have assessed the qualifications and experience of the Valuer; and have learned that the Valuer, with more than 15 years of experience in conducting valuation and appraisal exercises, is one of the appraisal institutions approved by the National State-owned Assets Management Bureau and the CSRC to possess the relevant qualifications in the PRC to practice asset appraisals for securities-related businesses. The Directors consider that the Valuer is qualified, experienced and competent in performing the valuation of the entire equity interest of the Target Company.

Furthermore, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Directors are not aware of any relationships or interests between the Valuer and any members of the Group, or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to the independence of the Valuer. Save for the normal professional fees payable to the Valuer in connection with the valuation of the Target Company's total equity interest, no arrangement exists under which the Valuer would receive any fees or benefits from any members of the Group, or any of their respective substantial shareholders, directors or chief executives, or of their respective associates. The Directors are not aware of the existence of or change in any circumstances which would affect the Valuer's independence. The Valuer has confirmed to the Company of its independence. Accordingly, the Directors consider that the Valuer is eligible to independently perform the valuation of the Target Company's total equity interest.

In reviewing the valuation methodologies, key assumptions, inputs and parameters adopted by the Valuer, the Directors (i) reviewed the valuation methods and enquired with the Valuer and the Target Company's management as to the reasons for adopting the asset-based approach as the final valuation conclusion, using the income approach solely for comparison and not adopting the market approach; (ii) reviewed the general and special assumptions in the valuation report, discussed them with the Valuer and the Target Company's

management, and compared them with the Target Company's business plan, construction progress, asset status and historical financial information; (iii) checked the book values of total assets, liabilities and net assets and the appraised values and appreciation rates of major asset items against the Target Company's audited financial statements as of June 30, 2026; and (iv) reviewed the income approach model and key parameters described in the valuation report, including the forecast period, enterprise free cash flow, discount rate/weighted average cost of capital and perpetual growth rate, and enquired into the basis and source of such parameters.

In forming their view that the asset-based approach is more appropriate than the income approach for the purpose of determining the consideration for the Disposal, the Directors have considered the valuation purpose, the selection of valuation methods and the relevant analysis set out in the Valuation Report, and are of the view that:

(i) the valuation was conducted to provide a value reference for the proposed equity transfer by LBM AP, with the total shareholders' equity of the Target Company as the subject of valuation and market value as the type of value; the financial statements of the Target Company have been audited and are available, the information required for the asset-based approach can be collected externally, and the assets and liabilities of the Target Company can be comprehensively verified and valued;

(ii) the income approach is significantly affected by the Target Company's future profitability, asset quality, operating capability and operating risks, and is subject to greater uncertainty in the income period, income forecast, income risk and risk reward due to international policy, industry, market and company-specific factors, while the market approach was not adopted because the relevant region lacks a fully developed and active capital market and comparable listed companies; and

(iii) given that the valuation is principally for the purpose of providing a reference for the pricing of an equity transaction and that the future profitability on which the income approach relies is subject to greater uncertainty, the Directors concur with the Valuer's selection of the asset-based approach valuation result as the final valuation conclusion.

Based on the above and having considered (i) that the valuation report is prepared by a qualified professional independent Valuer and in accordance with the relevant standards and legal and regulatory requirements in the PRC; and (ii) that the Valuer has reviewed relevant financial information, operational information and other data relevant to the valuation of the Target Company's total equity interest in the valuation report and thereafter performed the valuation in accordance with the relevant standards and legal and regulatory requirements

in the PRC, the Directors consider that (a) the valuation results in the valuation report are fair and reasonable and appropriately reflect the value of the total equity interest in the Target Company and (b) the Disposal, including the consideration which is determined upon having made reference to the valuation results, is fair and reasonable, on ordinary commercial terms and in the interests of the Company and the Shareholders as a whole.

III. SHAREHOLDERS' AGREEMENT

(i) Principal Terms of Shareholders' Agreement

In connection with the Share Purchase Agreement, on October 22, 2026, LBM AP, LBM SG, Kinetiq and the Target Company have entered into the Shareholders' Agreement, which will take effect on and from the Completion Date. The principal terms of the Shareholders' Agreement are set out below:

Date	October 22, 2026
Parties	(1) LBM AP; (2) LBM SG; (3) Kinetiq; and (4) the Target Company. (Collectively referred to as the "Parties", and each, a "Party".)

(ii) Shareholders' Rights and Obligations

The Shareholders' Agreement sets out the rights and obligations of the Parties thereto in relation to the management and operations of the Target Company and shall take effect upon the Completion Date. In particular, it contains the following key provisions:

Board and Management

Subject to the laws applicable to the Target Company and the articles of association of the Target Company, the board of directors of the Target Company shall comprise one (1) director and the board of commissioners of the Target Company shall comprise one (1) commissioner. For so long as Kinetiq holds any Target Shares, Kinetiq is entitled to nominate one (1) director and one (1) commissioner, and the shareholders of the Target Company shall vote in favour of, and take all actions necessary to procure, the appointment of such persons. Subject to the Shareholders' Agreement, each Party shall exercise its voting rights and other rights in relation to the Target Company to procure the continued

appointment of the designated persons at the board of directors and board of commissioners for so long as Kinetiq is entitled to nominate such individuals pursuant to the Shareholders' Agreement.

Reserved Matters

Without the prior written consent of all of the shareholders of the Target Company, the Target Company shall not approve or implement certain reserved matters as specified in the Shareholders' Agreement.

Dividends

The dividend condition (the "**Dividend Condition**") shall be satisfied if,

(a) within the period of twelve (12) months after the Commencement Date, the Target Company distributes aggregate cash dividends equal to not less than 13.25% of its net capital of US$40,000,000, being US$5,300,000, pro rata to all of the shareholders of the Target Company based on their respective shareholdings (relative to each other), provided that such aggregate cash dividends, together with any additional pro rata cash dividends distributed during such period, result in: (i) Kinetiq receiving aggregate cash dividends of not less than US$4,000,000; and (ii) LBM AP receiving aggregate cash dividends of not less than US$1,300,000; or

(b) within the period commencing after the date falling twelve (12) months after the Commencement Date (inclusive) and ending on the date falling twenty-three (23) months after the Commencement Date (inclusive), the Target Company distributes aggregate cash dividends equal to not less than 16.25% of its net capital of US$40,000,000, being US$6,500,000, pro rata to all of the shareholders of the Target Company based on their respective shareholdings (relative to each other), provided that such aggregate cash dividends, together with any additional pro rata cash dividends distributed during such period, result in: (i) Kinetiq receiving aggregate cash dividends of not less than US$4,900,000; and (ii)LBM AP receiving aggregate cash dividends of not less than US$1,600,000,

in each case net of any deductions, charges and taxes (if any) after taking into account any relief available to the relevant shareholder(s) of the Target Company under an applicable double taxation agreement, in respect of their respective shares in the Target Company.

Subject to the laws applicable to the Target Company, any restrictions imposed by the financing documents, the Target Company's normal and foreseeable working-capital and capital expenditure requirements and the directors' duties, the board of directors of the Target Company shall consider in good faith whether the Target Company's distributable profits should be distributed to the shareholders of the Target Company. Any dividend or other

distribution declared or paid by the Target Company shall be made pro rata according to the respective shareholdings of the shareholders of the Target Company.

Reasons for Dividend Condition

As the Indonesia Phase 2 Plant was still at the equipment commissioning stage at the time of signing of the Shareholders' Agreement, LBM AP and Kinetiq agreed that Kinetiq should have a degree of downside protection for its investment. The Dividend Condition was therefore negotiated as a protective mechanism linked to the Put Option, pursuant to which Kinetiq may require LBM AP to purchase the Put Shares at the Put Price upon the occurrence of a Put Exercise Condition, including the failure to satisfy the Dividend Condition. The Company considers that the Dividend Condition is achievable because the Group has entered into long-term supply agreements with leading overseas battery companies and the Indonesia Phase 2 Plant, being the 90,000-ton LFP cathode materials production facility developed by the Target Company, has basically completed construction and has commenced trial production.

Basis for Dividend Condition

The dividend amounts required under paragraphs (a) and (b) above were agreed between LBM AP and Kinetiq through arm's length negotiations and determined by applying the agreed percentages to the Target Company's net capital of US$40,000,000, which reflects its capital base and is broadly consistent with its net assets as of June 30, 2026. The minimum amounts receivable by Kinetiq and LBM AP were determined through arm's length negotiations by reference to their respective shareholdings following Completion, being 76% and 24% respectively, and Kinetiq's expected return on its investment, and are broadly consistent with such shareholdings.

Board's View

The Directors consider that the Dividend Condition is on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole, on the basis that: (a) it was agreed between LBM AP and Kinetiq through arm's length negotiations and forms part of the overall commercial arrangement for the Disposal; and (b) the required dividend levels are modest relative to the Target Company's net capital and are broadly consistent with the shareholders' respective shareholdings.

In addition, having regard to the purchase orders already placed under the Group's long-term supply agreements with leading overseas battery companies and the fact that, following Completion, the Target Company will be able to continue supplying the North American market under such purchase orders, the Directors consider that the likelihood of the Dividend Condition not being satisfied is low.

Transfer Restrictions

Except for a transfer pursuant to the exercise of the Put Option to LBM AP or its designated entity or individual, if any shareholder of the Target Company (the "**ROFR Transferor**") proposes to dispose of any shares in the Target Company held by it or any interest in any such shares to any third party other than the other existing shareholders of the Target Company, the other shareholders (the "**ROFR Continuing Shareholders**") have a right of first refusal (the "**ROFR**"). The ROFR Transferor must first offer such shares or interests to the ROFR Continuing Shareholders on terms no less favourable than those offered to or agreed with a third party. The ROFR Continuing Shareholders may accept within ten (10) Business Days after receipt or deemed receipt of the offer and must provide evidence of committed funds. Completion must occur within 30 Business Days after acceptance, or such longer period as reasonably required for any mandatory pre-completion procedure, regulatory approval or registration.

If none of the ROFR Continuing Shareholders accepts, the ROFR Transferor may transfer such shares to a third party at a price no lower than, and other material terms no more favourable to the third party than those offered to the ROFR Continuing Shareholders.

Except for a transfer pursuant to the exercise of the Put Option to LBM AP or its designated entity or individual, a shareholder of the Target Company shall only transfer shares or interests in the Target Company to a person (including an Affiliate) who:

(a) has Non-PFE Status;

(b) is not a person whose participation in the transfer would cause any Party to breach applicable sanctions;

(c) is not established in, or directly or indirectly controlled by a person established in, or by the government of, the People's Republic of China; and

(d) is not a competitor identified in the list of competitors provided by LBM AP to Kinetiq in writing (as may be updated by LBM AP from time to time prior to Kinetiq's exercise of the Put Option or the ROFR in accordance with the terms of the Shareholders' Agreement).

Performance Guarantee

At any time following Completion, Kinetiq may request that LBM AP provide a Performance Guarantee in accordance with the terms of the Shareholders' Agreement. LBM AP shall provide the Performance Guarantee within five (5) Business Days after receiving the request. Failure to do so shall constitute a Put Exercise Condition. The Performance Guarantee shall be a credit support in the form of a performance guarantee letter or equivalent instrument

issued by an international bank and on terms acceptable to Kinetiq, acting reasonably, in the amount of US$36,000,000. The Performance Guarantee shall (a) secure only LBM AP's obligation to pay the Put Price following valid exercise of the Put Option; (b) expire on the earliest of (i) the date on which Put Completion occurs or the Put Price is paid or irrevocably deposited into escrow in accordance with the Shareholders' Agreement, (ii) the date on which Kinetiq and all Subsequent Shareholders cease to hold any Target Shares, and (iii) the date falling three months after the Put Option Expiry Date, and Kinetiq shall return the original Performance Guarantee and/or any equivalent instrument to LBM AP, and execute any release required by the issuing bank, within ten (10) Business Days after the earliest of those dates; and (c) otherwise be consistent with the Shareholders' Agreement.

A demand may be made under the Performance Guarantee only to the extent that the Put Option has been validly exercised, the Put Price has become due and payable in accordance with the Shareholders' Agreement, and LBM AP has failed to pay all or any part of the Put Price when due and has not deposited that unpaid amount into escrow in accordance with the Shareholders' Agreement or any escrow arrangement agreed between LBM AP and Kinetiq. The amount demanded under the Performance Guarantee shall not exceed the portion of the Put Price that is due and remains unpaid.

(iii) Put Option

Pursuant to the Shareholders' Agreement, Kinetiq is granted the Put Option. At any time during the Put Option Period, Kinetiq may require LBM AP to purchase all, but not part only, of the Put Shares at the Put Price upon the occurrence of a Put Exercise Condition.

Reasons for Put Option

As the Indonesia Phase 2 Plant was still at the equipment commissioning stage at the time of signing of the Shareholders' Agreement, LBM AP and Kinetiq agreed that Kinetiq should have a protective exit mechanism for its investment, and the Put Option addresses this by allowing Kinetiq to require LBM AP to purchase all of the Put Shares at the Put Price upon a Put Exercise Condition. Although the Company considers that the Put Exercise Conditions are unlikely to be triggered, having regard to the Group's long-term supply agreements with leading overseas battery companies and the completion of the Indonesia Phase 2 Plant, the Put Option provides Kinetiq with a protective mechanism and is on normal commercial terms.

Put Exercise Conditions

The Put Option may be exercised on or after the earliest occurrence of any of the following condition(s) unless otherwise stated below (each a "**Put Exercise Condition**"):

(a) if the Dividend Condition has not been satisfied in respect of either of the periods for satisfaction of the Dividend Condition set out in the Shareholders' Agreement, the date falling one (1) day after the end of such period specified;

(b) the consolidated assets of the Target Company less its consolidated liabilities, determined as of the relevant date in accordance with the accounting principles and policies consistently applied in preparing the Target Company's latest audited financial statements (the "**Net Asset Value**") falling below US$40,000,000 at any time after the Commencement Date, provided this is not directly caused by Kinetiq's operational, strategic or investment decisions;

(c) LBM AP not holding sufficient unrestricted cash to discharge its payment obligations under the Put Option, as demonstrated by objective evidence, including its failure to deliver to Kinetiq a bank confirmation of cash or committed funding of not less than the Put Price, provided that:

  a. Kinetiq has given LBM AP at least five (5) Business Days to provide evidence that it holds sufficient unrestricted cash to discharge its payment obligations under the Put Option; and

  b. this paragraph (c) shall not apply while the Performance Guarantee remains effective;

(d) LBM AP failing to provide the Performance Guarantee within the period required under the Shareholders' Agreement;

(e) upon the occurrence of an Event of Default; and

(f) any other condition agreed in writing by LBM AP and Kinetiq ("**Other Exercise Condition**").

As of the Latest Practicable Date, no Other Exercise Condition has been agreed between LBM AP and Kinetiq. In deciding whether any additional Other Exercise Condition shall be agreed by LBM AP, the Company will consider on a case by case basis agree to Other Exercise Condition if it is in the interest of the Group and its shareholders.

Event of Default

As of the Latest Practicable Date, the Target Company has not yet entered into the relevant finance documents. The Put Exercise Condition is principally intended to address cross-default situations attributable to LBM AP or its affiliates. Although the Group will cease to hold a controlling interest in the Target Company upon Completion, it will retain an aggregate 24% equity interest in the Target Company through LBM AP and LBM SG and will continue to monitor the Target Company's operations and business. Accordingly, the Company considers that the likelihood of such a cross-default attributable to LBM AP occurring is low.

Exercise of the Put Option

Upon the occurrence of any Put Exercise Condition, Kinetiq may exercise the Put Option by delivering a Put Exercise Notice to LBM AP. A Put Exercise Notice shall take effect when received by LBM AP and, once effective, shall be irrevocable.

