Lopal
龙蟠科技

江蘇龍蟠科技股份有限公司
JIANGSU LOPAL TECH. CO., LTD.

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

Stock code: 2465

CONTENTS

DEFINITIONS AND CORPORATE INFORMATION

"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 domestic share(s) traded in RMB;
"A Shareholder(s)"	holder(s) of the A Share(s);
"AFRC"	Accounting and Financial Reporting Council (會計和財務匯報局);
"Articles of Association"	the articles of association of the Company, as amended from time to time;
"Audit Committee"	the audit committee of the Company;
"Board"	the board of Directors;
"CATL"	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司), a joint stock company established in the PRC on December 16, 2011, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300750), which was an indirect shareholder controlling (i) 30% equity interest in Lopal Times, through Yichun Times, and (ii) 5.91% equity interest in Changzhou Liyuan through its wholly-owned subsidiary Ningbo Meishan Baoshuigang District Wending Investment Co., Ltd. (寧波梅山保税港區問鼎投資有限公司) as of the Latest Practicable Date;
"CATL Group"	CATL and its subsidiaries;
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;
"Changzhou Liyuan"	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 and a direct non-wholly owned subsidiary of the Company;
"China" or "PRC"	the People's Republic of China;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Company", "our Company" or "the Company"	Jiangsu Lopal Tech. Co., Ltd. (江蘇龍蟠科技股份有限公司), 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 HKEX (stock code: 2465);
"Controlling Shareholders"	has the meaning ascribed thereto in the Hong Kong Listing Rules, and unless the context otherwise requires, refers to Mr. Shi, Ms. Zhu, Lopal International and Nanjing Bailey;
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會);
"Director(s)"	director(s) of the Company;

"ESG"	environmental, social and governance;
"Global Offering"	the Hong Kong public offering and the international offering of the H Shares;
"Group", "our Group", "we", "our", "us" or "Lopal"	our Company and its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be);
"H Share(s)"	overseas listed foreign Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are traded in HK dollars and are listed on the HKEX;
"H Share Registrar"	Computershare Hong Kong Investor Services Limited;
"HKD", "HK$" or "Hong Kong Dollars"	Hong Kong dollars and cents, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
''Hubei Liyuan''	Hubei Liyuan New Energy Technology Co., Ltd. (湖北鋰源新能源科技有限公司), a limited liability company established in the PRC on December 2, 2021 and an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
"independent third party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons;
''Jiangsu Beiterui Nano''	Jiangsu Beiterui Nano Technology Co., Ltd. (江蘇貝特瑞納米科技有限公司), a limited liability company established in the PRC on January 28, 2021 and an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
"Latest Practicable Date"	April 15, 2025, being the latest practicable date prior to the publication of this annual report;
"LBM New Energy"	LBM New Energy (AP) Pte. Ltd. (formerly known as Lopal Tech Singapore Pte. Ltd.), a private company limited by shares incorporated in Singapore on September 28, 2018, an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
"LFP"	lithium iron phosphate ($LiFePO_4$);

"LG"	LG Energy Solution, Ltd., a company established in 2020 and listed on the Korea Exchange and mainly engaged in producing advanced automotive battery, mobility battery, and ESS battery;
"Listing"	the listing of the H Shares on the Main Board of the HKEX on October 30, 2024;
"Listing Date"	the date, being October 30, 2024, on which the H Shares were listed on the Stock Exchange and from which dealings in the H Shares are permitted to commence on the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
"LMFP"	lithium-ion manganese iron phosphate;
"Lopal International"	Lopal International Holdings Co., Ltd. (龍蟠國際控股有限公司), previously known as Nanjing Meiduo Investment Management Co., Ltd. (南京美多投資管理有限公司), a limited company established in the PRC on October 17, 2013, the general partner of Nanjing Bailey and was owned as to 90% by Mr. Shi and as to 10% by Ms. Zhu as of the Latest Practicable Date. Lopal International is one of our Controlling Shareholders;
''Lopal Lubrication''	Lopal Lubrication New Material (Tianjin) Co., Ltd. (龍蟠潤滑新材料(天津)有限公司), a limited liability company established in the PRC on March 27, 2013 and a direct wholly-owned subsidiary of our Company;
"Lopal Times"	Yichun Lopal Times Lithium Industry Technology Co., Ltd. (宜春龍蟠時代鋰業科技有限公司) (formerly known as Yifeng Times New Energy Materials Co., Ltd. (宜豐時代新能源材料有限公司) and Yifeng Times Yongxing New Energy Materials Co., Ltd. (宜豐時代永興新能源材料有限公司)), a limited liability company established in the PRC on March 2, 2022 and a direct non-wholly owned subsidiary of our Company which is owned as to 70% by our Company and 30% by Yichun Times as of the Latest Practicable Date;
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange;
"Mr. Shi"	Mr. Shi Junfeng (石俊峰), the chairman of our Board, an executive Director, the general manager of our Company, one of our Controlling Shareholders and the spouse of Ms. Zhu;
"Ms. Zhu"	Ms. Zhu Xianglan (朱香蘭), a non-executive Director and one of our Controlling Shareholders and the spouse of Mr. Shi;
"NAFR"	National Administration of Financial Regulation in PRC;

"Nanjing Bailey"	Nanjing Bailey Venture Capital Center (Limited Partnership) (南京貝利創業投資中心（有限合夥）), a limited partnership established in the PRC on October 25, 2013 and one of our Controlling Shareholders;
"NEV(s)"	new energy vehicle(s), including battery electric vehicle, plug-in hybrid electric vehicle and extended range electric vehicle;
"PRC" or "China"	the People's Republic of China;
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;
"PRC Law"	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong, the Macau Special Administrative Region and the relevant regulations of Taiwan region;
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time;
"Prospectus"	the prospectus of the Company dated October 22, 2024;
"PT LBM"	PT LBM Energi Baru Indonesia, a foreign investment company incorporated in Indonesia on February 22, 2023, an indirect non-wholly owned subsidiary of our Company which is indirectly wholly-owned by Changzhou Liyuan;
"Reporting Period"	for the year ended December 31, 2024;
"RMB"	the lawful currency of the PRC;
"Sanjin Lithium"	Jiangsu Sanjin Lithium Technology Co., Ltd. (formerly known as Longpan Technology (Zhangjiagang) Co., Ltd.) (江蘇三金鋰電科技有限公司), a direct wholly owned subsidiary of our Company;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time;
"Shanghai Listing Rules"	Rules Governing the Listing of Stocks on Shanghai Stock Exchange,as amended or supplemented from time to time;
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所);
"Shareholder(s)"	holder(s) of Share(s);
''Sichuan Liyuan''	Sichuan Liyuan New Material Co., Ltd. (四川鋰源新材料有限公司), a limited liability company established in the PRC on October 21, 2020 and an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
"SMM"	Shanghai Metals Market;

"State Council"	the State Council of the PRC (中華人民共和國國務院);
"Stock Exchange" or "HKEX"	The Stock Exchange of Hong Kong Limited;
"Supervisor(s)"	member(s) of our Supervisory Committee;
"Supervisory Committee"	the supervisory committee of our Company;
''Tianjin Beiterui Nano''	Beiterui (Tianjin) Nano Material Manufacturing Co., Ltd. (貝特瑞(天津)納米材料製造有限公司), a limited liability company established in the PRC on December 28, 2015 and an indirect non-wholly owned subsidiary of our Company which is wholly-owned by Changzhou Liyuan;
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"USD" or "US$"	United States dollars, the lawful currency of the United States;
"Yichun Times"	Yichun Times New Energy Resources Co., Ltd. (宜春時代新能源資源有限公司), a limited liability company established in the PRC on November 23, 2021 and a direct wholly owned subsidiary of CATL as of the Latest Practicable Date;
''Zhangjiagang TEEC''	Zhangjiagang TEEC Automotive Chemicals Co., Ltd. (張家港迪克汽車化學品有限公司), a limited liability company established in the PRC on May 20, 1996 and an indirect non-wholly owned subsidiary of our Company which was owned as to 57.01% by Jiangsu Ruilifeng;
"%"	per cent.