Put Price

The Put Price shall be an amount equal to 76% of the Net Asset Value of the Target Company as of the Put Completion Date, provided that the Put Price shall in no event be less than US$36,000,000. The Target Company shall prepare and provide to LBM AP and Kinetiq a statement of the Net Asset Value as of the Put Completion Date, together with reasonable supporting information, as soon as reasonably practicable.

If the Net Asset Value has not been finally determined by the Put Completion Date, the amount payable at Put Completion shall be calculated using the latest available accounts of the Target Company, adjusted so far as reasonably practicable to the Put Completion Date (any such adjustment shall be to the reasonable satisfaction of Kinetiq). Once the Net Asset Value as of the Put Completion Date has been finally determined by agreement or pursuant to the Shareholders' Agreement, any difference between the provisional amount paid and the Put Price shall be paid by the relevant Party to the other within five (5) Business Days.

If the Put Option is exercised, all reasonable out-of-pocket costs and expenses (including legal, advisory and other professional fees) in connection with the exercise and completion of the Put Option and the transfer of the Put Shares shall be borne by the Target Company or LBM AP, to the extent not already taken into account in the Put Price.

Put Completion

Put Completion shall take place on the Put Completion Date. At Put Completion, Put Shares shall be transferred to LBM AP or its designated entity or individual free from encumbrances and LBM AP shall pay the Put Price in cash to Kinetiq or release the Put Price deposited or paid in the escrow account established under any escrow arrangement as may be agreed by LBM AP and Kinetiq.

The obligations of LBM AP, Kinetiq and each relevant Subsequent Shareholder at Put Completion are interdependent. Put Completion shall not occur unless:

(a) the Put Price has been paid or deposited in escrow in accordance with the Shareholders' Agreement; and

(b) the documents required to be delivered by Kinetiq have been released for registration.

The Parties shall procure that the articles of association of the Target Company permit a transfer of the Put Shares to LBM AP or its designated entity or individual without any offer to other shareholders or any approval other than those required under applicable law or expressly contemplated by the Shareholders' Agreement.

Basis for Principal Terms of Put Option

The Put Price was determined through arm's length negotiations between LBM AP and Kinetiq. The Put Price is set at 76% of the Net Asset Value of the Target Company as of the Put Completion Date, subject to a floor of US$36,000,000. The floor was determined by reference to the consideration for the Disposal of US$31.92 million and the return expected by Kinetiq on its investment, so as to provide Kinetiq with an agreed minimum return over the protection period while keeping LBM AP's maximum exposure certain, and is aligned with the Performance Guarantee of US$36,000,000.

The Put Option Expiry Date of 23 months after Completion was negotiated as the protection period for Kinetiq, having regard to the expected ramp-up and operating cycle of the Indonesia Phase 2 Plant and the periods for satisfying the Dividend Condition. The further 24-month extension is not automatic and may only be effected with the written consent of both Kinetiq and LBM AP, so that any extension remains subject to mutual agreement.

Other principal terms of the Put Option, including the requirement that Kinetiq may sell all, but not part only, of the Put Shares, the alignment of the minimum Put Price with the Performance Guarantee and the procedural requirements for exercise, were also agreed through arm's length negotiations and are consistent with market practice.

Board's Assessment

The Directors consider that the Put Option and its terms are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, on the basis that: (a) the Put Option was agreed through arm's length negotiations as part of the overall arrangement for the Disposal and is a protective measure for Kinetiq as an investor for a pre-production project; and (b) its principal terms, including the Put Price, the minimum Put Price and the Put Option Period, are objective, aligned with the commercial objectives of both parties and provide certainty.

While the Put Option provides Kinetiq with a degree of downside protection, the Group's customers include international customers with both US and non-US orders. The Group has entered into purchase orders with customers under long term supply agreements prior to the enactment of the One Big Beautiful Bill Act (the "**OBBBA**"), the procurement from the Target Company under such pre-existing purchase orders qualify for an exemption until December 31, 2026. Also, the existing employees of the Target Company are also expected to remain with the Target Company after the Completion. Thus, the Disposal will enable products under the US orders to be supplied to the Group's customers by a non-PFE entity and the purchase orders to be completed in accordance with the terms and conditions therein. By enabling the Target Company to continue supplying under the long-term supply agreements following Completion, the Disposal will help maintain the Group's customer relationships. Accordingly, the Directors consider that the minimum Put Price which represent a premium to the Consideration is fair and reasonable and in the interest of the Group and its shareholders as whole. The Disposal will also enable the Group to recover part of its investment cost at Completion and avoid potential idling of production capacity. In light of the foregoing, the Directors consider that the Disposal (including the grant of the Put Option and the Put Price) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(iv) Termination

The Shareholders' Agreement shall take effect on Completion and shall continue in force until the earlier of:

(a) Kinetiq and all Subsequent Shareholders ceasing to hold any Target Shares; or

(b) LBM AP, LBM SG, Kinetiq and each Subsequent Shareholder then holding any Target Share agreeing in writing to terminate the Shareholders' Agreement.

IV. FINANCIAL EFFECTS OF THE DISPOSAL

As the Disposal will result in the Company's loss of control over the Target Company, the Disposal will be accounted for as a disposal of subsidiary. The Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

Effect on the Assets and Liabilities of the Group

The assets and liabilities of the Target Company will be de-consolidated from the Group's consolidated financial statements. Based on the audited financial statements of the Target Company as of June 30, 2026, the Target Company had total assets of approximately RMB1,071.7 million and total liabilities of approximately RMB794.3 million. The de-consolidation of the Target Company is expected to reduce the Group's consolidated total assets and total liabilities by the Target Company's total assets and total liabilities, respectively.

Upon Completion, the Group's retained 24% equity interest in the Target Company is expected to be classified as an investment in an associate and accounted for using the equity method. In the consolidated financial statements of the Company, the retained interest will be remeasured at fair value as of the Completion Date, and the resulting gain on disposal will be recognised in the consolidated income statement of the Company.

Effect on Earnings

Following Completion, the financial results of the Target Company will no longer be consolidated into the Group's financial statements. However, the Group will, through LBM AP and LBM SG, retain an aggregate 24% equity interest in the Target Company and will be entitled to receive dividends declared by the Target Company in proportion to its shareholding.

Expected Gain from Disposal

The Company expects to record a gain on the Disposal of approximately US$960,140 (equivalent to approximately RMB6,539,425 at an exchange rate of US$1 = RMB6.8109 as of June 30, 2026 (the valuation base date)), calculated as the consideration for the Disposal of US$31.92 million, less the carrying amount of the Target Shares, being 76% of the net assets of the Target Company as of June 30, 2026 of approximately RMB210,864,503.08 (based on the total net assets of the Target Company of RMB277,453,293.53).

The actual financial effects of the Disposal on the Group, including the effect on the Group's earnings, assets and liabilities and the gain on the Disposal, will be determined by reference to the financial position of the Target Company and the Group at the time of Completion. They may differ from the above estimates due to, among other things, changes in the financial position of the Target Company between June 30, 2026 and the Completion Date, exchange rate fluctuations, and the actual

amount of transaction costs and tax effects. The Company will disclose the actual financial effects in its next published financial statements. If the actual gain recognised in the Company's income statement is different from the above disclosed amount, the Company will explain the reason for the difference in its next published financial statements or a further announcement in accordance with Rule 14.60(3)(a) of the Hong Kong Listing Rules. Shareholders and investors should note that the above are only estimates and the actual financial effects may differ.

V. REASONS FOR AND BENEFITS OF THE DISPOSAL

In July 2025, the United States enacted the OBBBA. Under the OBBBA, an entity may be treated as a prohibited foreign entity ("**PFE**") if, among other things, a single PRC entity holds more than 25% of its equity interests. Downstream customers of a PFE in North America would be unable to claim the 45X tax credit under the US Internal Revenue Code, which would materially weaken the PFE's competitiveness and prevent it from supplying the North American market.

In recent years, the Company has entered into long-term supply agreements with leading overseas battery companies. These long-term agreements primarily cover the North American market. Based on the current shareholding structure of the Target Company, if its structure were not adjusted, the Target Company would be treated as a PFE. As a result, the existing long-term supply agreements could not be performed, the Target Company's products could not enter the North American market, and its existing production capacity could be substantially idled, which would directly harm the interests of the Company and all Shareholders.

To safeguard the sustainable development of the Company's North American business and to protect the lawful rights and interests of the Company and all Shareholders, in particular the minority Shareholders, the Company intends to adjust the shareholding structure and business model of the Target Company so that it qualifies for Non-PFE Status.

Prior to the enactment of the OBBBA, purchase orders had been placed by customers under these long-term supply agreements. Under the OBBBA, procurement from the Target Company as a PFE under such pre-existing purchase orders may qualify for an exemption until December 31, 2026. From January 1, 2027, all US orders will need to be supplied by a non-PFE entity. Taking into account the shipping time of the Products, Completion is targeted to take place before November 2026 so that the Target Company will qualify for Non-PFE Status and can continue to supply the North American market.

The Disposal and the other transactions contemplated under the Transaction Documents are intended to implement this adjustment. Upon Completion, LBM AP will retain 23.99% and LBM SG will retain 0.01% of the issued shares in the Target Company, respectively, and the Company will indirectly hold an aggregate of 24% of the issued shares of the Target Company through LBM AP and LBM SG. As of the Latest Practicable Date, the remaining 24% of the issued shares of the Target Company are not intended to be sold by the Group.

As the Group's aggregate shareholding will be below the 25% threshold under the OBBBA, the Target Company is expected to cease to be a PFE and to qualify for Non-PFE Status. This adjustment is the most feasible solution currently available to the Company under the current US policy restrictions and is necessary and reasonable. As part of the Disposal, the Board considers that the grant of the Put Option represents a prudent and standard protective measure in the context of an international strategic partnership. The Board also considers that the Put Price calculated as 76% of the Net Asset Value of the Target Company, subject to a floor of US$36,000,000, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Disposal will also enable the Group to realise part of its investment in the Target Company. As the Group will retain an aggregate of 24% equity interest in the Target Company, it will continue to benefit from the future growth and development of the Target Company's lithium iron phosphate cathode material production facilities in Indonesia.

Based on the above, the Directors are of the view that the terms of the Transaction Documents and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VI. USE OF PROCEEDS

The net proceeds from the Disposal are estimated to be approximately US$31,471,600, after deducting the estimated transaction costs and expenses. The following table sets forth a summary of the expected use and timeline of utilization of the net proceeds from the Disposal:

Intended Use of Net Proceeds from the Disposal	**Percentage of Intended Use of Net Proceeds from the Disposal** *(%)*	**Net Proceeds from the Disposal**	**Expected Timeline of Full Utilization of Net Proceeds from the Disposal**
General and administrative expenses	5.0	Approximately US$1,573,580	December 31, 2027
Payment of trade payables	95.0	Approximately US$29,898,020	December 31, 2027
Total	100.0	Approximately US$31,471,600	

The Board considers that applying the net proceeds for the general corporate purposes of LBM AP, including general and administrative expenses and payment of trade payables, will strengthen the financial position of LBM AP and enhance its liquidity and operational flexibility.

VII. INFORMATION OF THE COMPANY AND THE PARTIES

The Company and the Group

The Company is a joint stock company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603906) and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2465). The Group is principally engaged in the production and sale of LFP cathode materials and automotive specialty chemicals.

LBM AP, a direct non-wholly owned subsidiary of Changzhou Liyuan, is a private company limited by shares incorporated in Singapore. Changzhou Liyuan is in turn owned as to approximately 68.69% by the Company. Accordingly, LBM AP is an indirect non-wholly owned subsidiary of the Company. LBM AP is principally engaged in investment, asset management and import and export trading of LFP cathode materials.

Changzhou Liyuan is a limited liability company established in the PRC on May 12, 2021 and a direct non-wholly owned subsidiary of the Company which is owned as to approximately 68.69% by the Company as of the Latest Practicable Date. In addition to the Company, the remaining equity interests in Changzhou Liyuan are held by ten other shareholders, with none of them individually holding more than 6.0% of the equity interests. Changzhou Liyuan is principally engaged in the production and sales of LFP cathode materials.

LBM SG is a private company limited by shares incorporated in Singapore and an indirect non-wholly owned subsidiary of the Company which is wholly-owned by LBM AP. LBM SG is principally engaged in non-financial and insurance activities.

Kinetiq

Kinetiq is a private company limited by shares incorporated in Singapore. Kinetiq is principally engaged in equity investment. The principal shareholder and ultimate beneficial owner of Kinetiq is Mr. Sang-Bae Kim, who holds 100% of the equity interest in Kinetiq.

The Target Company

The Target Company is a foreign investment company established under the laws of the Republic of Indonesia in February 2025 and an indirect non-wholly owned subsidiary of the Company which is owned as to 99.99% by LBM AP as of the Latest Practicable Date. The Target Company is principally engaged in the research, production and sale of LFP cathode materials. The underlying asset of the Disposal is the Indonesia Phase 2 Plant, being the 90,000-ton LFP cathode materials production facility in Indonesia developed by the Target Company.

The Target Company was established in February 2025 and therefore had no financial information for the year ended December 31, 2024. Set out below is the financial information extracted from the financial statements of the Target Company for the year ended December 31, 2025 and for the six months ended June 30, 2026:

	Year ended December 31, 2025	**Six months ended June 30, 2026**
	RMB'000	*RMB'000*
	(audited)	*(audited)*
Total assets	676,435.9	1,071,720.4
Total liabilities	390,534.4	794,267.1
Revenue	0.00	0.00
Profit/(loss) before taxation	6,165.9	(2,333.0)
Profit/(loss) after taxation	4,806.9	(1,204.7)

As of the Latest Practicable Date, LBM AP has provided a shareholder's loan to the Target Company (the **Shareholder's Loan**"), with an outstanding principal balance of US$55 million. It is expected that the Shareholder's Loan will remain outstanding upon Completion and the Target Company shall repay in full all outstanding shareholder loans owed to LBM AP no later than December 31, 2026 under the Shareholders' Agreement.

As of the Latest Practicable Date, the guarantees provided by LBM AP for the Target Company had an outstanding balance of US$34,152,600 (equivalent to approximately RMB232,218,300), and such guarantees will be released upon Completion (the "**Guarantees**").

VIII. HONG KONG LISTING RULES IMPLICATIONS

As of the Latest Practicable Date, the Target Company is an indirect non-wholly owned subsidiary of the Company. LBM AP is a direct non-wholly owned subsidiary of Changzhou Liyuan, which is in turn held as to approximately 68.69% by the Company. Accordingly, LBM AP is an indirect non-wholly owned subsidiary of the Company. Before Completion, LBM AP and LBM SG hold 99.99% and 0.01% of the equity interest in the Target Company, respectively. Upon Completion, Kinetiq will hold 76% of the equity interest in the Target Company, and LBM AP and LBM SG will retain 23.99% and 0.01% respectively. The Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated with the Group.

Disposal

The Disposal constitutes a disposal by the Company under Chapter 14 of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Disposal does not exceed 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

Put Option

Even if the Put Option may not materialise in the future, it is treated as if it had been exercised upon the execution of the Shareholders' Agreement as the exercise of the Put Option is not at the Group's discretion. The Put Option, if materialised, will constitute an acquisition of the equity interest of the Target Company by LBM AP under Chapter 14 of the Hong Kong Listing Rules. As of the Latest Practicable Date, the Put Option has not been exercised.

As the highest possible exercise price of the Put Option cannot be determined at the time of grant of the Put Option, the grant of the Put Option will be treated at least as a major transaction pursuant to Rule 14.76(1) of the Hong Kong Listing Rules. Therefore, the grant of the Put Option will be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules. The Company will comply with applicable requirements under the Hong Kong Listing Rules upon the exercise of the Put Option and will also consult with the Hong Kong Stock Exchange as soon as practicable if the classification changes.

Shareholder's Loan

As of the Latest Practicable Date, the Shareholder's Loan does not constitute a transaction under Rule 14.04(1)(e) of the Hong Kong Listing Rules. As the Target Company will cease to be a subsidiary of the Company upon Completion, the Shareholder's Loan will constitute financial assistance by the Group and a transaction under Chapter 14 of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Shareholder's Loan does not exceed 5%, the Shareholder's Loan does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

Guarantee

As of the Latest Practicable Date, the Guarantee does not constitute a transaction under Rule 14.04(1)(e) of the Hong Kong Listing Rules. While the Target Company will cease to be a subsidiary of the Company upon Completion, since the Guarantee is expected to be released upon Completion, the Guarantee will not constitute financial assistance by the Group and a transaction under Chapter 14 of the Hong Kong Listing Rules.

IX. CHANGE IN THE USE OF PROCEEDS FROM LBM AP SUBSCRIPTION

Reference is made to the announcements of the Company dated December 20, 2024 and February 10, 2025 and the circular of the Company dated January 8, 2025 in relation to the LBM AP Subscription. On December 20, 2024, the Company, LBM AP, Changzhou Liyuan, PT Akasya Investasi Indonesia and Aisis Alliance L.P. entered into a subscription agreement, pursuant to which PT Akasya Investasi Indonesia and Aisis Alliance L.P.

conditionally agreed to subscribe for series A preference shares of LBM AP upon completion at the subscription price of US$150,000,000 and US$50,000,000 respectively. The LBM AP Subscription has been completed on February 10, 2025.

LBM AP shall apply no less than 85% of the proceeds of the LBM AP Subscription for the capital and operational expenses for the development of the Indonesia Phase 2 Plant, with funds to be gradually utilized in accordance with the progress of its development. Provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected, such proceeds may also be utilized for the operational expenses incurred in the ordinary course of business of the Indonesia Phase 1 Plant and/or the operational expenses incurred in the ordinary course of business of LBM AP but in any event such utilization of the proceeds shall not exceed 15% of the total proceeds from the subscription.

As of the Latest Practicable Date, part of the proceeds from the subscription remains unutilized. On October 22, 2026, the Board resolved to change the use of the unutilized proceeds from the LBM AP Subscription, which were originally allocated for the capital and operational expenses for the development of the Indonesia Phase 2 Plant (provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected), to the capital and operational expenses for the development of the Indonesia Phase 3 Plant (the "**Indonesia Phase 3 Plant**"), being the third phase of the Group's LFP cathode materials production facilities in Indonesia (the "**Proposed Change**").

The Indonesia Phase 2 Plant is the 90,000-ton LFP cathode materials production facility developed by the Target Company. It is held by the Target Company, which is owned as to 99.99% by LBM AP and 0.01% by LBM SG immediately before Completion and will be owned as to 76% by Kinetiq, 23.99% by LBM AP and 0.01% by LBM SG upon Completion. The construction of the Indonesia Phase 2 Plant has been basically completed as of the Latest Practicable Date and has commenced trial production.

The Indonesia Phase 3 Plant is the third phase of the Group's LFP cathode materials production facilities in Indonesia and is held as to 99.97% by LBM AP and 0.03% by LBM SG. Construction of the Indonesia Phase 3 Plant commenced in July 2026 and is expected to take approximately 12 months, and the Indonesia Phase 3 Plant is expected to commence production shortly after completion.

Details of the utilization of the proceeds as of September 30, 2026 are as follows:

Intended use of net proceeds	**Percentage of intended use of net proceeds** *(%)*	**Utilized proceeds as of September 30, 2026** *(approximate %)*	**Unutilized proceeds as of September 30, 2026 before the Proposed Change** *(approximate %)*	**Unutilized proceeds as of the Latest Practicable Date after the Proposed Change** *(approximate %)*	**Expected timeline of utilizing the remaining proceeds**
Capital and operational expenses for the development of the Indonesia Phase 2 Plant (Provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected)	No less than 85%, i.e. US$170,000,000	Approximately US$82,154,000 (41.08%)	Approximately US$87,846,000 (43.92%)	—	N/A
Operational expenses incurred in the ordinary course of business of the Indonesia Phase 1 Plant and/or the operational expenses incurred in the ordinary course of business of LBM AP	Not exceeding 15%, i.e. US$30,000,000	Approximately US$30,000,000 (15.00%)	—	—	Fully utilized
Capital and operational expenses for the development of the Indonesia Phase 3 Plant	—	—	—	Approximately US$87,846,000 (43.92%)	December 31, 2027

The Board considers that, following the Disposal, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group. The Indonesia Phase 2 Plant has been completed and will be de-consolidated upon Completion, while the Indonesia Phase 3 Plant remains within the Group through LBM AP and LBM SG and is under construction. Accordingly, the Company intends to change the use of proceeds from the subscription and proposes to reallocate the unutilized net proceeds originally allocated for the Indonesia Phase 2 Plant to the development of the Indonesia Phase 3 Plant.

The Company currently estimates that the Indonesia Phase 3 Plant will require capital and operational expenses for factory construction and raw material procurement, and the unutilized proceeds of approximately US$87,846,000 will be principally applied towards these uses.

The Directors are of the view that the change in use of proceeds is based on a prudent assessment of the Company's actual operating conditions and funding needs, and will not have any material adverse impact on the Company's existing business and operations and is in the interest of the Company and its Shareholders as a whole. LBM AP will continue to hold a 23.99% equity interest in the Target Company and the Company will continue to benefit from the future development of the Indonesia Phase 2 Plant. The reallocation to the Indonesia Phase 3 Plant represents a more targeted deployment of the unutilized net proceeds based on the current business development priorities and the actual funding requirements of the Group, which will help the Group optimise its resource allocation, enhance fund utilisation efficiency and support its long-term business development.

X. PASSIVE FORMATION OF FINANCIAL ASSISTANCE ARISING FROM THE DISPOSAL

As of the Latest Practicable Date, LBM AP has provided the Shareholder's Loan, with an outstanding principal balance of US$55 million. The Shareholder's Loan was provided by LBM AP to the Target Company for its daily operational needs during the period when the Target Company was a tier-3 controlled subsidiary of the Company. It is expected that the Shareholder's Loan will remain outstanding upon Completion, and the Target Company shall repay in full all outstanding shareholder loans owed to LBM AP no later than December 31, 2026 under the Shareholders' Agreement.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and will become an associate of the Company. Until the Shareholder's Loan is repaid in full, the outstanding receivable of the Group will be passively transformed into financial assistance to an associate of the Company, without any new outflow of funds.

As of the Latest Practicable Date, the Shareholder's Loan does not constitute a transaction under Rule 14.04(1)(e) of the Hong Kong Listing Rules. As the Target Company will cease to be a subsidiary of the Company upon Completion, the Shareholder's Loan will constitute financial assistance by the Group and a transaction under Chapter 14 of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Shareholder's Loan does not exceed 5%, the Shareholder's Loan does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

The resolution in respect of the passive formation of such financial assistance is proposed at the EGM to comply with the requirements of the Shanghai Stock Exchange and the applicable PRC laws and regulations. Details of the financial assistance are set out in Section IV above and Appendix IV to this circular.

XI. RESOLUTION ON THE EXTERNAL INVESTMENT BY A CONTROLLED SECOND-TIER SUBSIDIARY FOR THE CONSTRUCTION OF A NEW PROJECT AND THE CUMULATIVE EXTERNAL INVESTMENTS

(i) Overview of the External Investment

Basic Information of the External Investment

To achieve internal supporting of iron phosphate raw materials, stabilise the supply chain, reduce procurement costs, ensure the implementation of LFP cathode material production capacity, and implement the "vertical integration" development strategy, Shandong Liyuan, a controlled second-tier subsidiary of the Company, proposes to invest in and construct the "Shandong Liyuan LP-15 Project". The project is planned to construct production lines with a total annual capacity of 150,000 tonnes of battery-grade iron phosphate, with a total investment of approximately RMB941,610,500.

Key Terms of the Transaction

Type of Investment	☐Establishment of a new company ☐Capital increase in an existing company (☐Pro rata ☐Non-pro rata) — Type of target company prior to capital increase: ☐Wholly-owned subsidiary ☐Controlled subsidiary ☐Associate ☐Company in which no equity interest is held ☑Investment in a new project ☐Other: _____
Name of the Investment Subject	Shandong Liyuan LP-15 Project (annual production capacity of 150,000 tonnes of battery-grade iron phosphate)
Investment Amount	☑Determined, amount: RMB941.6105 million (estimated and subject to uncertainty) ☐To be determined
Source of Funding	☑Cash ☑Own funds ☑Proceeds from fund raising ☑Bank borrowings ☑Other: Self-raised funds ☐Tangible assets or intangible assets ☐Equity interests ☐Other: _____
Cross-border Investment	☐Yes ☑No

Board Approval

Within the past 12 months, the aggregate amount of undisclosed external investments of the Company (including this investment) has reached 10% of the Company's audited net assets for the most recent financial year. In addition, the aggregate amount of external investments (including this investment) approved by the Board but not yet approved by the shareholders at a general meeting has reached 50% of the Company's audited net assets for the most recent financial year.

On October 30, 2026, the Company convened the 19th meeting of the fifth session of the Board, at which the Resolution on the External Investment by a Controlled Second-tier Subsidiary for the Construction of a New Project and the Cumulative External Investments was considered and approved. Up to now, the project is still at the preparatory stage and subject to completion of compliance procedures, such as obtaining the Project Filing Notice and the Approval of the Environmental Impact Report.

Whether the Transaction Constitutes a Connected Transaction or a Major Asset Restructuring

This transaction does not constitute a connected transaction, nor does it constitute a major asset restructuring as defined under the Measures for the Administration of Major Asset Restructurings of Listed Companies.

(ii) Basic Information of the Investment Subject

Overview of the Investment Subject

The Company's controlled second-tier subsidiary, Shandong Liyuan, proposes to invest in and construct the "Shandong Liyuan LP-15 Project", with a total planned construction of a production line of an annual production capacity of 150,000 tonnes of battery-grade iron phosphate. The total investment amount of the project is approximately RMB941,610,500. This external investment project aims to achieve internal supporting of iron phosphate raw materials, stabilise the supply chain, reduce procurement costs, and ensure the implementation of LFP cathode material production capacity.

Details of the Investment Subject

1. Basic Information of the Project

Type of Investment	☑ Investment in a new project
Project Name	Shandong Liyuan LP-15 Project
Main Content of the Project	Production lines with a total annual production capacity of 150,000 tonnes of battery-grade iron phosphate
Construction Location	Chemical Industrial Park, Juancheng County, Shandong Province
Total Investment Amount of the Project (RMB'0,000)	94,161.05 (estimated and subject to uncertainty)
Investment Amount of the Listed Company (RMB'0,000)	94,161.05 (estimated and subject to uncertainty)
Construction Period of the Project (Months)	12 months (subject to the actual construction period)
Expected Commencement Date	January 2027 (subject to the actual commencement of construction)
Expected Return on Investment	11.26%, financial internal rate of return (after income tax)
Whether within the Scope of Principal Business	☑Yes □No

2. Project Investment Estimation

The total investment amount of the "Shandong Liyuan LP-15 Project" is approximately RMB941.6105 million, details of which are as follows:

No.	Name of project or expense	Investment amount *(RMB'0,000)*	Percentage of total investment *(%)*
I	Construction costs	72,480.00	76.97
	(1) Equipment purchase	51,600.00	54.80
	(2) Installation works	20,880.00	22.17
II	Other expenses	7,166.22	7.61
III	Contingency	7,964.62	8.46
IV	Initial working capital	5,476.98	5.82
V	Interest on construction period loans	1,073.23	1.14
	Total	94,161.05	100.00

3. Capital Contribution of Respective Major Investors

The project does not involve any other investors, and the project implementation entity is Shandong Liyuan, a controlled second-tier subsidiary of the Company. Shandong Liyuan has a registered capital of RMB1,210 million, and the Company holds 68.6891% of its equity interest through Changzhou Liyuan.

4. Current Progress of the Project

The project is currently in the preliminary preparation stage, and construction has not yet commenced. It remains subject to completion of compliance procedures, such as obtaining the Project Filing Notice and the Approval of the Environmental Impact Report.

5. Market Positioning and Feasibility Analysis of the Project

(1) Alignment with Industrial Development Trend and Promising Market Outlook

Iron phosphate is one of the main precursors for LFP cathode materials, and its performance determines, to a certain extent, the performance of LFP cathode materials. In the recent years, as new energy vehicle and energy storage industries rapidly grow, LFP battery has become one of the major technology roadmaps for power battery and storage battery, leading to a rapid growth of the demand of iron phosphate material in the upstream sector. Meanwhile, the current LFP cathode materials market is continuously developing towards higher energy density, resulting in increasing demand for

high-performance iron phosphate precursors. According to data of relevant authorities, in 2026, China's effective production capacity of iron phosphate is approximately 5.10 to 5.20 million tonnes per annum, with demand of approximately 4.50 million tonnes. The industry utilisation rate remains at a high level of over 80%, and supply and demand are in a state of tight balance. According to the lithium battery spot price tracking of iron phosphate quoted at SMM (Shanghai Metals Market), the price of iron phosphate increased from approximately RMB10,000 per tonne at the beginning of 2026 to approximately RMB15,500 per tonne in September, representing an increase of over 50%, and the premium for high-end precursor products continues to expand. Building on the rapid growth of the downstream market in respect of new energy vehicle and energy storage, this project offers a promising market outlook. In order to further increase the self-supply ratio of iron phosphate, enhance the Company's profitability and safeguard the Company's product performance, the Company proposes to invest in and construct the Shandong Liyuan LP-15 Project.

(2) The Company has industrial layout and supply chain synergy advantages

The Company is a leading global supplier of LFP cathode materials, adhering to consolidating the source of iron phosphate precursors in the upstream sector through a vertically integrated approach. The implementation location of this project is Chemical Industrial Park, Juancheng County, Heze City, Shandong Province. The park currently has 50,000 tonnes of LFP production capacity, with additional 110,000 tonnes under construction. Upon completion of this project, the transportation distance for iron phosphate precursors can be controlled within 5 km, effectively reducing logistics costs and increasing profitability of the project.

(3) The Company possesses mature process technology and industry experience

The Company possesses mature process technology for the production of iron phosphate, with a complete process route, technical solutions and process control capabilities, and is able to organise large-scale production, thereby providing support for capacity expansion, product iteration and stable market supply. In addition, leveraging its long-standing deep cultivation of the industry, the Company has a solid industrial foundation, well-established supporting facilities and a mature supply chain synergy system, enabling it to continuously improve production efficiency and ensure stable output.

Contribution Method and Related Matters

The contribution is made in cash and funded by the self-owned funds, proceeds from the non-public issuance of shares in 2021, bank loans or self-raised funds of Shandong Liyuan, a controlled second-tier subsidiary of the Company.

(iii) Impact on the Company from the External Investment

This project seizes the development opportunities in the new energy industry, which is consistent with the Company's long-standing vertically integrated development strategy and enhances the cost and competitive advantages of the Company's products. At the same time, the project can leverage the synergy advantages of resources and the industry chain to further increase the proportion of self-supplied raw materials, hedge against the risks of raw material price fluctuations, enhance the Company's profitability and risk resilience, and promote technological upgrading and sustainable development. It is expected to have a positive impact on the Company's financial position and operating results, and to further expand its operating scale and enhance its core competitiveness and economic benefits. The implementation of the project is in the long-term interests of the Company and all shareholders, and there is no circumstance that would harm the interests of the Company and all shareholders.