In this annual report, the terms "associate", "close associate", "connected person", "connected transaction", "continuing connected transaction", "core connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Registered Office and Headquarters in the PRC	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
Company's Website	www.lopal.com.cn

BOARD OF DIRECTORS

Executive directors	Mr. Shi Junfeng *(Chairman)* Mr. Lu Zhenya Mr. Qin Jian Mr. Shen Zhiyong Mr. Zhang Yi
Non-executive director	Ms. Zhu Xianglan
Independent non-executive directors	Mr. Li Qingwen Mr. Ye Xin Ms. Geng Chengxuan Mr. Hong Kam Le
Joint Company Secretaries	Mr. Zhang Yi Ms. Leung Hoi Yan (Appointed with effect from March 28, 2025) Ms. Cheung Lai Ha (Resigned with effect from March 28, 2025)
Authorized Representatives	Mr. Zhang Yi Ms. Leung Hoi Yan (Appointed with effect from March 28, 2025) Ms. Cheung Lai Ha (Resigned with effect from March 28, 2025)
Audit Committee	Ms. Geng Chengxuan *(Chairlady)* Mr. Ye Xin Mr. Hong Kam Le (Appointed with effect from October 30, 2024)
Remuneration and Evaluation Committee	Mr. Li Qingwen *(Chairman)* Ms. Geng Chengxuan Mr. Lu Zhenya
Nomination Committee	Mr. Ye Xin *(Chairman)* Ms. Geng Chengxuan Mr. Shi Junfeng
Strategy Committee	Mr. Shi Junfeng *(Chairman)* Mr. Zhang Yi Mr. Li Qingwen

Hong Kong Legal Adviser	Han Kun Law Offices LLP Rooms 4301–10, 43/F Gloucester Tower, The Landmark 15 Queen's Road Central Hong Kong
Auditor	Moore CPA Limited *Certified Public Accountants and Registered Public Interest Entity Auditor* 1001–1010, North Tower World Finance Centre Harbour City, 19 Canton Road Tsim Sha Tsui, Kowloon Hong Kong Gongzheng Tianye Certified Public Accountants (Special General Partnership) Room 1001, 5th Floor Jiaye Fortune Center Taihu New District, Wuxi City Jiangsu PRC
Compliance Adviser	Guotai Junan Capital Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Banks	China Merchants Bank Co., Ltd., Nanchang Road Branch No. 40 Nanchang Road Nanjing PRC Industrial and Commercial Bank of China Limited, Nanjing Zidong Branch Building B, Financial and Trading Building Xingang Industrial Zone No. 89 Xingang Avenue Qixia District, Nanjing PRC

FOUR-YEAR FINANCIAL SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	**7,673,051**	8,729,479	14,071,643	4,053,505
(Loss)/Profit before income tax	**(720,491)**	(1,830,569)	1,160,887	506,722
(Loss)/Profit for the year	**(796,370)**	(1,514,201)	1,029,946	433,418
Total comprehensive income for the year	**(799,511)**	(1,516,093)	1,030,136	433,423

CONDENSED CONSOLIDATED BALANCE SHEETS

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Assets				
Non-current assets	**8,643,207**	8,839,529	5,420,968	2,586,990
Current assets	**7,165,761**	8,389,305	9,269,704	3,518,100
Total assets	**15,808,968**	17,228,834	14,690,672	6,105,090
Equity and liabilities				
Owner's equity	**3,080,249**	3,452,367	4,722,640	1,994,128
Total equity	**3,933,475**	4,181,066	5,609,464	2,515,263
Non-current liabilities	**3,317,634**	3,403,001	1,980,097	1,304,669
Current liabilities	**8,557,859**	9,644,767	7,101,111	2,285,158
Total liabilities	**11,875,493**	13,047,768	9,081,208	3,589,827
Total equity and liabilities	**15,808,968**	17,228,834	14,690,672	6,105,090

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

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

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

Segment Performance:

A. LFP Cathode Material

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

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

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

B. Automotive Specialty Chemical

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

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

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

C. Lithium Carbonate Processing Services

Lithium carbonate processing services as our newly introduced business in the year 2024, stems from our continuous and strong business corporate with CATL Group, as outlined in several agreements, including the Lopal Times Transfer Agreement and Lithium-mica Concentrate Procurement Framework Agreements.

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

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

Outlook

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

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

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

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

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

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

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

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

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

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

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

5. Green Development Strategy

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

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

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

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

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

Notes:

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

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

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

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

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

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

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

Cost of Sales

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

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

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

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

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

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

Other Income, Gains and Losses

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

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

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Research and Development Expenses

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

Share of Results of Associate

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

Finance Costs

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

Listing Expenses

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

Income Tax (Expense)/Credit

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

Loss for the Year

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

Inventories

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

Trade and Other Receivables

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

Property, Plant and Equipment

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

Goodwill

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

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

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

Note:

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

The recoverable amounts of the CGUs are determined based on value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets and estimated future cash flows covering a 5-year period and with the beyond budgeted period using zero growth rate approved by the Directors.

The key assumptions used in the estimation of value in use are as below:

	As of December 31,	
	2024	2023
Jiangsu Ruilifeng CGU		
Revenue (average growth rate)	**9.0%**	11.4%
Pre-tax discount rate	**10.9%**	10.5%
Changzhou Liyuan CGU		
Revenue (average growth rate)	**2.9%**	(5.4)%
Pre-tax discount rate	**11.8%**	12.0%
Average procurement price of lithium carbonate	**RMB81,200/ton**	RMB93,800/ton

The Directors have determined the values assigned to each of the key assumptions as follows:

- Average revenue growth rate over the five-year forecast period is based on past performance and management's expectation of market development;
- Pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the CGUs; and
- Average procurement price of lithium carbonate is based on management's expectation of price trends of lithium carbonate.

Impact of possible changes in key assumptions

The recoverable amount of Jiangsu Ruilifeng CGU was estimated to exceed its carrying amount as at December 31, 2023 and 2024 was approximately RMB21.7 million and RMB24.1 million, respectively.

The recoverable amount of Changzhou Liyuan CGU was estimated to be lower than its carrying amount as at December 31, 2023 and 2024 and impairment of RMB71.4 million and RMB76.1 million for Changzhou Liyuan CGU was recognised for the year ended December 31, 2023 and 2024, respectively.

Management have undertaken sensitivity analysis on the impairment test of goodwill. The recoverable amount of each CGU would equal its carrying amount (net of impairment loss) if each key assumption was to change as follows with all other variables held constant:

	As of December 31,	
	2024	2023
Jiangsu Ruilifeng CGU		
Revenue (average growth rate)	**7.7%**	11.4%
Pre-tax discount rate	**11.2%**	10.5%
Changzhou Liyuan CGU		
Revenue (average growth rate)	*(Note (a))*	(5.4)%
Pre-tax discount rate	*(Note (a))*	12.0%
Average procurement price of lithium carbonate	*(Note (a))*	RMB93,800/ton

Note (a)

As at December 31, 2024, if the discount rate was changed to 12.3%, while other parameters remain constant, the recoverable amount of Changzhou Liyuan CGU would be reduced to RMB268,418,000 and a further impairment of goodwill of RMB18,161,000 would be recognised.

As at December 31, 2024, if the revenue average growth rate changed to 2.5%, while other parameters remain constant, the recoverable amount of Changzhou Liyuan CGU would be reduced to RMB60,199,000 and a further impairment of goodwill of RMB35,895,000 would be recognised.

As at December 31, 2024, if the average procurement price of lithium carbonate changed to 82,500/tons, while other parameters remain constant, the recoverable amount of Changzhou Liyuan CGU would be reduced to RMB63,656,000 and a further impairment of goodwill of RMB35,895,000 would be recognised.

The Directors believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not caused the carrying amount of CGU to exceed its recoverable amount.

Right-of-use Assets

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

Trade and Other Payables

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

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

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

Contract Liabilities

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

Capital Structure

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

Liquidity and Capital Resources

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

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

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

Indebtedness

Bank and other borrowings

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

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

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

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

Lease liabilities

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

Capital Expenditures

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

Foreign Exchange Risk and Hedging

Our Group operates in the PRC with most of the transactions settled in Renminbi. Foreign currency risk arises when commercial transactions or recognized assets or liabilities are denominated in a currency other than the entities' functional currency. Our Group is exposed to foreign currency risk primarily with respect to USD and HKD.

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

Employee and Remuneration

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

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

Contingent Liabilities

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

Pledge of Assets

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

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

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

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

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

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

USE OF PROCEEDS

Our Company was listed on the Main Board of HKEX on October 30, 2024. The net proceeds from the Global Offering amounted to approximately HKD495.0 million and a gross proceeds of HKD550.0 million. Our Company intends to use the net proceeds in the same matter and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The below table sets out the proposed and actual applications of the net proceeds during the Reporting Period:

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

Notes:

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

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

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

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

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Completion of Shandong Meiduo Acquisition

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

Investment from LG Energy Solution, Ltd.

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

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

FINAL DIVIDEND

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

OUR DIRECTORS

Executive Directors

Mr. Shi Junfeng (石俊峰), aged 59, is the founder of our Company, the chairman of our Board, an executive Director, and the general manager of our Company. In March 2003, Mr. Shi founded our Company and has been a Director and general manager since then, and was further appointed as the chairman of our Board in January 2014. He is also our controlling shareholder. He is the husband of, our non-executive Director, Ms. Zhu Xianglan and uncle of our executive Director, Mr. Qin Jian. Mr. Shi is primarily responsible for formulating the overall development strategies and overseeing the operation of our Group.

Mr. Shi has over 30 years of experience in automotive-related industries, including over 14 years of experience at Yuejin Motor (Group) Corporation Co., Ltd. (躍進汽車集團有限公司) as a staff of its technology center. Since June 2021, Mr. Shi has been the chairman of the board of directors of Hunan Farnlet New Energy Technology Co., Ltd (湖南法恩萊特新能源科技有限公司). Besides, Mr. Shi serves as a director and/or senior management member in other subsidiaries of our Group, including but not limited to being the general manager of Jiangsu Kelas, the general manager of Lopal Lubrication, the chairman of the board of directors of Changzhou Liyuan, the general manager and executive director of Lopal Times, and the chairman of the board of directors of Zhangjiagang TEEC.

Mr. Shi received his bachelor's degree in organic synthetic materials from Hunan University (湖南大學) in the PRC in July 1986. He obtained his qualification as senior engineer (高級工程師) issued by the Ministry of Machine-Building and Electronics Industry (機械電子工業部) in November 1998.

Mr. Lu Zhenya (呂振亞) (with former name as Lu Zhenya (呂貞亞)), aged 60, is an executive Director. He joined our Company as the director of office and deputy general manager in March 2003 and was appointed as an executive Director in September 2024. He is primarily responsible for overseeing the overall management and operation of our Group.

Mr. Lu served as the vice factory director at Jiangsu Suzhong Pesticides Chemical (江蘇蘇中農藥化工廠) between January 1992 to August 2001. He then joined our Company as the director of office and deputy general manager in March 2003.

Mr. Lu obtained his associate degree in industrial and civil construction from Shanghai Tonji University (上海同濟大學) in the PRC in July 1986. He obtained his qualification as economist (經濟師) issued by Yangzhou Science and Technology Cadres Bureau (揚州市科技幹部局) in April 1995. He was appointed as a party representative of Qixia District, Nanjing City at the Ninth Party Congress (中共南京市棲霞區第九屆黨代表) in July 2011.

Mr. Qin Jian (秦建), aged 53, is an executive Director and the deputy general manager of our Company. He was appointed as Director in January 2014 and was redesignated as an executive Director in September 2023. He is responsible for overseeing the overall management and operation of our Group. Mr. Qin is the nephew of Mr. Shi and Ms. Zhu.

Mr. Qin has over 27 years of experience in the automobile chemical products industry. Prior to joining our Group, from November 1996 to February 2003, he worked at Nanjing Fulima Lubricants Co., Ltd. (南京富利瑪潤滑油有限責任公司) as a sales manager. He joined our Group as the sales director of our Company in March 2003 and was appointed as the deputy general manager of Jiangsu Kelas in August 2009. In January 2014, Mr. Qin was promoted to the deputy general manager and Director of our Company. He concurrently serves as a director and/or senior management member in other subsidiaries of our Group, including but not limited to being an executive director of Jiangsu Kelas, the general manager of Changzhou Liyuan, and the general manager of Zhangjiagang TEEC.

Mr. Qin obtained his postgraduate degree in senior manager business administration at Nanjing Normal University (南京師範大學) in the PRC in May 2008.

Mr. Shen Zhiyong (沈志勇), aged 60, is an executive Director and the chief financial officer of the Company. Mr. Shen joined our Group as chief financial officer in March 2003, was appointed as an executive Director in September 2023. He is responsible for managing the financial functions of our Group.

Mr. Shen has over 27 years of experience in accounting and finance. Prior to joining our Group, from April 1997 to February 2003, Mr. Shen worked at Taizhou Gaogang District Huzhuang Supply and Marketing Cooperative (泰州市高港區胡莊供銷合作社) (formerly known as Taixing Huzhuang Supply and Marketing Cooperative (泰興市胡莊供銷合作社)), which was deregistered in June 2024, with his last position as an accountant. In March 2003, Mr. Shen joined our Group as chief financial officer and was appointed as Director in January 2014. He currently also serves as a director and/or senior management member in other subsidiaries of our Group, including but not limited to being an executive director of Lopal Lubrication, an executive director of Sichuan Liyuan, an executive director and general manager of Jiangsu Beiterui Nano, an executive director of Tianjin Beiterui Nano, an executive director of Hubei Liyuan, an executive director of Shandong Liyuan, and a director of Changzhou Liyuan.

Mr. Shen obtained the certificate of accounting professional issued by Taixing Finance Bureau (泰興市財政局) in April 2002. He completed a course in EMBA at Nanjing University Business School (南京大學商學院) in the PRC in December 2007. In January 2021, Mr. Shen obtained the international accountants certificate issued by the China Association of Chief Financial Officers and the certificate of membership issued by the Association of International Accountants.

Mr. Zhang Yi (張羿), aged 46, is an executive Director, the secretary of our Board and the joint company secretary of our Company. Mr. Zhang joined our Group as the director of supply chain management centre and director of OEM marketing from December 2004 to December 2013, a supervisor and director of OEM marketing from January 2014 to February 2016, and has been serving as the secretary of our Board since March 2016. He was appointed as a Director in September 2022 and was redesignated as an executive Director in September 2023. He was also appointed as our joint company secretary in September 2023. He is primarily responsible for managing the operation of our Board. Mr. Zhang currently also serves as a director in other subsidiaries of our Group, including but not limited to being a director of Zhangjiagang TEEC and Changzhou Liyuan.

Mr. Zhang has over 26 years of experience in the manufacturing industry. Prior to joining our Group, from 1997 to 2004, Mr. Zhang worked as an engineer at Huafei Colour Display Systems Co., Ltd. (華飛彩色顯示系統有限公司), which was deregistered on June 27, 2014. In December 2004, Mr. Zhang joined our Group as the director of supply chain management centre and director of OEM marketing. He was promoted to supervisor and director of OEM marketing from January 2014 to February 2016, and has been serving as the secretary of our Board since March 2016. In September 2022, Mr. Zhang was appointed as a Director and was redesignated as an executive Director in September 2024. Mr. Zhang currently also serves as a director in other subsidiaries of our Group, including but not limited to being a director of Zhangjiagang TEEC and Changzhou Liyuan.

Mr. Zhang completed the university level of professional studies in business administration through the completion of online courses from Southwest University of Science and Technology (西南科技大學) in the PRC in July 2022. Mr. Zhang obtained his qualification as board secretary of listed companies of the Shanghai Stock Exchange granted by the Shanghai Stock Exchange on March 3, 2016.

Non-executive Director

Ms. Zhu Xianglan (朱香蘭), aged 59, is a non-executive Director. Ms. Zhu joined our Group as a Director in November 2013 and was redesignated as a non-executive Director in September 2023. She is primarily responsible for providing guidance for the overall development of our Group. Ms. Zhu is the wife of Mr. Shi and aunt of Mr. Qin Jian.

Ms. Zhu worked at Nanjing Kangai Hospital (南京康愛醫院) as the principal nurse from August 1986 to October 2006. In November 2013, Ms. Zhu joined our Group as a Director. In addition, Ms. Zhu was an executive director and general manager of Lopal International from October 2013 to June 2024, and she has been the representative of the managing partner of Nanjing Bailey since October 2013. Both Lopal International and Nanjing Bailey are our Controlling Shareholders.

Ms. Zhu obtained her associate degree in Chinese medicine from Nanjing University of Chinese Medicine (南京中醫藥大學) (formerly known as Nanjing University of Chinese Medicine (南京中醫學院) in the PRC in December 1994.

Independent Non-executive Directors

Mr. Li Qingwen (李慶文), aged 69. Mr. Li was appointed and resigned as our independent Director in January 2014 and June 2014, respectively. He was re-appointed as independent Director in March 2020 and was appointed as our independent non-executive Director in September 2023. Mr. Li is primarily responsible for providing independent advice and judgment to our Board.

Mr. Li was the president of China Automotive News (中國汽車報) from May 1998 to January 2016 and has been the vice president of Auto Talents Committee of China Talents Society (中國人才研究會汽車人才專業委員會) since January 2016. During which, Mr. Li was appointed as our independent Director in January 2014 and resigned in June 2014. Mr. Li has fruitful working experience at listed companies including as an independent director of Chongqing Changan Automobile Co Ltd (重慶長安汽車股份有限公司) (Shenzhen Stock Exchange stock code: 000625) from March 2016 to June 2022, as an independent director at Xuchang Yuandong Drive Shaft Co Ltd (許昌遠東傳動軸股份有限公司) (Shenzhen Stock Exchange stock code: 002406) since July 2020, and as an independent non-executive director of New Focus Auto Tech Holdings Limited (新焦點汽車技術控股有限公司) (HKEX Main Board stock code: 360) since January 2024.