(iv) Cumulative External Investments of the Company

Over the past 12 months, the cumulative amount of external investments made by the Company and its subsidiaries within the scope of the consolidated financial statements that have been approved by the Board but not yet submitted to the general meeting for review (including this investment but excluding those external investments that have already undergone the relevant review procedures) has reached 50% of the audited net assets of the Company for the most recent accounting year. Except for this investment, the details are as follows:

No.	Date	Investment Matter	Investment Amount
1	September 2026	Establishment of Jiangsu Yika Zhilian Technology Co., Ltd.* (江蘇一卡智聯科技有限公司)	RMB20 million
2	September 2026	Establishment of Teec Asia Pacific New Energy Pte. Ltd.	US$10,000
3	September 2026	Capital increase by Changzhou Liyuan, a controlled subsidiary of the Company, to its wholly-owned subsidiary, Liyuan (Jiangsu) Technology Co., Ltd.	RMB310 million

No.	Date	Investment Matter	Investment Amount
4	September 2026	Construction of Lopal Technology's Global Headquarters and New Energy and New Materials AI Smart Innovation Center	RMB500 million

For details, please refer to the Resolution of Jiangsu Lopal Tech. Group Co., Ltd. on the External Investment in and Construction of New Project by a Controlled Second-tier Subsidiary and Cumulative External Investment (Announcement No.: 2026-165) published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) and in designated media on October 31, 2026.

(v) Matters in relation to the External Investment by a Controlled Second-tier for the Construction of a New Project Subsidiary and the Cumulative External Investments

The resolution of external investment by a controlled second-tier subsidiary for the construction of a new project and cumulative external investments is subject to consideration and approval at a general meeting of the Company.

XII. RESOLUTION ON SETTLEMENT OF CERTAIN FUNDRAISING INVESTMENT PROJECTS AND USE OF SURPLUS PROCEEDS FOR INVESTMENT IN CONSTRUCTION OF NEW PROJECT

(i) Introduction

Reference is made to the section headed "History and Development — Share Capital Changes in 2022" in the prospectus of the Company dated October 22, 2024 in relation to the Company's non-public issuance of A Shares in 2021, with net proceeds raised amounting to RMB2,175,531,120.83.

Reference is made to the announcement and the circular of the Company dated December 24, 2025 and January 4, 2026, respectively, in relation to the change to the construction content of the fundraising investment projects in respect of the Company's non-public issuance of A Shares in 2021. Such change only involves adjustments to the construction content and production capacity scale of the relevant fundraising investment projects, and does not involve any change in the use of the proceeds.

(ii) Basic Information of the Proceeds

Name of issuance	2021 Non-Public Issuance of Shares
Gross proceeds	RMB2,200 million
Net proceeds	RMB2,175.5311 million
Date of proceeds received	May 18, 2022

(iii) Settlement of this Fundraising Investment Project and Surplus Proceeds

Name of Project Settlement	Large-scale Production Project of NEV Power and Energy Storage Cathode Material
Date of Project Settlement	October 30, 2026
Committed Use of Proceeds	RMB1,290 million
Actual Use of Proceeds	RMB1,011.0938 million
Surplus Proceeds	RMB301.4049 million
Use and Corresponding Amount of Surplus Proceeds	☑ For Original Fundraising Investment Project, the remaining contract payments and quality retention money for the Large-scale Production Project of NEV Power and Energy Storage Cathode Material, approximately RMB85.8269 million ☑ New Project, Shandong Liyuan LP-15 Project, RMB215.5780 million

Note: The amount of surplus proceeds does not include bank interest income or returns on wealth management products that have not yet been received, and the final amount shall be subject to the balance in the project's dedicated account on the date on which the funds are transferred out. Differences in the last digits of the figures in the table above are due to rounding.

(iv) Primary Reasons for the Surplus of Proceeds from the Completed Fundraising Investment Projects upon Settlement

During the construction of the fundraising investment project, the Company strictly complied with the relevant provisions on the management of proceeds in using the proceeds. Proceeding from the actual circumstances of the project, and, on the premise of ensuring the implementation progress and construction quality of the project, the Company always adhered to the principles of rationality, economy and effectiveness, and used the proceeds in a prudent manner. During the implementation of the project, by strengthening the control, supervision and management of expenses at each stage of project construction, and at the same time optimizing the procurement plans for certain equipment, the Company completed the construction objectives with more efficient and lower-cost alternative solutions, thereby further reducing the overall construction costs and expenses of the project. In addition, on the premise of ensuring the construction of the fundraising investment projects and the safety of the proceeds, the Company has made reasonable planning and conducted cash management in respect of the proceeds that were temporarily idle at various stages, and has obtained certain wealth management income and deposit interest income, thereby giving rise to the surplus of the proceeds from this fundraising. Certain final contract payments and retention money in respect of the Original Fundraising Investment Projects remain

unpaid from the proceeds due to relatively long payment cycles. The Company will continue to use the proceeds to make such payments when the payment conditions are satisfied.

(v) Plan for the Use of Surplus Proceeds from Settlement of This Fundraising Investment Project

In view of the completion of the Original Fundraising Investment Project, and after comprehensively considering changes in the current market and industry environment and the Company's own business development strategy, and in order to further improve the efficiency of the use of proceeds, following careful research and discussion, the Company intends to use RMB215.578 million of the surplus proceeds from the Original Fundraising Investment Project (including accumulated investment income from the purchase of wealth management products and bank deposit interest) to implement the "Shandong Liyuan LP-15 Project". The relevant proceeds will be provided by Sichuan Liyuan New Materials Co., Ltd. to Shandong Liyuan in the form of an interest-free loan. The surplus proceeds will remain in the dedicated proceeds account for the Original Fundraising Investment Project and will be used to pay outstanding contract balances, quality guarantee deposits, and other payments under the Original Fundraising Investment Project.

(vi) Details of the New Fundraising Investment Project

Details of the Project

Implementation Entity	Shandong Liyuan Technology Co., Ltd. (山東鋰源科技有限公司)
Project Location	Chemical Industry Park, Juancheng County, Shandong Province
Project Scope	Establishment of an annual 150,000-tonne battery-grade iron phosphate production line
Total Investment in the Project	RMB941.6105 million
Expected Time to Reach Its Intended Usable State	January 2028

Source of funds: Proceeds from 2021 Non-Public Issuance of Shares, and Shandong Liyuan's internal funds, bank borrowings or other self-raised funds.

Analysis of the economic benefits of the project

The financial internal rate of return (after tax) of the New Fundraising Investment Project is 11.26%. Upon completion, this project will further increase the proportion of raw materials self-supplied by the Company, enhance the

Company's profitability and ability to withstand risks, further expand its business scale and strengthen its core competitiveness. The specific economic benefits of the project will gradually materialise following its commencement of production.

(vii) Impact of the Use of the Surplus Proceeds on the Company

The Company's settlement of this fundraising investment project and the use of the surplus proceeds therefrom in the construction of a New Fundraising Investment Project represent a prudent decision based on the actual circumstances of the project construction. This will help meet the funding needs of the construction of the Company's New Fundraising Investment Project, improve the efficiency of the use of proceeds, optimise the allocation of the proceeds, enhance economic benefits and promote the sustained, stable and healthy development of the Company's principal business, which is in line with the Company's actual operational and development needs and is in the interests of the Company and Shareholders as a whole.

For details, please refer to the Resolution of Jiangsu Lopal Tech. Group Co., Ltd. on the Settlement of Certain Fundraising Investment Projects and Use of Surplus Proceeds for Investment in Construction of New Project (Announcement No.: 2026–164) disclosed by the Company on October 31, 2026 on the official website of the Shanghai Stock Exchange (www.sse.com.cn) and designated media.

(viii) Matters in relation to Submission of the Settlement of Certain Fundraising Investment Projects and Use of Surplus Proceeds for Investment in Construction of New Project

The settlement of certain fundraising investment projects and use of surplus proceeds for investment in construction of new project is still subject to consideration and approval at a general meeting of the Company.

XIII. EGM

The EGM will be convened on November 23, 2026 at 2nd Floor, Large Conference Room, No. 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone for the Shareholders to consider and, if thought fit, to approve, among other things, (i) the Transaction Documents and the transactions contemplated thereunder; (ii) the passive formation of financial assistance arising from the Disposal; (iii) the external investment by a controlled second-tier subsidiary for the construction of a new project and the cumulative external investments; (iv) the settlement of certain fundraising investment projects and the use of surplus proceeds for investment in the construction of a new project; and (v) the notice of the 2026 sixth extraordinary general meeting.

The resolutions to be put forward to vote at the EGM will be decided by way of poll as required by the Hong Kong Listing Rules.

A form of proxy for use at the EGM has been sent together with a notice convening the EGM. Whether or not the Shareholders intend to be present at the EGM, they are requested to complete the form of proxy and return it to the office of the branch registrar of the

Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding of the EGM or any adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not prevent the Shareholders from attending and voting in person at the EGM or adjourned meeting (as the case may be) if they so wish.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolutions to be proposed by the Company at the EGM.

XIV. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility to attend and vote at the EGM, the register of members of the Company will be closed from November 18, 2026 to November 23, 2026, both days inclusive. During such period, no transfer of the Company's H Shares will be registered. Holders of the H Shares of the Company whose names appear on register of members of H Shares of the Company on November 18, 2026 will be entitled to attend the EGM. In order to be eligible to attend and vote at the EGM, holders of H Shares of the Company whose transfers of Shares have not been registered shall deposit the transfer documents together with the relevant share certificates with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on November 17, 2026.

XV. CONFIRMATION OF THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the Latest Practicable Date, no Director has any material interest in or is required to abstain from voting on the Board resolutions in relation to the matters set out in the notice of the EGM.

XVI. RECOMMENDATION

Having considered the reasons set out herein, the Directors (including the independent non-executive Directors) are of the opinion that the Transaction Documents and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and the resolutions set out in the notice of the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

XVII. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Completion is subject to the satisfaction and/or waiver of the conditions precedent set out in the Share Purchase Agreement. In addition, the Transaction Documents may be terminated in certain circumstances. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

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

The following is the summary of the valuation report dated October 12, 2026, for, amongst other purposes, inclusion in this circular. This report is prepared in Chinese and translated into English. In case of any discrepancy, the Chinese version shall prevail.

Beijing Jinkai Zhongtian Asset Valuation Co., Ltd. accepted the commission from LBM New Energy (AP) Pte Ltd. and, with reference to relevant valuation methods and in accordance with necessary valuation procedures, performed a valuation of the market value of the total shareholders' equity of PT LBM ENERGI BARU involved in the proposed equity transfer by LBM New Energy (AP) Pte Ltd. as at the valuation base date of 30 June 2026.

I. PURPOSE OF VALUATION

LBM New Energy (AP) Pte Ltd. proposes to transfer equity. For this purpose, it is necessary to estimate the total shareholders' equity value of PT LBM ENERGI BARU involved in the transfer, so as to provide a value reference basis.

II. SUBJECT AND SCOPE OF VALUATION

The subject and scope of this valuation are consistent with those involved in the economic transaction.

(I) Subject of Valuation

The total shareholders' equity value of PT LBM ENERGI BARU involved in the proposed equity transfer by LBM New Energy (AP) Pte Ltd.

(II) Scope of Valuation

All assets and liabilities listed in the audited balance sheet of PT LBM ENERGI BARU as at the valuation base date.

Unit: RMB10,000

Item		Book Value
1	Current assets	44,273.93
2	Non-current assets	62,898.12
3	Of which: Debt investments	—
4	Available-for-sale financial assets	—
5	Other debt investments	—
6	Held-to-maturity investments	—
7	Long-term receivables	—
8	Long-term equity investments	—
9	Investments in other equity instruments	—
10	Other non-current financial assets	—
11	Investment property	—
12	Fixed assets	1,249.08

Item		Book Value
13	Construction in progress	54,497.88
14	Materials for construction	—
15	Disposal of fixed assets	—
16	Productive biological assets	—
17	Oil and gas assets	—
18	Right-of-use assets	—
19	Intangible assets	4,742.66
20	Development expenditure	—
21	Goodwill	—
22	Long-term deferred expenses	—
23	Deferred tax assets	—
24	Other non-current assets	2,408.50
25	Total assets	107,172.04
26	Current liabilities	79,426.71
27	Non-current liabilities	—
28	Total liabilities	79,426.71
29	Net assets (owners' equity)	27,745.33

The assets and liabilities included in the scope of this valuation are consistent with the scope determined at the time the valuation was commissioned.

III. TYPE OF VALUATION

The types of value used in valuation include market value and types of value other than market value. Types of value other than market value generally include investment value, value in use, liquidation value, residual value, etc.

Based on factors such as the purpose of this valuation, market conditions, the characteristics of the subject of valuation, and their relevance to the valuation assumptions, market value is selected as the type of value for this valuation.

Market value is the estimated amount for which the subject of valuation would be exchanged in a normal and fair transaction on the valuation base date between a willing buyer and a willing seller, each acting rationally and without any compulsion.

IV. VALUATION BASE DATE

The valuation base date for this project is 30 June 2026.

V. VALUATION METHODS

(I) Introduction to Valuation Methods

Enterprise value valuation includes three basic valuation methods: the income approach, the market approach and the asset-based approach.

The income approach in enterprise value valuation refers to a valuation method that capitalises or discounts expected returns to determine the value of the subject of valuation. Common specific methods under the income approach include the dividend discount method and the discounted cash flow method.

The market approach in enterprise value valuation refers to a valuation method that compares the subject of valuation with comparable listed companies or comparable transaction cases to determine the value of the subject of valuation. The two commonly used specific methods under the market approach are the listed company comparison method and the transaction case comparison method.

The asset-based approach in enterprise value valuation refers to a valuation method that, based on the balance sheet of the entity being valued as at the valuation base date, reasonably estimates the value of on-balance-sheet and identifiable off-balance-sheet assets and liabilities to determine the value of the subject of valuation. When applying the asset-based approach to enterprise value valuation, the value of each asset should be derived using an appropriate specific valuation method selected according to its particular circumstances.

(II) Selection of Valuation Methods

The applicability of the three basic valuation methods — the income approach, the market approach and the asset-based approach — should be analysed in light of relevant conditions such as the purpose of valuation, the subject of valuation, the type of value and the availability of data, and one or more basic valuation methods should be appropriately selected.

The asset-based approach refers to a valuation method that, based on the balance sheet of the entity being valued as at the valuation base date, reasonably estimates the value of on-balance-sheet and identifiable off-balance-sheet assets and liabilities to determine the value of the subject of valuation. In light of the circumstances of this valuation, the financial statements of the entity being valued have been audited and are available; the information required for the asset-based approach can also be collected externally; and the assets and liabilities of the entity being valued can be verified and valued. Therefore, the asset-based approach is applicable to this valuation.

The income approach is based on the expected utility theory in economics, namely that, from an investor's perspective, the value of an enterprise lies in the expected future income it can generate. Although the income approach does not directly use reference objects in the actual market to illustrate the current fair market value of the subject of valuation, it evaluates the asset from the perspective of the asset's expected earning capacity — the fundamental basis for determining the current fair market value of an asset. It can fully reflect the overall value of the enterprise, and its valuation results have relatively good reliability and persuasiveness. From the perspective of the conditions for applying the income approach, as the enterprise has independent profitability and the management of the entity being valued has provided profit forecast data for future years, it is possible to reasonably estimate the enterprise's future profit level based on its historical operating data and internal and

external operating environment, and the risks of future returns can be reasonably quantified. The valuation information obtained is relatively sufficient. Therefore, the basic conditions for adopting the income approach are met.

The market approach evaluates the value of the subject of valuation based on the value of reference objects in the actual market. The market approach is market-oriented and has the characteristics of a direct valuation perspective and valuation path, an intuitive valuation process, valuation data directly derived from the market, and relatively persuasive valuation results. As the region where the enterprise is located currently lacks a fully developed and active capital market, investigation shows that there are no comparable listed companies identical or similar to the entity being valued, and it is impossible to obtain a sufficient number of comparable companies for a market approach valuation. Therefore, the market approach is not adopted for this valuation.