Mr. Li obtained his master's degree in economics from Harbin Engineering University (哈爾濱工程大學) in July 1994.

Mr. Ye Xin (葉新), aged 42. Mr. Ye was appointed as our independent Director and independent non-executive Director in March 2020 and September 2023, respectively. Mr. Ye is primarily responsible for providing independent advice and judgment to our Board.

Mr. Ye has been the partner of Beijing Jingsh Law Firm Nanjing Office (北京市京師 (南京) 律師事務所) since July 2016. He was appointed as a member of the Advisory Committee of the People's Government of Liuhe District, Nanjing in December 2017. In March 2020, Mr. Ye joined our Company as our independent Director.

Mr. Ye obtained his bachelor's degree in law from Jiangsu Normal University (江蘇師範大學), formerly known as Xuzhou Normal University (徐州師範大學) in the PRC in June 2007.

Mr. Ye was accredited as Top Ten Lawyers in Pukou District, Nanjing (南京市浦口區十佳律師) and served as a visiting professor of Taizhou University (泰州學院) from June 2019 to June 2024.

Ms. Geng Chengxuan (耿成軒), aged 59. Ms. Geng was appointed as our independent Director and independent non-executive Director in September 2021 and September 2023, respectively. She also served as the chairlady of the audit committee of our Board since the Listing Date. Ms. Geng is primarily responsible for providing independent advice and judgment to our Board.

Prior to joining the Group, Ms. Geng was a lecturer and associate professor at the department of accounting of Lanzhou University of Finance and Economics (蘭州財經大學), formerly known as Lanzhou Business School (蘭州商學院), in the PRC from June 1989 to June 2003. Ms. Geng was appointed as the director of the Institute of Finance and Accounting (財務與會計研究所所長) in September 2013 and the director of the School Accounting Professional Degree Graduate Training Steering Committee (會計專業學位研究生培養指導委員主任) in April 2015. She was also appointed as a member of the independent director professional committee of the Listed Companies Association of Jiangsu Province (江蘇省上市公司協會獨立董事專業委員會) in August 2018 and April 2024, respectively. Ms. Geng worked at the College of Economics and Management of Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC as the professor and tutor of doctoral students since May 2010.

Ms. Geng acted as an independent director of various companies, including XCMG Construction Machinery Co., Ltd. (徐工集團工程機械股份有限公司) (Shenzhen Stock Exchange stock code: 000425) since June 2021, Wuxi Huaguang Environmental Energy Group Co., Ltd. (無錫華光環保能源集團股份有限公司) (Shanghai Stock Exchange stock code: 600475), since May 2022. Ms. Geng was also an independent director and a member of the audit committee of Jiangsu Etern Co Ltd (江蘇永鼎股份有限公司) (Shanghai Stock Exchange stock code: 600105) between August 2015 to August 2021; an independent director and chairlady of the audit committee of Xuzhou Handler Special Vehicle Co Ltd (徐州海倫哲專用車輛股份有限公司) (Shenzhen Stock Exchange stock code: 300201) between June 2015 to December 2020; an independent director of Nanjing Public Utilities Development Co., Ltd. (南京公用發展股份有限公司) (Shenzhen Stock Exchange stock code: 000421) between January 2017 and May 2024; an independent director and chairlady of the audit committee of the board of directors of Nanjing Port Co., Ltd. (南京港股份有限公司) (Shenzhen Stock Exchange stock code: 002040) between June 2020 and October 2024; and an independent director of Canny Elevator Co., Ltd. (康力電梯股份有限公司) (Shenzhen Stock Exchange stock code: 002367) between May 2023 and February 2024.

Ms. Geng obtained her PhD degree in management science and engineering from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC in April 2010.

Mr. Hong Kam Le (康錦里), aged 45, was appointed as our independent non-executive Director in October 2023. Mr. Hong will be primarily responsible for providing independent advice and judgment to our Board.

Mr. Hong was admitted as a solicitor in Hong Kong in September 2007 and has more than 14 years of experience in the legal industry. Mr. Hong has been a partner of DeHeng Law Offices (Hong Kong) LLP, formerly known as Chungs Lawyers, since November 2018 and previously served as a partner of Li & Partners from February 2016 to October 2018.

Mr. Hong acted as company secretary and/or authorized representative of multiple companies, including company secretary and authorized representative of Shengli Oil & Gas Pipe Holdings Limited (勝利油氣管道控股有限公司) (HKEX Main Board stock code: 1080) between December 2013 and June 2021; one of the joint company secretaries of Jujiang Construction Group Co., Ltd. (巨匠建設集團股份有限公司) (HKEX Main Board stock code: 1459) between September 2015 to July 2020; one of the joint company secretaries and authorized representative of Dadi International Group Limited (大地國際集團有限公司) (HKEX GEM stock code: 8130) between March 2022 and February 2024; company secretary and authorized representative of Kidztech Holdings Limited (奇士達控股有限公司) (HKEX Main Board stock code: 6918) between July 2022 to February 2024; and company secretary and authorized representative of Uju Holding Limited (優矩控股有限公司) (HKEX Main Board stock code: 1948) since October 2022. Mr. Hong also served as an independent non-executive director of Hong Kong Johnson Holdings Co., Ltd. (香港莊臣控股有限公司) (HKEX Main Board stock code: 1955) since September 2019.

Mr. Hong obtained a bachelor's degree in commerce and a bachelor's degree in laws from The University of Sydney in June 2003 and May 2004, respectively, and a postgraduate certificate in laws from The University of Hong Kong in June 2005.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in October 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

SUPERVISORY COMMITTEE

Mr. Xue Jie (薛傑), aged 59, was appointed as our Chairman of the Supervisory Committee since January 2014. He is responsible for supervising the finances, the Directors and senior management of our Group. He has also been serving as the sales director of the marketing department of our Company since May 2005. He currently also serves as a supervisor in other subsidiaries of our Group, including but not limited to Sichuan Liyuan, Jiangsu Kelas and Lopal Lubrication.

Mr. Xue is enriched with management experience throughout his past employments, he acted as a director of the chassis room of Nanjing Dongfeng Special Purpose Vehicle Co., Ltd. Nanjing Dongfeng Special Purpose Vehicle Manufacturing Factory (南京東風專用車製造總廠), from January 1992 to November 1999, and from May 2004 to December 2004. Mr. Xue worked as the technician manager of Nanjing Xugong Automobile Co., Ltd. (南京徐工汽車製造有限公司), formerly known as Nanjing Chunlan Automobile Manufacturing Co., Ltd. (南京春蘭汽車製造有限公司) from December 1999 to April 2004, and vice general manager of Nanjing Golden Dragon Bus Co., Ltd (南京金龍客車製造有限公司), from January 2005 to April 2005.

Mr. Xue obtained his bachelor's degree in automotive major in the department of mechanical engineering from South China University of Technology (華南理工大學) in the PRC in July 1988.

Mr. Zhou Lin (周林), aged 46, was appointed as our Supervisor in January 2014. He is responsible for supervising the finances, the Directors and senior management of our Group. Mr. Zhou has been serving as the financial manager of our Company since March 2003. He currently also serves as supervisor and/or senior management members in other subsidiaries of our Group.

Mr. Zhou obtained his graduation certificate in internet of things application technology via the Self-taught Higher Education and Examination (高等教育自學考試) from Hunan University of Arts and Science (湖南文理學院) in the PRC in December 2022.

Ms. Chang Huihong (常慧紅), aged 30, was appointed as a Supervisor in July 2024. She is responsible for supervising the finances, the Directors and senior management of our Group. Ms. Chang has been serving as a director of the industrial investment and financing management department of the Company from January 2024 to December 2024. Since January 2025, Ms. Chang serves as deputy manager for the industrial investment and financing management department. She also worked as a specialist at the industrial investment and financing management department of the Company from July 2020 to January 2024 after she joined our Company in July 2020.

Ms. Chang obtained her bachelor's degree in surveying and mapping engineering major from the Binjiang College of Nanjing University of Information Science and Technology (南京信息工程大學濱江學院) in the PRC in June 2017 and her master's degree in business administration major from Nanjing University of Information Science and Technology (南京信息工程大學) in the PRC in June 2020.

SENIOR MANAGEMENT

Mr. Shi Junfeng (石俊峰), aged 59, is our general manager. Please see "Board of Directors — Executive Directors" in this section for Mr. Shi's biography.

Mr. Qin Jian (秦建), aged 53, is our deputy general manager. Please see "Board of Directors — Executive Directors" in this section for Mr. Qin's biography.

Mr. Shen Zhiyong (沈志勇), aged 60, is our chief financial officer. Please see "Board of Directors — Executive Directors" in this section for Mr. Shen's biography.

Mr. Zhang Yi (張羿), aged 46, is the secretary of our Board. Please see "Board of Directors — Executive Directors" in this section for Mr. Zhang's biography.