In summary, this valuation adopts the asset-based approach and the income approach to value the total shareholders' equity value of the entity being valued as at the valuation base date.

(III) Introduction to the Specific Valuation Methods under the Asset-Based Approach

The asset-based approach in enterprise valuation refers to a valuation method that, based on the balance sheet of the entity being valued as at the valuation base date, reasonably estimates the value of all identifiable on-balance-sheet and off-balance-sheet assets and liabilities of the enterprise to determine the value of the subject of valuation. The specific valuation methods for each asset and liability are as follows:

1. Valuation of Current Assets

(1) Cash and cash equivalents

Cash and cash equivalents are bank deposits and other cash and cash equivalents.

For bank deposits, according to the valuation declaration form, after checking against bank statements and bank deposit reconciliation statements, and carrying out substitute procedures for large-value deposits, it is determined whether the book balance and actual balance are consistent. Since the book value of the entity being valued's bank deposits is entirely in foreign currency, for foreign currency deposits, the valuation is determined by converting the verified foreign currency deposit amount into RMB at the State foreign exchange rate on the valuation base date. Other cash and cash equivalents are valued at the verified value.

(2) Prepayments

On the basis of substitute testing procedures, the valuation of prepayments is determined according to the value of the assets or rights that can be recovered from the corresponding goods. For prepayments for which the corresponding goods or rights can be recovered, the verified book value is used as the valuation; for prepayments for which there is conclusive evidence that the corresponding goods cannot be recovered and no corresponding assets or rights can be formed, the valuation is zero.

(3) Other receivables

On the basis of substitute testing procedures, the valuation of other receivables is determined according to the amount likely to be recovered for each item. For amounts for which there are sufficient grounds to believe that the full amount can be recovered, the valuation is calculated based on the full receivable amount; for amounts for which part may not be recovered, and where it is difficult to determine the amount that cannot be recovered, historical data and information obtained through on-site investigation shall be used to specifically analyse the amount, time and reason for the debt, recovery status, debtor's funds, credit, operating and management status, etc., and with reference to the ageing analysis method, estimate the amount likely not to be recovered, and calculate the valuation after deducting such risk loss; for amounts for which there is conclusive evidence that they cannot be recovered, the valuation is zero.

(4) Inventory

Inventory includes materials procurement, raw materials, turnover materials in stock and finished goods.

Among them:

Materials procurement and raw materials: because the materials procurement and raw materials recorded in the enterprise's books are owner-supplied materials and are subject to restrictions in production use, their prices differ from homogeneous materials on the market. Therefore, for this valuation, the valuations of materials procurement and raw materials are determined based on the verified book value.

Turnover materials in stock: for inventory with a short storage period, strong liquidity and little change in market price, the valuation is determined based on the verified book value; for inventory with a long storage period, poor liquidity and large changes in market price, the valuation is calculated based on the effective open market price on the valuation base date plus reasonable freight and miscellaneous charges and losses.

Finished goods: there are two valuation methods, the cost method and the market method. This valuation adopts the market method. The market method is based on full cost and determines the valuation according to the product sales market conditions, deciding whether to add appropriate profit or to set the valuation below cost. For best-selling products, the valuation is determined by deducting selling expenses and all taxes from the ex-factory selling price; for normally selling products, the valuation is determined by deducting selling expenses, all taxes and an appropriate amount of after-tax net profit from the ex-factory selling price; for barely marketable products, the valuation is determined by deducting selling expenses, all taxes and after-tax net profit from the ex-factory selling price. Since this batch of inventory recorded in the enterprise's books has already been sold, selling expenses are not considered; the enterprise enjoys income tax reduction and exemption incentives under relevant policies, so income tax is considered as zero. The calculation formula is:

Valuation of finished goods = Quantity of finished goods × tax-exclusive selling unit price – selling expenses – income tax – appropriate net profit

2. Valuation of Non-current Assets

(1) Buildings and Structures

According to the actual circumstances of the buildings and structures in this project, the cost approach is mainly adopted for valuation.

The cost approach is a method of estimating the value of a building based on the cost required to hypothetically rebuild the building to be valued. That is, the value of the building to be valued is estimated by taking the replacement cost of a brand-new building under current conditions and deducting physical, functional and economic depreciation. The calculation formula is:

Valuation = replacement cost – physical depreciation – functional depreciation – economic depreciation

= replacement unit price × building area × comprehensive condition rate

= replacement cost × comprehensive condition rate

① Replacement cost

For the replacement cost of industrial workshops, the construction cost as at the valuation base date is mainly determined by inquiring with local building contractors and construction cost consulting institutions, with reference to the Construction Cost Index (CCI) published by the Central Bureau of Statistics of Indonesia (BPS). Where the year of construction is clear, the replacement cost is determined directly based on the original construction cost, adjusted by the ratio of the construction cost index at the valuation base date to that at the time of construction.

② Comprehensive condition rate

The comprehensive condition rate of buildings and structures is comprehensively determined based on the structural characteristics of the building, construction year, degree of newness and oldness, functional wear and tear, etc.

Comprehensive condition rate = (economic life – years in use)/economic life × 100%

Comprehensive condition rate: the remaining useful life is comprehensively determined by referring to the durable life standards determined according to the architectural characteristics of different buildings, combined with on-site inspection conditions and the building's historical renovation and maintenance conditions; the years in use are determined based on the construction month and year of the building.

③ Valuation

Valuation = replacement cost × comprehensive condition rate

(2) Fixed Assets — Equipment

The equipment assets in this valuation include machinery and equipment, vehicles, and electronic and office equipment.

1) Machinery and Equipment

According to the purpose of this valuation, and in accordance with the principles of remaining in situ, current use and continued use, and based on market prices, combined with equipment characteristics and information collected, the cost approach is mainly adopted for the valuation of machinery and equipment assets.

The cost approach refers to a method of estimating the value of machinery and equipment by estimating their replacement cost and then deducting various depreciation caused by natural wear and tear during use, technological progress or the external economic environment, namely physical depreciation, functional depreciation and economic depreciation. The calculation formula is:

Valuation = replacement cost — physical depreciation — functional depreciation — economic depreciation

= replacement cost × comprehensive condition rate

① Replacement cost

As the purchase date of the machinery and equipment in this valuation is within half a year from the base date and market price fluctuations are small, the verified book value is used as the replacement cost of the equipment in this valuation.

② Comprehensive condition rate

Comprehensive condition rate = age-based condition rate + on-site survey adjustment coefficient

(A) Age-based condition rate

The age-based condition rate is determined based on the economic life of the equipment and the years already in use.

Age-based condition rate = (economic life – years in use)/economic life × 100%

(B) On-site survey adjustment coefficient

The on-site survey adjustment coefficient is mainly determined by reviewing maintenance, technical modification and testing materials, and by consulting equipment technical management personnel, on-site operators and maintenance personnel to understand the design, manufacture, actual use, maintenance, repair, overhaul and modification of the equipment, as well as the impact of factors such as existing performance, operating status and technological progress, and is comprehensively analysed and determined in combination with the age-based condition rate.

③ Valuation

Valuation of machinery and equipment = replacement cost × comprehensive condition rate

2) Valuation of Electronic and Office Equipment

According to the purpose of this valuation, in accordance with the principle of continued use, based on market prices, and combined with the characteristics of electronic equipment and the information collected, the cost approach is mainly adopted for the valuation of electronic equipment.

The cost approach refers to a method of estimating the value of electronic equipment by estimating their replacement cost and then deducting various depreciation caused by natural wear and tear during use, technological progress or the external economic environment, namely physical depreciation, functional depreciation and economic depreciation. The calculation formula is:

Valuation = replacement cost – physical depreciation – functional depreciation – economic depreciation

= replacement cost × comprehensive condition rate

① Replacement cost

As the purchase date of the machinery and equipment in this valuation is within half a year from the base date and market price fluctuations are small, the verified book value is used as the replacement cost of the equipment in this valuation.

② Comprehensive condition rate

For small equipment such as computers and air conditioners, the comprehensive condition rate is mainly determined based on the age-based condition rate.

The age-based condition rate is determined based on the economic life or remaining useful life of the equipment and the years already in use.

Age-based condition rate = (economic life – years in use)/economic life × 100%

For equipment whose years in use exceed the economic life, the following calculation formula is used:

Age-based condition rate = remaining useful life/(years in use + remaining useful life) × 100%

③ Valuation

Valuation of electronic equipment = replacement cost × comprehensive condition rate

3) Vehicles

According to the purpose of this valuation, in accordance with the principle of continued use, based on market prices, and combined with vehicle characteristics and the information collected, the cost approach is mainly adopted for the valuation of vehicles.

The cost approach refers to a method of estimating the value of a vehicle by estimating its replacement cost and then deducting various depreciation caused by natural wear and tear during use, technological progress or the external economic environment, namely physical depreciation, functional depreciation and economic depreciation. The calculation formula is:

Valuation = replacement cost – physical depreciation – functional depreciation – economic depreciation

= replacement cost × comprehensive condition rate

a. Replacement cost

As the purchase date of the vehicle in this valuation is within half a year from the base date and market price fluctuations are small, the verified book value is used as the replacement cost of the equipment in this valuation.

b. Comprehensive condition rate

Based on valuation experience, the theoretical condition rate is calculated according to the vehicle's years in use; based on on-site inspection conditions, the on-site survey condition rate of the vehicle is determined. Then, the comprehensive condition rate is calculated based on different weights for the theoretical condition rate and the on-site survey condition rate. The calculation formula is as follows:

Comprehensive condition rate = survey condition rate × 60% + theoretical condition rate × 40%

Theoretical condition rate: calculated according to the vehicle's years in use;

Service-life condition rate = (1 – years in use/specified service life) × 100%

Survey condition rate: comprehensively determined based on the status of the vehicle's body appearance, engine compartment, driver's cab, starting, road test, chassis, functional parts and other parts during on-site inspection. The calculation formula is as follows:

Survey condition rate = ∑ scores for each part × weight of each part × 100%

c. Valuation

Vehicle valuation = replacement cost × comprehensive condition rate

(3) Construction in Progress

According to the nature of this valuation project and relevant conditions such as the characteristics of the subject of valuation, the type of value and the availability of data, the applicability of the three basic valuation methods — the market approach, the income approach and the cost approach — as well as derivative methods such as the hypothetical development method, is analysed, and an appropriate valuation method is selected.

According to the actual circumstances of construction in progress and the availability of data, in order to avoid double counting of assets and omission of asset value, and in light of the fact that all construction in progress in this valuation has been completed, the cost approach is selected for valuation.

For projects where construction payments have been settled and no potential liabilities are confirmed, and the project has been completed and reached the intended usable state but has not been transferred to fixed assets, valuation shall be carried out according to the corresponding fixed asset valuation method. For construction in progress where the main equipment or main building has been transferred to fixed assets but some expense items have not been transferred, if their value has already been included in the fixed asset valuation, the valuation of such construction in progress is zero.

(4) Land Use Rights

The valuation method selected for land use rights should match the valuation purpose. The valuation method used in this valuation is selected based on the development status of the local real estate market and in combination with the specific characteristics of the subject of valuation and the specific valuation purpose. Common valuation methods include the market comparison approach, income capitalisation approach, residual approach, cost approach and benchmark land price coefficient adjustment method.

Because the market comparison approach is mainly used in areas with a developed real estate market and sufficient comparable examples, and there are sufficient similar transaction cases in the area where the subject land parcel is located, the market comparison approach is selected for valuation.

The market comparison approach is a method based on the substitution principle, which compares the subject land parcel with similar land parcels that are substitutable and have been traded in the market recently as at the valuation base date, and makes difference adjustments to the transaction prices of similar land parcels, thereby estimating the price of the subject land parcel. The calculation formula is:

$$P = P_B \times A \times B \times C \times D \times E \times F$$

Where:P — valuation of the subject land parcel

P_B — price of comparable examples

A — transaction condition adjustment coefficient

B — date adjustment coefficient

C — regional adjustment coefficient

D — individual adjustment coefficient

E — term adjustment coefficient

F — rights and interests adjustment coefficient

(5) Other Intangible Assets

Other intangible assets are mainly software-related intangible assets. For purchased software and other intangible assets, after online investigation and understanding relevant quotations from some sales institutions, their tax-exclusive replacement price is determined. The depreciation rate is comprehensively determined based on factors such as substitutability of other similar products in the market, product upgradability, inclusiveness of the software use industry and service life. The calculation formula is as follows:

Valuation result = replacement cost × (1 – depreciation rate)

(6) Other Non-current Assets

Other non-current assets refer to long-term assets other than the non-current asset items listed on the balance sheet with a turnover period of more than one year. The valuation is based on the value of assets and rights still enjoyed after the valuation base date.

3. Valuation of Liabilities

The liabilities of the entity being valued as at the valuation base date are current liabilities. Of which:

Current liabilities include notes payable, accounts payable, employee benefits payable and other payables.

On the basis of verification, the valuation of each type of liability is determined according to the liability items and amounts that the entity being valued actually needs to bear after the realisation of the valuation purpose. For liability items that are not actually required to be borne, the valuation is zero.

VI. INTRODUCTION TO THE SPECIFIC VALUATION METHOD UNDER THE INCOME APPROACH

In this income approach valuation, according to the specific circumstances of the entity being valued and the information collected, the discounted cash flow method is specifically selected. The cash flow measure selected is enterprise free cash flow. The total shareholders' equity value is indirectly obtained through the valuation of the enterprise's overall value. The cash flow model selected is the enterprise free cash flow model. The calculation formula is:

$E = B - D$

Where: E – total shareholders' equity value

D – value of interest-bearing debt

B – enterprise value:

$B = \boldsymbol{P} + C_1 + C_2$

Where: C_1 – value of surplus assets existing as at the valuation base date

C_2 – value of non-operating assets (liabilities) existing as at the valuation base date

P – value of operating assets:

$$P = \sum_{t=1}^{n} \left[R_t \times (1 + r)^{-t} \right] + \frac{R_{n+1}}{(r - g)} \times (1 + r)^{-n}$$

Where: R_i – expected return in the i-th future year (enterprise free cash flow)

r – discount rate

g – perpetual growth rate; for this valuation, g = 0

n – future forecast period of the subject of valuation

(1) Income Forecast

The future income forecast materials lawfully provided by the client and other relevant parties, whose reasonableness, legality and completeness have been guaranteed, shall be subject to necessary analysis, judgement and adjustment. In combination with the human resources, technical level, capital structure, operating conditions, historical performance and development trends of the entity being valued, and considering macroeconomic factors, the current status and development prospects of the industry, valuation assumptions shall be reasonably determined to form a future income forecast. At the same time, attention shall be paid to the consistency of key parameters in the future income forecast — such as operation and management, business structure, main business revenue, gross profit margin, working capital, capital expenditure and capital structure — with the valuation assumptions and the type of value. When forecast trends differ materially from historical performance and actual operating conditions, the client and other relevant parties shall be required to explain the reasonableness and sustainability of the differences.

After verification that they are consistent with the valuation assumptions and the type of value, the reasons for the differences and their reasonableness shall be disclosed and explained.

Upon verification, it is determined that these forecasts are predictions of future development made under conditions such as the enterprise's current operating conditions, policy environment, market capacity, market share, domestic and international economic development environment, enterprise development trends, and various measures adopted by the enterprise in response to current and future situations.

This income forecast is made from the perspective of market participants.

This valuation uses enterprise free cash flow as the quantitative indicator of the enterprise's expected income.