Joint Company Secretaries

Mr. Zhang Yi (張羿), aged 46, is our joint company secretary. Please see "Board of Directors — Executive Directors" in this section for Mr. Zhang's biography.

Ms. Leung Hoi Yan (梁暟欣) was appointed as the joint company secretary with effect from March 28, 2025. Ms. Leung brings over 14 years of expertise in company secretarial services and corporate governance for listed companies in Hong Kong. She currently serves as the Assistant Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited. Ms. Leung holds a degree of Bachelor of Commerce (Honours) in Accounting from Hong Kong Shue Yan University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Cheung Lai Ha (張麗霞) was appointed as our joint company secretary in September 2024 and resigned as joint company secretary with effect from March 28, 2025. Ms. Cheung has been admitted as an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom in July 2013.

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2024.

GENERAL INFORMATION

The Company was established in March 2003 under the laws of the PRC. In April 2017, our A Shares were listed on the Shanghai Stock Exchange. Our H Shares were later listed on the Main Board of the Stock Exchange on October 30, 2024.

PRINCIPAL ACTIVITIES

The Company principally engaged in the production and sale of LFP cathode materials and automotive specialty chemicals, which included the production of lubricants and engine coolants. In recent years, we have strategically and successfully expanded our product portfolio to also include diesel exhaust fluids and car maintenance products. Details of the principal activities of the subsidiaries of the Company are set out in note 42 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

The business review and performance analysis of the Group for the year ended December 31, 2024 as required by Schedule 5 to the Companies Ordinance is set out in the section headed "Management Discussion and Analysis" from pages 10 to 11 of this annual report which constitute part of this directors' report. The Board agrees that in 2024, our Company remains a major LFP cathode material manufacturer in the world and a renowned automotive specialty chemical manufacturer in PRC. Notably, our emerging business segment, lithium carbonate processing services, is gaining positive momentum.

OUTLOOK FOR 2025

In the year ending December 31, 2025, the Group will continue to i) expand global markets and broaden customer base; ii) optimize key production sites and strengthen production capacity; iii) reduce costs and strengthen supply chain resilience; iv) drive product innovation and enhance competitiveness; and more importantly, v) pursue our green development strategy. Further discussion of the future development in the Group's business is set out in the section headed "Management Discussion and Analysis" on pages 11 to 13 of this annual report which constitutes part of this directors' report.

KEY RELATIONSHIPS

Relationship with Raw Materials Suppliers

With the aim of obtaining high quality supplies from reliable sources, we only select and maintain a list of qualified suppliers after careful and thorough evaluation and assessment covering a range of criteria, including production capacity, quality control, innovation, technical strength, financial conditions and market reputation. In order to strengthen the business relationships and further secure sufficient supplies of our quality raw materials and procurements, we may also enter into strategic cooperative agreements with key suppliers, pursuant to which we are able to determine the price based on a benchmark price by referring to the then prevailing market prices and annual price-lock arrangements. Moreover, we periodically review and adjust the locked prices through negotiations with suppliers in order to realign pricing with the latest commodity market situation. This provides greater certainty for our raw material costs and budgets amid fluctuating market dynamics.

For the year ended December 31, 2024, the total purchases from our five largest raw materials suppliers in aggregate accounted for approximately 32.16%, and our purchases from our largest supplier accounted for approximately 9.45% of our total purchases. We did not experience any material disruption in the delivery of our products or suffer any loss as a result of delays in delivery or poor handling of goods that had any material adverse impact on our business or results of operations during the year ended December 31, 2024.

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors, owned more than 5% of our issued share capital (excluding treasury shares) of our Company) had any interest in any of our five largest suppliers.

Relationship with Customers

We have a multi-channel sale (online and offline) and distribution network for our LFP cathode material and automotive specialty chemical business including distributors, corporate clients, OEM customers and online channels, particularly in China, and around the world. Our customers are primarily include major lithium-ion battery manufacturers, distributors of automotive chemical products, automobile manufacturers, engineering equipment manufacturers, automotive chemical brands and retail consumers in China. Revenue derived from our largest customer and five largest customers accounted for approximately 35.86% and approximately 67.19% respectively of our total revenue for the year ended December 31, 2024.

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who, to the knowledge of our Directors, own more than 5% of the issued share capital (excluding treasury shares) of our Company) had any interest in any of our top five largest customers that is required to be disclosed under the Listing Rules for the year ended December 31, 2024.

Relationship with Employees

We acknowledge our employees as invaluable assets for our long-term growth and development, and we are profoundly reliant on their expertise, experience, and continuous progress. Consequently, we place significant emphasis on attracting and recruiting exceptionally qualified and talented individuals. Employee remuneration is determined based on performance, skills, knowledge, experience, and prevailing market trends. The Group regularly reviews its remuneration policies and packages, making necessary adjustments in alignment with industry standards. Beyond basic salaries, employees may receive discretionary bonuses, cash awards, and share awards based on individual performance. The Group offers training periodically across various operational functions, including introductory programs for new hires, technical training, product training, management training, and work safety training, to foster the fundamental skills of new employees and enhance the relevant competencies of existing staff. To incentivize our employees for their contributions and to attract and retain skilled and experienced personnel, we have implemented and adopted the 2023 Share Option Scheme, providing share awards and share options to eligible employees as incentives. Details of these initiatives are outlined in the section titled "2023 Share Option Scheme" in this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to upholding its social responsibilities by safeguarding the environment, prioritizing employee well-being and growth, supporting the community, and striving for sustainable development. Information about the Company's ESG policies and performance during the year ended December 31, 2024 has been disclosed in the ESG Report for the Reporting Period.

LICENCES, REGULATORY APPROVALS AND COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended December 31, 2024, the Group has not committed no material breaches or violations of relevant laws and regulations in the PRC, where the Group has business entities and operations, and the Group has duly obtained licenses, permits and approvals from relevant government authorities that are material to our business operations in mainland China. Details of our compliance with relevant laws and regulations has been disclosed in the ESG Report for the Reporting Period.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operation of the Group. The principal risks and uncertainties that the Group faces and key mitigations that the Group adopts are summarized as follows:

Principal Risks and Uncertainties	Description	Key Mitigations
Risks related to price fluctuation of our raw materials and inadequate or interrupted supply for our raw materials.	We face challenges in consistently securing stable, high-quality raw materials at reasonable prices, as historical fluctuations in key raw material prices have impacted our financial performance. We have experienced an unprecedented volatility in lithium carbonate prices led to a net loss of RMB1,514.2 million in the year of 2023. The average price for lithium carbonate fluctuated significantly during the Track Record Period, with prices recorded at approximately RMB119.8 thousand per ton in 2021, RMB482.4 thousand per ton in 2022, and RMB272.3 thousand per ton in 2023. Prices of lithium carbonate, lithium-ion batteries, and other raw materials also historically experienced significant fluctuations due to shortage of supply. Despite adjusting product pricing to reflect raw material price trends, we may struggle to recover costs, secure alternative sources, or sell products promptly, potentially adversely affecting our business, inventory, financial condition, and operations.	1. *Improve procurement practices and organization.* We plan to strengthen discussions and negotiations with suppliers and pursue long-term strategic cooperation with major suppliers with the aim to stabilize procurement costs. In particular, we intend to increase direct procurement from upstream raw material producers instead of procuring raw materials through trading companies. Meanwhile, we also commenced in-house production of lithium carbonate which demonstrated the lowest unit cost, further validating our strategy of vertical integration. We believe the fluctuations in lithium carbonate prices during the Reporting Period underscore the importance of our diversified procurement strategy which we believe will allow us to better adapt to market volatility. 2. *Leverage lithium carbonate futures to hedge against price fluctuations of lithium carbonate.* Established in April 2021, the Guangzhou Futures Exchange introduced lithium carbonate futures in July 2023 offering market participants the option to leverage lithium carbonate futures contracts to hedge against price fluctuations. We will leverage lithium carbonate futures transactions to hedge against the risk exposure of our Group against lithium carbonate fluctuations. We have implemented internal control and hedging policies to manage and oversee our lithium carbonate futures hedging activities. 3. *Further expand upstream along the LFP cathode material value chain.* We believe integrating the industry supply chain is crucial to controlling production costs and stabilizing the supply of principal raw materials. During the Reporting Period, we have been producing iron phosphate in-house and are in the process of expanding our production capacity of iron phosphate. Our production facility for lithium carbonate in Yichun, Jiangxi Province has commenced trial operation since March 2024. By producing such principal raw materials in-house, we believe we will be able to better mitigate raw material price fluctuations and control the high percentage of costs of raw materials in total cost of sales of LFP cathode materials.

Principal Risks and Uncertainties	Description	Key Mitigations
Exposure to intense competition between domestic and international manufacturers	Our Company operates in highly competitive industries, including the concentrated LFP cathode material market, where competition is expected to intensify. In PRC's growing automotive chemical sector, existing competitors may expand market share through strategies like R&D investment, increased production capacity, process optimization, aggressive marketing, and price reductions. As we expand into new business lines, regions, and product categories, such expansion will face heightened competition from both established players and new entrants. This competitive pressure could reduce demand and pricing for its products, threatening growth and market share. Failure to compete effectively could result in lost market position, materially impacting business performance, operations, and financial health.	Our Company places high priority on R&D, driving continuous innovation and a product differentiation strategy. We have developed several highly differentiated products, such as LFP cathode materials produced via a one-sintering process (一燒工藝). This method meets high-compaction-density requirements while offering advantages over traditional double-sintering processes (二燒工藝), including lower costs, higher production efficiency, and superior performance metrics (e.g., compaction density of 2.62g/cm³ and 0.1C discharge capacity of 158mAh/g), continuing to standout across our product industries. Looking ahead, demand for high-compaction-density LFP cathode materials is expected to grow significantly, particularly for fast-charging power batteries and high-capacity energy storage cells. Leveraging its cost-effective, high-performance one-sintering materials, the Company aims to secure more orders in premium market segments and achieve pricing advantages.
Exposed to credit risks in relation to our trade and other receivables, which leads to negative operating cash flow and liquidity risks	Our trade receivables stem primarily from sales on credit, with credit periods ranging from one to three months. Other receivables mainly comprise value-added tax recoverable, prepayments for non-current assets, supplier prepayments, and prepayments for advertising and marketing expenses. We face significant risks related to delayed or non-payments by customers and cannot guarantee full recovery of outstanding amounts in a timely manner, if at all. Insufficient cash flow or failure to secure necessary funds may materially and adversely impact our liquidity and financial condition. There is no assurance of having sufficient cash from other sources to fund operations. Resorting to additional financing will incur further costs, and it is not guarantee that financing will be available on acceptable terms, or at all.	We strive to maintain strict control over our outstanding receivables and minimize the credit risk. For trade receivables, the management of the Group assesses the collectability of the trade receivables regularly and on a case-by-case basis for the determination of any loss allowance for the trade receivables by taking into account the customers' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions. Certain customers which have significant outstanding trade receivables and balances due to the Group were assessed for allowance for credit losses individually. For the remaining debtors, we have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit loss, as our historical credit loss experience does not indicate significant different loss patterns for different customer segments and the allowance for credit losses based on the past due status is not further distinguished between our customer bases.

Principal Risks and Uncertainties	Description	Key Mitigations
Risks derived from obtaining government approvals and subject to new legislative, regulatory requirements	Our industry was favourably benefited from the PRC legislations when promoting the high-quality development of the NEV industry and new energy storage market. Additionally, our Company required to obtain and maintain certain licenses, permits, registration, certificates and approvals for our business operations and throughout multiple stages of our new construction and production expansion projects. Consequently, the market and operational aspects of our products are subject to varying degrees of influence from governmental actions and policies.	Our Company will continue to closely monitor changes in industry policies and regulations, strengthen the interpretation and analysis of policies and regulations with the assistance of our lawyers. We will also promptly adjust our business strategies to ensure our Company's business complies with regulatory requirements and follows policy trends.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2024 and the state of the Group's financial position as at that date are set out in the consolidated financial statements from pages 84 to 86 of this annual report.

Final Dividend

After an extensive consideration of our Company's operational status, industry conditions, development strategies, and other factors, and to ensure sustainable and stable operations, steadily advance future development, and better safeguard the long-term interests of all Shareholders, the Board has resolved not to recommend the payment of final dividend for the year ended December 31, 2024.

Moreover, the net loss attributable to the shareholders, and the cash dividend distribution conditions stipulated in the Articles of Association, do not purport our Company to distribute profits for the Reporting Period.

Reserves and Distributable Reserves

Changes to the reserves of the Group during the year ended December 31, 2024 are set out in note 41 to the consolidated financial statements in this annual report.

Charitable Donations

During the Reporting Period, the total donations made by the Company and its subsidiaries were RMB695,000.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in note 15 to the consolidated financial statements in this annual report.

Share Capital

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in note 31 to the consolidated financial statements in this annual report.

Retained Profits

Details of retained profits of the Group as at 31 December 2024 are set out in the consolidated statement of changes in equity of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC, which oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Bank Borrowings and Other Loans

Details of bank borrowings and other loans of the Group as at December 31, 2024 are set out in note 27 to the consolidated financial statements of this annual report.

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last four financial years is set out under the Section "Four-Year Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements.

2023 Share Option Scheme

Pursuant to the written resolutions passed by the Board on September 22, 2023, the Company has adopted the 2023 Share Option Scheme under which A Shares were granted as awards to eligible participants at the determination of the Board ("**2023 Share Option Scheme**"). As confirmed by our Remuneration and Evaluation Committee, the purpose of 2023 Share Option Scheme is: (i) to align the interests of our Company, Shareholders and employees, facilitate the parties' mutual interests to focus on the long-term development of our Company, thus bring about more attractive and sustainable returns for our Shareholder; (ii) to improve the corporate governance structure and the long-term and effective incentive mechanisms of our Company to ensure long-term and stable development of our Company; and (iii) to incentivize the management personnel and employees, attract and retain management talents and key personnel, prevent loss of talents, and enhance cohesiveness and competitiveness of our Company.

The total number of underlying Shares which may be issued upon exercise of all outstanding options granted under the 2023 Share Option Scheme (the "**2023 Scheme Mandate Limit**") shall be 5,295,000 A Shares and shall not be more than 10% of the share capital of our Company in aggregate. The 2023 Scheme Mandate Limit shall be adjusted in the event of any alteration in the capital structure of our Company whilst any option remains exercisable, to proportionally reflect any capitalization of profits or reserves, bonus issue, rights issue, sub-division, consolidation of shares, dividend distribution, etc. of our Company. Any grant of the options to any grantees in respect of all the options granted to such person under all validly subsisting share option schemes of the Company in aggregate shall not exceed 1% of the Shares in issue.

The 2023 Share Option Scheme shall be valid and effective for the period of time commencing from the date of grant of options, i.e. September 22, 2023 (the "**2023 Scheme Effective Date**") and expiring on the day when all options granted to the 2023 Eligible Participants under the 2023 Share Option Scheme are exercised or cancelled, which shall in any event be no later than the date which is 36 months after the 2023 Scheme Effective Date. The remaining life of the 2023 Share Option Scheme is approximately 1.5 years.

The A Shares to be issued to the grantees pursuant to the exercise of the options are subject to lock-up restrictions in accordance with the PRC Company Law, the PRC Securities Law and other relevant laws and regulations and the Articles of Association, in particular, where the grantee is a director or a member of the senior management of our Company, the number of Shares which may be transferred by the grantee each year during his/her tenure of office shall not exceed 25% of the total number of the Shares held by him/her, and the grantee shall not transfer any Shares held by him/her within six months after his/her resignation from the positions held in our Group. The options granted to the 2023 Eligible Participants shall not be transferred or used as guarantee or for repayment of debts during the vesting period.

As determined by the Board or the scheme administrator from time to time, Directors, senior management, mid-level management and key technical (business) personnel of our Company and shall not include the independent directors, supervisors and any shareholders or actual controllers of over 5% equity interests of our Company, together with their spouses, parents and children ("**2023 Eligible Participants**").

As of the Latest Practicable Date, a total of 162 2023 Eligible Participants have been granted outstanding options under the 2023 Share Option Scheme to subscribe for 5,295,000 A Shares in aggregate, representing 0.80% of the total issued Shares as of December 31, 2024.

Since no options or awards will be granted by our Company pursuant to the 2023 Share Option Scheme after the Listing, the provisions of Chapter 17 of the Listing Rules do not apply to the terms of the 2023 Share Option Scheme.

Further details of the principal terms of the 2023 Share Option Scheme are set out in the section headed "Statutory and General Information — A. Further Information about Our Group — 5. 2023 Share Option Scheme" in Appendix IV to the Prospectus.