Enterprise free cash flow is the total cash flow after payment of operating expenses and income tax and before cash payments to the company's claimants. Its calculation formula is:

Enterprise free cash flow = net profit after tax + depreciation and amortisation + interest expense × (1 – tax rate T) – capital expenditure – changes in working capital

(2) Income Period

The income period in enterprise value valuation usually refers to the number of years over which the enterprise will obtain income in the future. The income period shall be appropriately determined in accordance with laws and administrative regulations, as well as the nature, type, current status and development prospects of the industry, agreements and articles of association, operating conditions, asset characteristics and resource conditions of the entity being valued. On the basis of a comprehensive analysis of the remaining economic life of the enterprise's products or services, research and development of substitute products or services, income structure, cost structure, capital structure, capital expenditure, working capital, investment income and risk level, and in combination with macro policies, industry cycles and other factors affecting the enterprise's entry into a stable period, the forecast period shall be reasonably determined.

In order to reasonably forecast the enterprise's future income, according to the characteristics of the enterprise's production and operation, industry prospects and relevant regulations, this valuation adopts a perpetual period as the income period. The first stage is the detailed forecast period, from 1 July 2026 to 31 December 2050. During this stage, the income status changes according to the enterprise's operating conditions, business plan and development plan; the second stage, commencing 1 January 2050, is perpetual operation, during which the enterprise will maintain a stable profit level.

(3) Discount Rate

The discount rate, also known as the expected investment return rate, is an important parameter for determining valuation value based on the income approach. The discount rate should be consistent with the measure of expected income. To determine the discount rate, comprehensive consideration should be given to capital market-related information such as the interest rate level and market investment return rate as at the valuation base date, as well as relevant factors such as the industry and the specific risks of the entity being valued.

As this valuation adopts the enterprise free cash flow discount model, in accordance with the principle of matching income amount with discount rate, the income amount measure in this valuation is enterprise free cash flow (FCFF), and the discount rate selected is the weighted average cost of capital (WACC). The calculation formula is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where: $WACC$: weighted average cost of capital

E: market value of equity

D: market value of debt

K_e: cost of equity

K_d: cost of debt

T: income tax rate

In the WACC calculation formula, the cost of equity Ke is estimated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = R_f + \beta \times MRP + R_c$$

Where:K_e: cost of equity

R_f: risk-free rate of return

β: equity system risk coefficient

M_{RP}: market risk premium

R_c: firm-specific risk adjustment coefficient

(4) Value of Surplus and Non-operating Assets (Liabilities)

Surplus assets refer to excess assets that are not directly related to enterprise income and exceed the needs of enterprise operation, generally referring to excess cash and cash equivalents and financial assets held for trading, etc. Non-operating assets (liabilities) refer to assets (liabilities) that do not contribute to the projected operating cash flow of profit forecasts, do not participate in the operating cash flow cycle, are difficult to predict in terms of future operating cash flow, and can be independently valued. The assets that the entity being valued can separately estimate specifically include cash and cash equivalents, other current assets, other non-current assets and accounts payable. The above surplus and non-operating assets (liabilities) and other separately estimable assets shall be determined according to the valuation results under the asset-based approach.

(5) Determination of the Value of Interest-bearing Debt

Interest-bearing debt refers to liabilities on which the entity being valued is required to pay interest as at the valuation base date, including related-party fund lending and borrowing and long-term and short-term borrowings from financial institutions, and is determined according to their market value. As at the valuation base date, the entity being valued had no interest-bearing debt.

VI. VALUATION ASSUMPTIONS AND NOTES ON SPECIAL MATTERS

The validity of this valuation report and the valuation results depends on the following valuation assumptions:

(I) General Assumptions

1. Transaction assumption: it is assumed that all assets to be valued are already in the transaction process, and the valuation is conducted by simulating the market according to the transaction conditions of the assets to be valued.

2. Open market assumption: it is assumed that the assets to be valued are traded in an open market, thereby realising their market value. The market value of assets is constrained by market mechanisms and determined by market conditions, rather than by individual transactions. The open market here refers to fully developed and sound market conditions, a competitive market with willing buyers and sellers, in which buyers and sellers have equal status, each has the opportunity and time to obtain sufficient market information, and the transaction behaviour of both buyers and sellers is conducted voluntarily and rationally, rather than under coercion or without restrictions.

3. Going concern assumption: this is a valuation assumption made when the enterprise's overall assets are taken as the subject of valuation. That is, the enterprise, as an operating entity, will continue to operate in its external environment in accordance with its operating objectives. The enterprise operator is responsible and capable of assuming responsibility; the enterprise operates lawfully and can obtain appropriate profits to maintain its going concern ability.

(II) Special Assumptions

1. There will be no material changes in the country's current relevant laws, regulations and policies, nor in the national macroeconomic situation; there will be no material changes in the political, economic and social environment of the regions where the parties to this transaction are located;

2. It is assumed that the enterprise's operators are responsible and that the enterprise management is capable of performing their duties;

3. Unless otherwise stated, it is assumed that the enterprise fully complies with all relevant laws and regulations;

4. It is assumed that the accounting policies to be adopted by the enterprise in the future will be basically consistent in important respects with those adopted in preparing this report;

5. There will be no material changes in interest rates, exchange rates, tax bases and tax rates, policy-based levies, etc.;

6. No other force majeure factors or unforeseeable factors will cause material adverse effects on the enterprise;

7. This valuation assumes that the ownership certificates, financial and accounting information and other materials related to this valuation provided by the client and the entity being valued are true, complete and lawful; the valuation scope is only based on the valuation declaration form confirmed and provided by the client and the entity being valued, and does not consider possible contingent assets and contingent liabilities outside the list provided by the client and the entity being valued.

This valuation result is derived on the premise of the above valuation assumptions; if the above valuation assumptions change, this valuation result shall be invalid.

VII. VALUATION CONCLUSION

In accordance with the principles of independence, objectivity and fairness, and following necessary valuation procedures, a valuation was performed on the total shareholders' equity value of PT LBM ENERGI BARU involved in the proposed equity transfer by LBM New Energy (AP) Pte Ltd. Based on the above valuation work, the following valuation results are obtained:

1. Valuation result under the asset-based approach

After valuation, the book value of total assets of PT LBM ENERGI BARU was RMB107,172.04 ten thousand, with a valuation of RMB108,020.75 ten thousand; the increase was RMB848.71 ten thousand, representing an appreciation rate of 0.79%. The book value of liabilities was RMB79,426.71 ten thousand, with a valuation of RMB79,426.71 ten thousand; the increase was RMB0.00 ten thousand, representing an appreciation rate of 0.00%. The book value of total shareholders' equity was RMB27,745.33 ten thousand, with a valuation of RMB28,594.03 ten thousand; the increase was RMB848.70 ten thousand, representing an appreciation rate of 3.06%. Details of the asset-based approach valuation results are set out in the valuation details schedule.

Amount unit: RMB ten thousand

Item		Carrying value A	Valuation result B	Increase/ (decrease) C = B – A	Increase rate % D = C/ A × 100%
1.	Current assets	44,273.93	44,422.92	148.99	0.34%
2.	Non-current assets	62,898.12	63,597.82	699.70	1.11%

Item		Carrying value A	Valuation result B	Increase/ (decrease) C = B – A	Increase rate % D = C/ A × 100%
3.	Of which: Available-for-sale financial assets	—	—	—	—
4.	Held-to-maturity investments	—	—	—	—
5.	Long-term receivables	—	—	—	—
6.	Long-term equity investments	—	—	—	—
7.	Investment property	—	—	—	—
8.	Fixed assets	1,249.08	1,313.50	64.42	5.16%
9.	Construction in progress	54,497.88	55,110.07	612.19	1.12%
10.	Engineering materials	—	—	—	—
11.	Disposal of fixed assets	—	—	—	—
12.	Productive biological assets	—	—	—	—
13.	Oil and gas assets	—	—	—	—
14.	Intangible assets	4,742.66	4,765.75	23.09	0.49%
15.	Development expenditures	—	—	—	—
16.	Goodwill	—	—	—	—
17.	Long-term deferred expenses	—	—	—	—
18.	Deferred tax assets	—	—	—	—
19.	Other non-current assets	2,408.50	2,408.50	0.00	0.00%
20.	**Total assets**	**107,172.04**	**108,020.75**	**848.71**	**0.79%**
21.	Current liabilities	79,426.71	79,426.71	0.00	0.00%
22.	Non-current liabilities	—	—	—	—
23.	**Total liabilities**	**79,426.71**	**79,426.71**	**0.00**	**0.00%**
24.	**Net assets/(owners' equity)**	**27,745.33**	**28,594.03**	**848.70**	**3.06%**

(1) Inventory — finished goods

The appreciation of inventory — finished goods was mainly because the book value of the enterprise's finished goods was measured at actual cost, while this valuation adopted the market approach based on the selling unit price of each product as at the valuation base date, resulting in the appraised value being greater than the book cost.

(2) Fixed assets

The appreciation of the original value of buildings and structures was mainly caused by increases in labour, machinery and material costs in Indonesia in recent years, which resulted in the appraised original value being higher than the book original value. The appreciation of the net value of buildings was mainly because the useful life adopted in the valuation for buildings and structures is longer than the accounting depreciation period adopted by the enterprise, and, combined with the actual usage condition of the buildings, the determined condition rate was higher than the book net value rate; the interaction of the two resulted in the appreciation of the net value of buildings.

As the vehicles were purchased close to the valuation base date, the replacement value determined on the basis of market purchase price was basically close to the book original value, and therefore there was no impairment in the appraised original value. The useful life on which the appraised net value was based is longer than the accounting depreciation period of the enterprise, resulting in an appreciation of the appraised net value of vehicles.

Electronic equipment is affected by technological progress, with rapid upgrading and continuously declining prices; the replacement value determined on the basis of market purchase price was lower than the book original value, resulting in an impairment of the appraised original value. The useful life on which the appraised net value was based is longer than the accounting depreciation period of the enterprise, but, combined with the actual usage condition of the electronic equipment, the determined condition rate was higher than the book net value rate; the interaction of the two resulted in an appreciation of the appraised net value of electronic equipment.

(3) Construction in progress

The appreciation of civil engineering and equipment installation works was mainly because the civil engineering and equipment installation works were recorded earlier than the valuation base date, and therefore this valuation needed to adjust their book costs by reference to local Indonesian price indices; in addition, a certain amount of capital cost was taken into account for civil engineering and equipment installation works exceeding six months. The interaction of the two resulted in the appreciation of the valuation of civil engineering and equipment installation works.

(4) Intangible assets

The appreciation of land use rights was mainly because the land use rights were recorded relatively early, while in recent years, with the gradual improvement of local construction in Indonesia and regional economic development, land market transaction prices have risen to a certain extent, resulting in the appraised appreciation.

The appreciation of other intangible assets was because, although the replacement price of financial software determined on the basis of market purchase price did not change much from the book value, it was still higher than the value of the enterprise's book value after amortisation, thereby resulting in the appreciation.

2. Valuation result under the income approach

Based on the income approach, the valuation result of the total shareholders' equity of PT LBM ENERGI BARU as at the valuation base date is RMB28,245.41 ten thousand (in words: RMB Two Hundred and Eighty-Two Million Four Hundred and Fifty-Four Thousand One Hundred Yuan Only), an increase of RMB500.08 ten thousand over the book value of RMB27,745.33 ten thousand, with an appreciation rate of 1.80%.

3. Difference between valuation results and analysis

The difference between the valuation results under the asset-based approach and the income approach is RMB348.62 ten thousand, which, based on the asset-based approach result, represents a difference rate of 1.22%.

The asset-based approach valuation uses the replacement cost of assets as the value standard, reflecting the socially necessary labour consumed in asset input (construction cost), and such construction cost usually changes with changes in the national economy. The income approach valuation uses the expected income of assets as the value standard, reflecting the size of the asset's output capacity (profitability), and is the quantification and present value of the overall expected profitability of the enterprise, emphasising the enterprise's overall expected profitability. Under the premise of two different value standards, there will be certain differences in valuation results.

The income approach is greatly affected by the enterprise's future profitability, asset quality, operating capacity and operating risks, and the future profitability of the entity being valued may have relatively large uncertainty. In the income approach valuation calculation, due to the influence of international policies, industry, market and the enterprise's own factors, the income period, income forecast, income risk and risk reward of the entity being valued are uncertain. Comparatively speaking, the income approach valuation conclusion has relatively large uncertainty.

The asset-based approach reflects the fair market value of assets from the perspective of asset replacement. In light of the circumstances of this valuation, the entity being valued provided detailed information on its assets and liabilities, and the information required for the asset-based approach was also collected externally. This valuation conducted a comprehensive inventory and valuation of the assets and liabilities of the entity being valued. Therefore, relatively speaking, the asset-based approach valuation result is more reliable. In light of the subject of this valuation, the valuation purpose and the applicable type of value, and after comparative analysis, considering that this valuation mainly provides services for an enterprise equity transaction and that the enterprise's future profitability on which the income approach valuation result is based may have relatively large uncertainty, selecting the asset-based approach valuation result can more accurately reflect the enterprise's intrinsic value and provide a more reasonable value reference basis for the valuation purpose. Therefore, this valuation adopts the asset-based approach valuation result as the final valuation conclusion.

4. Final valuation conclusion

Based on the above analysis, the asset-based approach valuation result is selected as the final valuation conclusion. The valuation result of the total shareholders' equity value of PT LBM ENERGI BARU as at the valuation base date is RMB **28,594.03** ten thousand (in words: RMB Two Hundred and Eighty-Five Million Nine Hundred and Forty Thousand Three Hundred Yuan Only), an increase of RMB848.70 ten thousand over the book value of RMB27,745.33 ten thousand, with an appreciation rate of 3.06%.

5. Validity period of the valuation conclusion

The valuation conclusion disclosed in this valuation report is valid for one year, from the valuation base date of 30 June 2026 to 29 June 2027. Use of the valuation conclusion set out in this valuation report beyond one year is invalid, unless otherwise provided by national laws and administrative regulations.

VIII. NOTES ON SPECIAL MATTERS

All information related to the valuation provided by the management and other personnel of PT LBM ENERGI BARU is the basis for preparing this report, and PT LBM ENERGI BARU shall be responsible for the authenticity, completeness and legality of the information it provides. For any defective matters of PT LBM ENERGI BARU that may affect the valuation conclusion, if no special explanation was made at the time of engagement or no indication was given and relevant information provided during the on-site valuation inspection, and the valuer generally could not have known them based on professional experience, the asset valuation institution shall not bear relevant responsibility.

The following are matters discovered during the valuation process that may affect the valuation conclusion but are beyond the professional level and ability of the valuer to estimate:

1. Circumstances of citing conclusions of reports issued by other institutions

The book value as at the valuation base date has been audited by Gongzheng Tianye Certified Public Accountants (Special General Partnership), which issued a standard unqualified audit report numbered "Su Gong B [2026] A293".

Apart from the above assets and liabilities included in the valuation scope, PT LBM ENERGI BARU undertakes that there are no other off-book assets and liabilities that should be included in the valuation scope. The above entrusted valuation subject and scope are consistent with the valuation subject and scope involved in the economic transaction.

2. Circumstances where ownership information is incomplete or defective

As at the date of issuance of this valuation report, no other circumstances of incomplete or defective ownership information have been identified.

3. Circumstances where the valuation procedure was subject to restrictions

① ***Technical inspection of equipment***

In this valuation, no technical inspection was carried out on the technical parameters and performance of various equipment assets as at the valuation base date. This valuation is based on judgments made through on-site investigation on the assumption that the relevant technical materials and operation records provided by the entity being valued are true and valid.

② ***Technical inspection of concealed works***

In this valuation, no technical inspection was carried out on various buildings (structures) and internal structures (parts not visible to the naked eye). The valuation results of buildings and structures are judgments made through on-site surveys, such as verification of relevant materials, without the aid of any testing instruments, on the assumption that the relevant materials provided by the entity being valued are true and valid.

Apart from the above matters, no other circumstances where the valuation procedure was subject to restrictions were identified in this inventory.

4. Circumstances where other major valuation materials are incomplete

As at the date of issuance of this valuation report, no other circumstances of incomplete or unprovided major valuation materials have been identified.