Details of the options granted to the 2023 Eligible Participants under 2023 Share Option Scheme as of December 31, 2024 regarding the fair value, accounting standard and policy adopted are disclosed in note 34 to the consolidated financial report in this annual report. Details of the movement in the share options granted under the 2023 Share Option Scheme during the Reporting Period are set out in the table below:

Name/ Category of the grantees	Position or connected relationship	Exercise Price (RMB per Share)	Number of A Shares Underlying the Outstanding Options as of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of A Shares Underlying the Outstanding Options as of December 31, 2024	Date of Grant	Vesting Periods	Exercise Periods	Approximate % of Share Capital of Our Company as of December 31, 2024(1)
Shi Yingfei (史瑩飛)	Executive president of Liyuan (Shenzhen) Scientific Research Co., Ltd., Nephew of Mr. Shi	11.92	790,000	—	—	—	—	790,000	September 22, 2023	See Note (2) below	See Note (3) below	0.12%
Shen Zhiyong (沈志勇)	Executive Director and chief financial officer of our Company	11.92	690,000	—	—	—	—	690,000	September 22, 2023	See Note (2) below	See Note (3) below	0.10%
Zhang Yi (張羿)	Executive Director, secretary of our Board and joint company secretary of our Company	11.92	190,000	—	—	—	—	190,000	September 22, 2023	See Note (2) below	See Note (3) below	0.03%
Lu Zhenya (呂振亞)	Executive Director	11.92	190,000	—	—	—	—	190,000	September 22, 2023	See Note (2) below	See Note (3) below	0.03%
Qin Jian (秦建)	Executive Director and deputy manager of our Company	11.92	180,000	—	—	—	—	180,000	September 22, 2023	See Note (2) below	See Note (3) below	0.03%
Chen Li (陳麗)	Supervisor of Jiangsu Ruilifeng and Zhangjiagang TEEC(4)	11.92	105,000	—	—	—	—	105,000	September 22, 2023	See Note (2) below	See Note (3) below	0.02%
Gao Qilin (高啓林)	Assistant to the director of engineering construction center of our Company, Nephew of Mr. Shi	11.92	90,000	—	—	—	—	90,000	September 22, 2023	See Note (2) below	See Note (3) below	0.01%
Sun Liyuan (孫麗媛)	Supervisor of Changzhou Liyuan, Jiangsu Beiterui Nano and Tianjin Beiterui Nano(5)	11.92	80,000	—	—	—	—	80,000	September 22, 2023	See Note (2) below	See Note (3) below	0.01%
Lu Congjiang (呂從江)	Supervisor of Shandong Liyuan(6)	11.92	70,000	—	—	—	—	70,000	September 22, 2023	See Note (2) below	See Note (3) below	0.01%
Xie Yichao (解一超)	Executive general manager of Lopal Times	11.92	70,000	—	—	—	—	70,000	September 22, 2023	See Note (2) below	See Note (3) below	0.01%
Zhang Bingying (張炳英)	Supervisor of Shandong Kelas(7)	11.92	50,000	—	—	—	—	50,000	September 22, 2023	See Note (2) below	See Note (3) below	0.01%
Shi Baoshan (石寶山)	Technical consultant of Jiangsu Kelas, Elder brother of Mr. Shi	11.92	40,000	—	—	—	—	40,000	September 22, 2023	See Note (2) below	See Note (3) below	0.01%
Zhu Lei (朱磊)	General manager of Jiangsu Ruilifeng	11.92	40,000	—	—	—	—	40,000	September 22, 2023	See Note (2) below	See Note (3) below	0.01%

Name/ Category of the grantees	Position or connected relationship	Exercise Price (RMB per Share)	Number of A Shares Underlying the Outstanding Options as of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of A Shares Underlying the Outstanding Options as of December 31, 2024	Date of Grant	Vesting Periods	Exercise Periods	Approximate % of Share Capital of Our Company as of December 31, 2024[1]
Chen Xiaomin (陳小民)	Supervisor of Changzhou Liyuan[8]	11.92	30,000	—	—	—	—	30,000	September 22, 2023	See Note (2) below	See Note (3) below	0.00%
Yu Xiang (于翔)	Supervisor and head of human resources department of Changzhou Liyuan[9]	11.92	20,000	—	—	—	—	20,000	September 22, 2023	See Note (2) below	See Note (3) below	0.00%
Wu Jiansheng (吳建生)	Manager of administration department of Lopal Times, Brother-in-law of Ms. Zhu	11.92	15,000	—	—	—	—	15,000	September 22, 2023	See Note (2) below	See Note (3) below	0.00%
Other 2023 Eligible Participants who are employees		11.92	3,390,000	—	—	745,000	—	2,645,000	September 22, 2023	See Note (2) below	See Note (3) below	0.40%
	Total		6,040,000	—	—	745,000	—	5,295,000				

Notes:

(1) The calculation is based on 665,078,903 Shares in issue as of December 31, 2024.

(2) The vesting periods are 12 months and 24 months commencing from the grant date, i.e. September 22, 2023. The closing price of the A Shares on September 21, 2023 (the date immediately before the date of grant) was RMB12.32.

(3) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from September 22, 2024 to September 21, 2025, and 50% of the options shall be exercisable from September 22, 2025 to September 21, 2026. The exercise of the relevant options are subject to satisfaction of performance targets which comprise of performance indicators including the financial performance of the Group and individual performance based on annual performance assessment results.

(4) Ms. Chen Li is a mid-level management member of our Group and is not an independent Director or Supervisor. Ms. Chen Li is thus a 2023 Eligible Participant.

(5) Ms. Sun Liyuan is a mid-level management member of our Company and is not an independent Director or Supervisor. Ms. Sun Liyuan is thus a 2023 Eligible Participant.

(6) Mr. Lu Congjiang is a mid-level management member of our Group and is not an independent Director or Supervisor. Mr. Lu Congjiang is thus a 2023 Eligible Participant.

(7) Mr. Zhang Bingying is a mid-level management member of our Group and is not an independent Director or Supervisor. Mr. Zhang Bingying is thus a 2023 Eligible Participant.

(8) Mr. Chen Xiaomin is a mid-level management member of our Company and is not an independent Director or Supervisor. Mr. Chen Xiaomin is thus a 2023 Eligible Participant.

(9) Mr. Yu Xiang is a mid-level management member of the Group and is not an independent Director or Supervisor. Mr. Yu Xiang is thus a 2023 Eligible Participant.

(10) The exercise price of the cancelled share options was RMB11.92 per Share.

As at December 31, 2024, the total number of Shares available for issue under the 2023 Share Option Scheme was 5,295,000 A Shares (options had been granted and were outstanding), representing approximately 0.80% of the Shares in issue as at December 31, 2024.

Pursuant to the rules of the 2023 Share Option Scheme, no further share options would be granted . Hence, the number of options available for grant under the scheme mandate at the beginning and the end of the Reporting Period are both zero.

As no options and awards were granted during the Reporting Period, thus, the number of shares that may be issued in respect of options and awards granted under all schemes of the issuer during the Reporting Period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the Reporting Period is not available.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year ended December 31, 2024 and up to the Latest Practicable Date were:

Name	Position/Title
Mr. Shi Junfeng	Executive Director and chairman of the Board
Mr. Lu Zhenya (former name: Lu Zhenya)	Executive Director
Mr. Qin Jian	Executive Director
Mr. Shen Zhiyong	Executive Director
Mr. Zhang Yi	Executive Director
Ms. Zhu Xianglan	Non-executive Director
Mr. Li Qingwen	Independent non-executive Director
Mr. Ye Xin	Independent non-executive Director
Ms. Geng Chengxuan	Independent non-executive Director
Mr. Hong Kam Le (appointed with effect from October 30, 2024)	Independent non-executive Director
Mr. Xue Jie	Supervisor and chairman of the Supervisory Committee
Mr. Zhou Lin	Supervisor
Ms. Chang Huihong (appointed with effect from July 15, 2024)	Supervisor
Mr. Hu Renjie (resigned with effect from July 15, 2024)	Supervisor

The biographical details of the Directors and Supervisors of the Company as of the Latest Practicable Date are set out in the section headed "Directors, Supervisors, and Senior Management" in this annual report.

Changes of Information of Directors Under Rule 13.51B(1) of Listing Rules

Saved as disclosed in this annual report, no information was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' and Supervisors' Service Contracts

Each of the executive Directors and non-executive Directors (including an independent non-executive Director), and Supervisors entered into a service contract, either commenced their service contract in February 2023, or October 2024 and until the end of Fourth session of the Board meeting (i.e. February 23, 2026). The service contracts are subject to renewal and termination in accordance with their respective terms, our Articles of Association and the applicable Listing Rules and Shanghai Listing Rules.

Save as disclosed above, none of our Directors and Supervisors has entered, or has proposed to enter, a service contract with any member of our Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Mr. Li Qingwen, Mr. Ye Xin, Ms. Geng Chengxuan and Mr. Hong Kam Le), and the Company considers such Directors to be independent for the year ended December 31, 2024.

Directors', Supervisors' and Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

There was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or Supervisor and/or any of his/her connected entity had a material interest, whether directly or indirectly, and there was no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and Controlling Shareholders or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their respective subsidiaries, in each case subsisted at the end of, or at any time during the year ended December 31, 2024.