5. Pending legal, economic and other matters existing as at the valuation base date

According to the information provided by the entity being valued, no pending legal, economic and other matters of the entity being valued as at the valuation base date have been identified.

6. Nature, amount and relationship to the subject of valuation of matters such as mortgages, guarantees, leases and contingent liabilities/assets

As at the valuation base date, the entity being valued had the following lease matter:

PT LBM ENERGI BARU INDONESIA entered into a Warehousing Services Agreement with CJ LOGISTICS AMERICA, LLC, under which the latter, as the warehousing provider, uses the warehouse leased by the entity being valued, located at 21705 W. Mississippi St., Elwood, IL, 60421, to provide warehousing services for raw materials for battery cell production and other products. The initial term of the agreement is one year and is automatically renewed annually. As neither the main text nor the appendices of the agreement specify the specific leased area or rent amount, the relevant costs are based on the book records of the entity being valued. Upon verification, the warehouse is jointly used by PT LBM ENERGI BARU INDONESIA and PT LBM ENERGI BARU, and costs are apportioned and paid according to actual expenses incurred.

Apart from the above, no other lease matters of the entity being valued have been identified. This income approach valuation has taken into account the impact of this lease matter on the valuation conclusion.

This valuation has not taken into account possible rights or obligations outside the scope of the valuation commissioned by the client and the entity being valued, such as contingent income, contingent (off-book) assets and contingent liabilities.

7. Matters that may affect the valuation conclusion between the valuation base date and the valuation report date

After the valuation base date, if changes in the quantity of assets and pricing standards affect the valuation conclusion, this valuation conclusion cannot be used directly, and the valuation conclusion must be adjusted or re-estimated. The asset valuation institution does not bear any responsibility for changes in assets, liabilities and market conditions after the valuation base date, nor is it obliged to revise the valuation report for matters or circumstances occurring after the valuation base date.

From the valuation base date to the date of issuance of this valuation report, no other major post-balance-sheet events that affect the valuation premise and valuation conclusion and require adjustment of the valuation conclusion have been identified.

8. Defective circumstances that may have a material impact on the valuation conclusion in the economic transaction corresponding to this valuation

In the economic transaction corresponding to this valuation, no defective circumstances that may have a material impact on the valuation conclusion have been identified.

Users of this valuation report should pay attention to the possible impact of the above special matters on the valuation conclusion.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 are set out in the annual reports of the Company dated April 22, 2025 and April 24, 2026 and in the interim report of the Company dated September 24, 2026.

2. INDEBTEDNESS OF THE GROUP

As of the close of business on September 30, 2026, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had outstanding indebtedness as follows:

	RMB'000
Bank loans	**9,836,458.9**
— Secured[(1)]	275,192.5
— Guaranteed	6,989,274.8
— Secured and guaranteed	301,950.0
— Unsecured and unguaranteed	2,270,041.6
Other borrowings	**2,863,567.1**
— Secured	Nil
— Guaranteed	1,218,723.6
— Secured and guaranteed	Nil
— Unsecured and unguaranteed[(2)]	1,644,843.5
Lease liabilities	**1,048,936.7**
— Secured	89,220.0
— Unsecured	959,716.7
Total	**13,748,962.7**

Notes:

(1) The mortgaged loans are secured by land and properties.

(2) The unsecured and unguaranteed other borrowings represent share repurchase arrangements involving investors including Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司), Jianxin Financial Asset Investment Co., Ltd.* (建信金融資產投資有限公司), Kunlun Gongrong Green (Beijing) New Industry Investment Fund Partnership (Limited Partnership) (昆侖工融綠色(北京)新興產業投資基金合夥企業(有限合夥)), LG Energy Solution, Ltd. and Changzhou Jinsha Industrial Investment Partnership Enterprise (Limited Partnership) (常州金沙產業投資合夥企業(有限合夥)).

(3) Any discrepancies between the total and the sum of the individual amounts in the above table are due to rounding.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables and accruals in the ordinary course of business, as of the close of business on September 30, 2026, the Group did not have any debt securities issued and outstanding, any debt securities authorized or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees.

3. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, after taking into account the effects of the Disposal, internally generated funds, existing facilities available to the Group and financial resources presently available to the Group, the Group will have sufficient working capital to satisfy its requirements for at least twelve (12) months from the date of this circular (the "**Statement**"). The Company has obtained a letter from its Independent Financial Adviser confirming that the Statement has been made by the Directors after due and careful enquiry.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the research, development, production and sale of LFP cathode materials and automotive specialty chemicals as of the Latest Practicable Date. The Group enjoys major market positions in the LFP cathode material industry and multiple sub-segments of the automotive specialty chemical industry.

The Group primarily derives its revenue from two business lines, namely (i) production and sale of LFP cathode materials and (ii) production and sale of a diverse portfolio of automotive specialty chemical products covering diesel exhaust fluids, automobile and industrial lubricants, coolants and car maintenance products, which are widely used in the automobile manufacturing market, automotive aftermarket, and engineering equipment market. For the six months ended June 30, 2026, the Group recorded revenue of RMB7,198.4 million, representing an increase of approximately 98.8% as compared with RMB3,621.9 million for the same period in 2025, and net profit attributable to shareholders of the Company of RMB420.5 million, as compared with a net loss attributable to shareholders of the Company of RMB85.2 million for the same period in 2025, achieving a turnaround from loss to profit.

Going forward, the Group will continue to adhere to its dual-track industrial layout encompassing both new energy and traditional businesses, and will focus on deepening its industrial layout, advancing production capacity development in the PRC and Indonesia, consolidating its vertical integration of the lithium battery industrial chain, prioritizing innovation and R&D, optimizing its financial structure through multi-channel financing, reducing costs and enhancing efficiency, and introducing and training high-quality talents. The Group believes that the prevailing downstream prospect and growing demand are in its favour, driven by the PRC government's support for the new energy industry, the fast growth of the NEV industry, the expected increase in shipment volume of the ESS battery industry in mainland China, and the expected growth in automobile ownership in mainland

China. Leveraging on its market position, diverse product portfolio, manufacturing capabilities, research and development capabilities, product quality and quality customer base, the Company believes that it is well positioned to benefit from the anticipated growth in sales volume of LFP cathode materials and diesel exhaust fluids, automotive lubricants, coolants and car maintenance products in mainland China.

5. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company will cease to have control over the Target Company. The Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

The Disposal will be accounted for in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and the Company will recognise a gain or loss on disposal calculated based on the consideration for the Disposal and the carrying amount of the net assets of the Target Company attributable to the Seller as of the Completion Date, together with any related transaction costs and tax effects. The actual amount of the gain or loss to be recognised will be calculated with reference to the financial position of the Target Company at the time of Completion.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As of the Latest Practicable Date, the total number of issued shares of the Company was 791,111,906, comprising 656,111,906 A Shares listed on the Shanghai Stock Exchange and 135,000,000 H Shares listed on the Hong Kong Stock Exchange.

3. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which had been notified to the Company and the Hong Kong 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 was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Hong Kong Stock Exchange, were set out as follows:

(i) Interest in the Company

Name of Director or chief executive	Nature of Interest	Class	Number of Shares[1]	Approximate percentage of shareholding in the relevant class of shares of the Company[2]	Approximate percentage of shareholding in the total share capital of the Company[3]
Mr. Shi Junfeng[4][6]	Beneficial owner	A Shares	212,662,195	32.41%	26.88%
	Interest held by controlled corporation	A Shares	1,901,208	0.29%	0.24%
	Interest of spouse	A Shares	23,618,649	3.60%	2.99%
Ms. Zhu Xianglan[5]	Beneficial owner	A Shares	23,618,649	3.60%	2.99%
	Interest of spouse	A Shares	214,563,403	32.70%	27.12%

Name of Director or chief executive	Nature of Interest	Class	Number of Shares[(1)]	Approximate percentage of shareholding in the relevant class of shares of the Company[(2)]	Approximate percentage of shareholding in the total share capital of the Company[(3)]
Mr. Lu Zhenya (former name: Lu Zhenya)	Beneficial owner	A Shares	361,988	0.06%	0.05%
Mr. Qin Jian[(7)]	Beneficial owner	A Shares	320,832	0.05%	0.04%
	Interest of spouse	A Shares	33,056	0.01%	0.00%
Mr. Shen Zhiyong	Beneficial owner	A Shares	218,112	0.03%	0.03%
Mr. Zhang Yi	Beneficial owner	A Shares	325,792	0.05%	0.04%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 656,111,906 A Shares or 135,000,000 H Shares in issue as of the Latest Practicable Date, depending on the class of Shares involved.

(3) The calculation is based on the total number of 791,111,906 Shares as of the Latest Practicable Date and without taking into account the options granted under the 2025 Share Option Scheme. As of the Latest Practicable Date, the Company does not hold any Shares as treasury shares.

(4) Mr. Shi Junfeng is the spouse of Ms. Zhu Xianglan. By virtue of the SFO, Mr. Shi Junfeng is deemed to be interested in the Shares in which Ms. Zhu Xianglan is interested.

(5) Ms. Zhu Xianglan is the spouse of Mr. Shi Junfeng. By virtue of the SFO, Ms. Zhu Xianglan is deemed to be interested in the Shares in which Mr. Shi Junfeng is interested.

(6) Nanjing Bailey is a limited partnership established in the PRC, which is managed by Lopal International as its general partner. Lopal International is a limited company established in the PRC, which is owned as to 90% by Mr. Shi Junfeng and 10% by Ms. Zhu Xianglan. Accordingly, Mr. Shi Junfeng is deemed to be interested in the Shares held by Nanjing Bailey.

(7) Ms. Xu Suxia is the spouse of Mr. Qin Jian. As of the Latest Practicable Date, Ms. Xu Suxia held 33,056 A Shares. By virtue of the SFO, Mr. Qin Jian is deemed to be interested in the Shares held by Ms. Xu Suxia.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong 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 which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be otherwise notified to the Company and the Hong Kong Stock Exchange.

(ii) Interest in associated corporations

Name of Director or chief executive	Nature of interests[1]	Associated corporations	Approximate percentage of holding in associated corporations
Mr. Shi Junfeng	Interest held by controlled corporation	Changzhou Liyuan	71.90%[2]
Mr. Shen Zhiyong	Interest held by controlled corporation	Changzhou Liyuan	1.61%[3]

Notes:

(1) All the interests stated are long positions.

(2) As of the Latest Practicable Date, Changzhou Liyuan was owned as to approximately 68.69% by the Company in which Mr. Shi Junfeng controlled more than one-third of voting power and approximately 3.21% by Changzhou Youbeili, in which Mr. Shi Junfeng served as the general partner and owned 99.9% interest, respectively. Therefore, Mr. Shi Junfeng is deemed to be interested in the shares in Changzhou Liyuan held by Changzhou Youbeili and the shares in Changzhou Liyuan held by the Company under the SFO.

(3) As of the Latest Practicable Date, Changzhou Liyuan was owned as to approximately 1.61% by Nanjing Jinbeili in which Mr. Shen Zhiyong served as the general partner and owned 99% interest. Therefore, Mr. Shen Zhiyong is deemed to be interested in the shares in Changzhou Liyuan held by Nanjing Jinbeili under the SFO.

4. SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, to the knowledge of the Directors, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Shareholder	Nature of interests	Class	Number of Shares[1]	Approximate percentage of shareholding in the relevant class of shares of the Company[2]	Approximate percentage of shareholding in the total share capital of the Company[3]
Harvest International Capital Management Limited	Interest held by controlled corporation	H Shares	9,008,000 (L)	6.67%	1.14%

Notes:

(1) Interests labelled with (L) are long positions, and interests labelled with (S) are short positions.

(2) The calculation is based on the total number of 656,111,906 A Shares or 135,000,000 H Shares in issue as of the Latest Practicable Date, depending on the class of Shares involved.

(3) The calculation is based on the total number of 791,111,906 Shares as of the Latest Practicable Date and without taking into account the options granted under the 2025 Share Option Scheme. As of the Latest Practicable Date, the Company does not hold any Shares as treasury shares.

5. MATERIAL CONTRACTS

The following contract (not being contract entered into in the ordinary course of business) entered into by the members of the Group within two (2) years immediately preceding the Latest Practicable Date and is, or may be, material:

(1) the subscription agreement dated December 20, 2024 entered into among the Company, LBM AP, Changzhou Liyuan New Energy Technology Co., Ltd., PT Akasya Investasi Indonesia and Aisis Alliance L.P., pursuant to which PT Akasya Investasi Indonesia and Aisis Alliance L.P. conditionally agreed to subscribe for, and LBM AP conditionally agreed to allot and issue to PT Akasya Investasi Indonesia and Aisis Alliance L.P., series A preference shares in the capital of LBM AP, at subscription prices of US$150,000,000 and US$50,000,000, respectively, as disclosed in the announcements of the Company dated December 20, 2024 and February 10, 2025 and the circular of the Company dated January 8, 2025;

(2) the subscription agreement dated February 21, 2025 entered into among LBM AP, PT LBM Energi Baru Indonesia ("**PT LBM**") and LG Energy Solution, Ltd. ("**LGES**"), pursuant to which PT LBM issued to LGES, and LGES subscribed for, a total of 255,930.64 newly issued shares in the capital of PT LBM for an aggregate subscription price of US$15,970,911.12 at a per share subscription price of US$62.40, which upon issuance represented 20% of the issued and outstanding share capital of PT LBM on a fully diluted basis, as disclosed in the announcement of the Company dated February 21, 2025 and August 11, 2025 and the circular of the Company dated March 27, 2025;

(3) the placing agreement dated June 4, 2025 entered into between the Company and Guotai Junan Securities (Hong Kong) Limited, pursuant to which the Company agreed to appoint Guotai Junan Securities (Hong Kong) Limited as placing agent, and Guotai Junan Securities (Hong Kong) Limited conditionally agreed to procure, on a best effort basis, not less than six placees who, together with their respective ultimate beneficial owners, being independent third parties, to purchase up to an aggregate of 20,000,000 new H shares of the Company at the placing price of HK$6.00 per placing share, as disclosed in the announcements of the Company dated June 5, 2025 and June 12, 2025; and

(4) the placing agreement dated June 16, 2026 entered into between the Company and Guotai Junan Securities (Hong Kong) Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which the Company agreed to appoint Guotai Junan Securities (Hong Kong) Limited and China Securities (International) Corporate Finance Company Limited as joint placing agents, and they conditionally agreed severally (and not jointly and severally) to procure, on a best effort basis, not less than six placees who, together with their respective ultimate beneficial owners, being independent third parties, to purchase up to an aggregate of 15,000,000 new H shares of the Company at the placing price of HK$13.09 per placing share, as disclosed in the announcements of the Company dated June 17, 2026 and June 22, 2026.

6. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, none of the Directors and the Controlling Shareholders was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

7. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

As of the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

8. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As of the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets that had been acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2025 (being the date to which the latest published audited consolidated accounts of the Company).

As of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at such date which was significant in relation to the business of the Group.

9. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as of the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since December 31, 2025, being the date to which the latest published audited accounts of the Company were made up.

10. LITIGATION

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

11. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Beijing Jinkai Zhongtian Asset Valuation Co., Ltd. (北京金開中天資產評估有限公司)	Independent professional valuer

As of the Latest Practicable Date, the above expert:

(1) has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report or opinion and reference to its name in the form and context in which they respectively appear;

(2) did not have any shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and

(3) did not have any direct or indirect interests in any assets which had been acquired or disposed of by or leased to any of member of the Group, or are proposed to be acquired or disposed of by or leased to any of member of the Group since December 31, 2025 (being the date to which the latest published audited consolidated financial accounts of the Company were made up).

12. GENERAL

(a) The registered office and headquarters in the PRC are at No. 6 Hengtong Avenue, Nanjing Economic and Technological, Development Zone, PRC.

(b) The head office and principal place of business in Hong Kong are at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(c) The joint company secretaries of the Company are Mr. Zhang Yi and Ms. Leung Hoi Yan. Ms. Leung Hoi Yan is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.lopal.com.cn) during the period of 14 days from the date of this circular:

(1) the Share Purchase Agreement;

(2) the Shareholders' Agreement;

(3) the valuation report, the summary of which is set out in Appendix I to this circular; and

(4) the written consent letter referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix.

The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 14.66(10) and paragraph 43(2)(c) of Appendix D1B to the Hong Kong Listing Rules to redact certain information from the Share Purchase Agreement and the Shareholders' Agreement to be displayed on the websites of the Hong Kong Stock Exchange and the Company, namely the personal names, email addresses, addresses and signatures of the signing parties thereto (the "**Confidential Information**").

The waiver was granted on the following basis:

(a) the Confidential Information is private and confidential in nature and constitutes personal data of the relevant individuals, who have not consented to the Company disclosing the same, and public disclosure of such information may constitute a breach of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong);

(b) the Confidential Information is irrelevant to the subject matter of the transactions contemplated under the Share Purchase Agreement and the Shareholders' Agreement and will not influence the assessment of the assets, liabilities, financial position, profits and losses and prospects of the Group or the impact of the Disposal and the transactions contemplated under the Share Purchase Agreement and the Shareholders' Agreement; and

(c) the announcement of the Company dated October 22, 2026 and this circular disclose all the terms of the Share Purchase Agreement and the Shareholders' Agreement which are material to the Shareholders' assessment of the merits of the transactions contemplated thereunder, as well as the reasons for and benefits of such transactions, and the full terms of the Share Purchase Agreement and the Shareholders' Agreement will be available for inspection by displaying the redacted versions on the websites of the Hong Kong Stock Exchange and the Company during the period of not less than 14 days from the date of this circular. Accordingly, the redaction of the Confidential Information will not result in the omission of any material information or mislead the Shareholders or the investing public in respect of any facts essential for an informed assessment of the merits of the transactions.

RESOLUTION ON THE PASSIVE FORMATION OF FINANCIAL ASSISTANCE UPON THE DISPOSAL OF A PARTIAL EQUITY INTEREST IN A CONTROLLED THIRD-TIER SUBSIDIARY

The Company's controlled second-tier subsidiary, LBM (AP), intends to dispose of its 76% equity interest in PT LBM to KINETIQ, resulting in PT LBM to be classified as a Non-PFE ("**Non-Prohibited Foreign Entity**") under the rules of the One Big Beautiful Bill Act. Upon completion of the transaction, KINETIQ will hold 76% of the equity interest in PT LBM, LBM (AP) will hold 23.99%, and LBM (SG), a wholly-owned subsidiary of LBM (AP), will hold 0.01%. PT LBM will no longer be consolidated into the Company's financial statements.

As at the date of this meeting, PT LBM has not yet repaid the outstanding principal of the loan owed to LBM (AP) in the amount of US$55 million. Such loan was provided by LBM (AP) to PT LBM to meet its ordinary course operational needs at the time when PT LBM was a controlled third-tier subsidiary of the Company. PT LBM has undertaken to repay the loan by the end of 2026. Upon completion of the transaction and until such repayment is made, the Company will passively constitute provision of financial assistance to a investee company. Such passively formed financial assistance does not constitute a circumstance in which financial assistance is prohibited under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the "**Stock Listing Rules**") or other applicable regulations. The particulars are set out below:

I. OVERVIEW OF THE PASSIVE FORMATION OF FINANCIAL ASSISTANCE TO AN INVESTEE COMPANY

(I) Basic Information on the Disposal of Equity Interests

To safeguard the Company's long-term strategic positioning in international markets, ensure its continued participation in the North American lithium-ion battery market, and maximise the protection of the interests of the listed company and small and medium-sized investors, LBM (AP), a controlled second-tier subsidiary of the Company, intends to dispose of its 76% equity interest in PT LBM to KINETIQ, resulting in PT LBM to be classified as a Non-PFE ("**Non-Prohibited Foreign Entity**") under the One Big Beautiful Bill Act. The consideration for the transaction is US$31.92 million. The underlying asset of the transaction is the Company's 90,000-tonne-per-annum LFP cathode materials plant in Indonesia, which is currently under construction. Upon completion of the transaction, KINETIQ will hold 76% of the equity interest in PT LBM, LBM (AP) will hold 23.99%, and LBM (SG), a wholly-owned subsidiary of LBM (AP), will hold 0.01%. PT LBM will no longer be consolidated into the Company's financial statements.

(II) Basic Information on the Financial Assistance

Prior to this transaction, during the period when PT LBM was a controlled third-tier subsidiary of the Company, LBM (AP) provided loans to it to meet its ordinary operational needs. Prior to this transaction, because LBM (AP) had substantive control over and influence on PT LBM and was able to exercise effective fund management and risk control over it, LBM (SG), the other shareholder of PT LBM, did not provide financial assistance on a pro rata basis. As of September 30, 2026, the outstanding principal of the loans owed by PT LBM to LBM (AP) amounted to US$55 million in aggregate, with annualized interest of approximately US$2.3007 million, and the total outstanding principal and interest of the loans amounted to US$57.3007 million (interest calculated based on the loan principal and the number of days of use). Upon completion of this transaction and until PT LBM repays such loans, the Company's unrecovered claims will passively constitute financial assistance.

Name of the Recipient of Financial Assistance	**PT LBM ENERGI BARU**
Method of Financial Assistance	√ Loan ☐ Entrusted Loan ☐ Bearing Expenses on Behalf of the Recipient ☐ Other _____
Amount of Financial Assistance	US$55 million
Term of Financial Assistance	PT LBM has undertaken to repay all loans and interest thereon by December 31, 2026
Interest on Financial Assistance	☐ Interest-free √ Interest-bearing, at 4.00% per annum
Security Arrangements	√ No ☐ Yes, _____

(III) Internal Decision-Making Procedures

On October 22, 2026, the Company convened the eighteenth meeting of the fifth session of the Board, at which the Resolution on the Passive Formation of Financial Assistance upon the Disposal of a Partial Equity Interest in a Controlled Third-tier Subsidiary was considered and approved.

Pursuant to the relevant provisions of Accounting Standard for Business Enterprises No. 36 — Disclosure of Related Parties, upon completion of this transaction, PT LBM will become a related legal person of the Company. Accordingly, the abovementioned passively formed financial assistance provided by the Company to PT LBM constitutes a connected transaction. This matter has been submitted to and approved by the fifth special meeting of independent directors under the fifth session of the Board of the Company.

(IV) Reasons for Providing Financial Assistance

Following the transfer by LBM (AP), a controlled second-tier subsidiary of the Company, of part of its equity interest in PT LBM, PT LBM will no longer be consolidated into the financial statements of the Company, thereby passively constituting the provision of financial assistance to an investee company. PT LBM has undertaken to repay the outstanding amount by the end of 2026. This matter will not affect the Company's normal business operations and use of funds. Upon completion of the disposal of equity interests and until PT LBM repays such loan, the abovementioned passively formed financial assistance does not constitute a circumstance in which the provision of financial assistance is prohibited under the Stock Listing Rules or other applicable provisions.

II. BASIC INFORMATION OF THE RECIPIENT OF FINANCIAL ASSISTANCE

(I) Basic Information

Name of the Recipient of Financial Assistance	**PT LBM ENERGI BARU**
Legal Representative	N/A
Unified Social Credit Code	N/A
Date of Establishment	February 13, 2025
Place of Incorporation	Indonesia
Principal Place of Business	Jl. Sawojajar No. 3, Kendal Industrial Estate, Wonorejo Village, Kaliwungu District, Kendal Regency, Central Java Province, Republic of Indonesia
Registered Capital	IDR1,020,000,000,000
Principal Business	Research and development, production and sales of battery materials
Principal Shareholders or Actual Controllers	Upon completion of this transaction, KINETIQ will hold 76%, LBM (AP) will hold 23.99%, and LBM (SG) will hold 0.01%
Relationship with the Listed Company	☐ Controlled subsidiary (whether other shareholders are related parties: ☐ Yes, ☐ No) √ Investee company (whether other shareholders are related parties: ☐ Yes, √ No) ☐ Other: _____

Name of the Recipient of Financial Assistance	**PT LBM ENERGI BARU**		
Key Financial Indicators (RMB)	**Item**	**June 30, 2026/ January-June 2026 (Audited)**	**December 31, 2025/Year 2025 (Audited)**
	Total assets	1,071,720,442.47	676,435,944.81
	Total liabilities	794,267,148.94	390,534,428.50
	Net assets	277,453,293.53	285,901,516.31
	Revenue	0.00	0.00
	Net profit	–1,204,749.24	4,806,857.30
Whether there are any material contingent matters affecting the recipient's ability to repay its debts (including guarantees, mortgages, litigation and arbitration matters, etc.)	√ No □ Yes, _____		

(II) Creditworthiness or Credit Rating Status of the Recipient

PT LBM has good creditworthiness and is not a dishonest judgment debtor subject to enforcement.

(III) Relationship with the Recipient

Prior to this equity disposal, PT LBM was a controlled third-tier subsidiary of the Company. As LBM (AP) has substantive control over and influence on PT LBM and is able to exercise effective fund management and risk control over it, the other shareholder of PT LBM, LBM (SG), did not provide financial assistance in the same proportion.

After the closing of this disposal, PT LBM will no longer be included in the Company's consolidated financial statements, thereby passively resulting in the Company providing financial assistance to an investee company. This is not newly added financial assistance, and its new shareholder, KINETIQ, is not required to provide financial assistance in the same proportion. According to the relevant provisions of Accounting Standard for Business Enterprises No. 36 — Related Party Disclosures, upon completion of this transaction, PT LBM will become a related party legal entity of the Company.

III. MAIN CONTENTS OF THE FINANCIAL ASSISTANCE AGREEMENT

1. Agreement parties: PT LBM ENERGI BARU and LBM NEW ENERGY (AP) PTE. LTD.

2. Form of assistance: Provision of borrowing

3. Amount of assistance: Total borrowing facility of US$100 million, with an actual amount of borrowing of US$55 million

4. Term of borrowing: The term of borrowing under this agreement is 12 months. Drawdowns may be made in multiple tranches and amounts, and each tranche shall have a term of 12 months. Repayment shall be made by one lump-sum repayment of principal at maturity, and interest shall be paid together with principal at maturity

5. Interest rate of borrowing: Fixed annual interest rate of 4.00%

6. Use of funds: For the Indonesian factory to purchase equipment and machinery and pay infrastructure construction payments

7. Rights and obligations of the borrower: ① The borrower may repay the borrowing in whole or in part at any time without premium or penalty. All prepayments shall first be applied to repay accrued interest and then to repay the principal. ② The borrower shall notify the lender in writing within five days upon the occurrence or potential occurrence of any act or event affecting its repayment ability, and the borrower has the right to request a grace period (not exceeding six months).

8. Default liability: Once the borrower breaches any obligation, commitment or warranty under this agreement, it shall constitute a default, and the borrowing shall immediately become due and payable by the borrower. The lender may, in accordance with the borrowing agreement and applicable laws and regulations, take any actions it deems necessary to ensure the security of this borrowing agreement.

IV. RISK ANALYSIS AND RISK CONTROL MEASURES FOR FINANCIAL ASSISTANCE

After completion of the equity transfer, a situation of providing financial assistance to an investee company will be passively formed. It consists of borrowing provided by LBM (AP) to its former controlled subsidiary, with no new borrowing added to the original borrowing and no new cash outflow. PT LBM undertakes to repay the borrowing before the end of 2026. The Company will subsequently closely monitor PT LBM's operating conditions, financial condition and solvency, urge PT LBM to make relevant payments, and actively prevent risks arising from the financial assistance.

V. CUMULATIVE AMOUNT OF FINANCIAL ASSISTANCE PROVIDED AND OVERDUE AMOUNT

Item	Amount (RMB ten thousand)	Proportion to the listed company's audited net assets for the most recent period (%)
Balance of financial assistance cumulatively provided by the listed company	47,145.70	16.67%
Balance of financial assistance cumulatively provided to entities outside the consolidated financial statements (excluding this transaction)	—	—
Amount overdue and not yet recovered	—	—

Note: The balance of financial assistance cumulatively provided by the Company is denominated in USD and converted at the exchange rate of USD1 = RMB6.7351 as of September 30, 2026.

For details, please refer to the Announcement of Jiangsu Lopal Tech. Group Co., Ltd. on the Passive Formation of Financial Assistance upon the Disposal of a Partial Equity Interest of a Controlled Third-tier Subsidiary (Announcement No.: 2026–159) disclosed by the Company on October 23, 2026 on the official website of the Shanghai Stock Exchange (www.sse.com.cn) and designated media.

The above resolution has been reviewed and approved by the eleventh meeting of the audit committee of the fifth session of the Board, the fifth meeting of the independent directors' special meeting of the fifth session of the Board, and the eighteenth meeting of the fifth session of the Board of the Company. Shareholders and shareholder representatives are now invited to deliberate on this matter.

Jiangsu Lopal Tech. Group Co., Ltd.
江蘇龍蟠科技集團股份有限公司

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

(Stock Code: 2465)

NOTICE OF 2026 SIXTH EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2026 sixth extraordinary general meeting (the "**EGM**") of Jiangsu Lopal Tech. Group Co., Ltd. ("**Company**", together with its subsidiaries, the "**Group**") will be held at 2nd Floor, Large Conference Room, No. 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province, PRC on Monday, November 23, 2026 at 2 p.m. for the purpose of considering, and it thought fit, approving the following resolutions. Unless otherwise stated, the capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated November 3, 2026 (the "**Circular**"), of which the notice convening the EGM shall form part.

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass, with or without modifications, the following resolutions as ordinary resolutions:

(1) To consider and approve the entering into of the Transaction Documents and the transactions contemplated thereunder.

(2) To consider and approve the resolution on the passive formation of financial assistance upon the disposal of a partial equity interest in a controlled third-tier subsidiary.

(3) To consider and approve the resolution on the external investment by a controlled second-tier subsidiary for the construction of a new project and the cumulative external investments.

(4) To consider and approve the resolution on settlement of certain fundraising investment projects and use of surplus proceeds for investment in construction of new project.

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

Nanjing, PRC,
November 3, 2026

As at the date of this notice, 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 Ms. GENG Chengxuan, Mr. HONG Kam Le, Mr. ZHANG Jinlong and Mr. LU Jian as independent non-executive Directors.

Notes:

1. The voting at the EGM will be conducted by way of poll.

2. In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the registers of members of the Company will be closed from November 18, 2026 to November 23, 2026 (both days inclusive), during which no transfer of H Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollar and listed on the Hong Kong Stock Exchange (the "**H Shares**"), will be effected. Holders of H Shares whose names appear on the registers of members of the Company on November 18, 2026 shall be entitled to attend and vote at the EGM. In order for the holders of H Shares to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on November 17, 2026 for registration.

3. Each Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy needs not be a Shareholder.

4. The form of proxy must be signed by the Shareholder or his/her attorney duly authorized in writing. If the Shareholder is a corporation, the instrument must be either under its common seal or signed by the director or his/her attorney duly authorized. If the instrument is signed by an attorney of the Shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.

5. To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in note (3) above must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong), not less than 24 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if he/she so wishes.

6. A Shareholder or his proxy should produce proof of identity when attending the EGM (or any adjournment thereof). If a corporate shareholder's legal representative or any other person duly authorized by such corporate shareholder attends the EGM (or any adjournment thereof), such legal representative or other person shall produce his proof of identity, proof of designation as legal representative and/or the valid authorization document (as the case may be).

7. The EGM is expected to last for no more than half a day. Shareholders or their proxies attending the meeting are responsible for their own transportation and accommodation expenses.

8. All times refer to Hong Kong local time, except as otherwise stated.