Interests of Directors, Supervisors and Chief Executive

As at December 31, 2024, the interests and/or short positions (as applicable) of our Directors, Supervisors and chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be separately notified to the Company and the HKEX pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were set out as follows:

i) Interest in our Company

Name of Director, Supervisor 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[4][7]	Beneficial owner	A Shares	212,662,195	37.63%	31.98%
	Interest held by controlled corporation	A Shares	1,901,208	0.34%	0.29%
	Interest of spouse	A Shares	23,618,649	4.18%	3.55%
	Other[5]	A Shares	2,082,400	0.37%	0.31%
Ms. Zhu[6]	Beneficial owner	A Shares	23,618,649	4.18%	3.55%
	Interest of spouse	A Shares	216,645,803	38.34%	32.57%
Mr. Lu Zhenya	Beneficial owner	A Shares	431,988	0.08%	0.06%
Mr. Qin Jian[8]	Beneficial owner	A Shares	410,832	0.07%	0.06%
	Interest of spouse	A Shares	33,056	0.01%	0.00%
Mr. Shen Zhiyong	Beneficial owner	A Shares	908,112	0.16%	0.14%
Mr. Zhang Yi	Beneficial owner	A Shares	385,792	0.07%	0.06%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 565,078,903 A Shares or 100,000,000 H Shares in issue as of December 31, 2024.

(3) The calculation is based on the total number of 665,078,903 Shares as of December 31, 2024 and without taking into account the options granted under the 2023 Share Option Scheme.

(4) Mr. Shi is the spouse of Ms. Zhu. By virtue of the SFO, Mr. Shi is deemed to be interested in the Shares in which Ms. Zhu is deemed to be interested. In addition, Mr. Shi and Ms. Zhu may be taken to have an interest in those treasury shares held by the Company as shareholders controlling more than one-third or more voting power in the Company.

(5) As of December 31, 2024, our Company holds 2,082,400 A shares as treasury share. Mr. Shi controls one-third or more of the voting power at general meetings of the Company is to be taken to have an interest in the aforesaid 2,082,400 A shares held in treasury under Part XV of the SFO. As of December 31, 2024, Mr. Shi has pledged 56,800,000 A Shares as security in favor of certain PRC financial institutions regulated by the NAFR or the CSRC.

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

(7) 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 and 10% by Ms. Zhu. Accordingly, Mr. Shi is deemed to be interested in the Shares held by Nanjing Bailey.

(8) Ms. Xu Suxia (徐素蝦) is the spouse of Mr. Qin Jian. As of December 31, 2024, Ms. Xu Suxia held 33,056 A Shares. By virtue of the SFO, Mr. Qin Jian is deemed to be interested in the Shares in which Ms. Xu Suxia is deemed to be interested.

Save as disclosed above, as at December 31, 2024, none of our Directors, Supervisors and chief executive of our Company had interests or short positions in the shares, underlying shares and debentures of our 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 HKEX 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 HKEX pursuant to the Model Code.

ii) Interest in associated corporations

Name of Director, chief executive or Supervisor	Nature of interests(1)	Associated corporations	Approximate percentage of holding in associated corporations
Mr. Shi	Interest held by controlled corporation	Changzhou Liyuan	68.52%(2)
Mr. Shen Zhiyong	Interest held by controlled corporation	Changzhou Liyuan	2.25%(3)
Mr. Xue Jie	Interest held by controlled corporation	Changzhou Liyuan	0.9%(4)

Notes:

(1) All the interests stated are long positions.

(2) As of the Latest Practicable Date, Changzhou Liyuan was owned as to approximately 64.03% by our Company in which Mr. Shi controlled more than one-third of voting power and approximately 4.49% by Changzhou Youbeili Venture Capital Center (Limited Partnership) (常州優貝利創業投資中心(有限合夥)), in which Mr. Shi served as the general partner and owned 99.9% interest, respectively. Therefore Mr. Shi is deemed to be interested in the shares in Changzhou Liyuan held by Changzhou Youbeili Venture Capital Center (Limited Partnership) (常州優貝利創業投資中心(有限合夥)) and the shares in Changzhou Liyuan held by our Company under the SFO.

(3) As of the Latest Practicable Date, Changzhou Liyuan was owned as to approximately 2.25% by Nanjing Jinbeili Venture Capital Center (Limited Partnership) (南京金貝利創業投資中心(有限合夥)) in which Mr. Shen served as the general partner and owned 99% interest. Therefore Mr. Shen is deemed to be interested in the shares in Changzhou Liyuan held by Nanjing Jinbeili Venture Capital Center (Limited Partnership) (南京金貝利創業投資中心(有限合夥)) under the SFO.

(4) As of the Latest Practicable Date, Changzhou Liyuan was owned as to approximately 0.9% by Nanjing Chaoli Venture Capital Center (Limited Partnership) (南京超利創業投資中心（有限合夥）) in which Mr. Xue served as the general partner and owned 80% interest. Therefore Mr. Xue is deemed to be interested in the shares in Nanjing Chaoli Venture Capital Center (Limited Partnership) (南京超利創業投資中心（有限合夥）) under the SFO.

Directors' and Supervisors' rights to Acquire Shares and Debentures

Save as disclosed in this annual report, none of the Company, or any of its subsidiaries have entered into any arrangement to enable the Directors or Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body, and none of the Directors and Supervisors or their spouses and children under the age of 18 had any right to subscribe for the share capital or debt securities of the Company or any other corporate body or had exercised any such right at any time during the Reporting Period.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at December 31, 2024, to the knowledge of the Directors, the following persons (other than the Directors, Supervisors 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 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]
China Credit Trust Co., Ltd[4]	Interest of controlled corporation	H Shares	20,000,000	20.00%	3.01%
Harvest Fund Management Co., Ltd.[4]	Interest of controlled corporation	H Shares	20,000,000	20.00%	3.01%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 565,078,903 A Shares or 100,000,000 H Shares in issue as of December 31, 2024.

(3) The calculation is based on the total number of 665,078,903 Shares as of December 31, 2024 and without taking into account the options granted under the 2023 Share Option Scheme.

(4) Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Oriental SP, who held 20,000,000 H Shares, is owned as to 91% by Harvest Global Investments Limited. Harvest Global Investments Limited is 100% owned by Harvest Fund Management Co., Ltd. Harvest Fund Management Co., Ltd. is owned as to 40% by China Credit Trust Co., Ltd.

Save as disclosed above, as at December 31, 2024, so far as is known to the Directors, none of any other persons (other than the Directors, Supervisors and chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register referred to in section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2024.

EMOLUMENT POLICY

We recognize our employees are prominent assets for our long-term development and we place great emphasis on attracting and recruiting qualified employees. We adopt a fair treatment for our employees to ensure that they enjoy fair opportunities and conditions. For emolument policy, we provide our employees with remuneration packages covering matters including wages, employee benefits, safety and sanitary conditions in the workplace. We also enter into standard confidentiality agreements with all of our employees. Our Board will review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management. The remuneration of our Directors, Supervisors and Senior management of our Company is determined after taking into account salaries paid by comparable companies, time commitment and responsibilities of our Directors, Supervisors and senior management and performance of our Group. As required by PRC Law, we participate in various social security plans for our employees including housing provident fund, pension insurance, medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance. Additionally, we also adopted 2023 Share Option Scheme to incentivise and motivate our employees, under which qualified employees are granted with share awards or share options, details of which are set out under the section headed "2023 Share Option Scheme" in this Director's report. A Remuneration and Evaluation committee has also been established by the Group to review the policy and structure of the remuneration for our Directors, Supervisors, and senior Management and make recommendations on the remuneration packages of individual Directors, Supervisors, and senior Management. Particulars on the remuneration for the Directors, Supervisors and five highest paid employees during the Reporting Period are set out in notes 11 and 12 to the consolidated financial statements in this annual report. The compensation paid during the Reporting Period or payable to key management personnel (including chief executive officer and Directors of the Company and other senior executives of the Group) for employee services are set out in notes 37(d) to the consolidated financial statement in this annual report.

EMPLOYEE BENEFITS

Particulars of the employee benefits of the Group are set out in note 4.8 to the consolidated financial statements of this annual report.

PUBLIC FLOAT

As at the Latest Practicable Date and based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained minimum public float of 25% as required under the Listing Rules.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as disclosed under the sections headed "2023 Share Option Scheme" in this directors' report, at no time during the year ended December 31, 2024 was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

CONNECTED TRANSACTIONS

The Company has conducted the below partially-exempted or non-exempt continuing connected transactions during the year 2024.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Set out below is a brief summary of our continuing connected transactions and the relevant waivers sought:

Partially exempt continuing connected transactions	Applicable Listing Rules	Waiver sought	Historical amounts during the Reporting Period	Proposed annual cap for the years ending December 31, 2024	2025	2026
			(RMB million)	(RMB million)		
Weilejia Framework Agreement	Rule 14A.35 Rule 14A.76(2) Rule 14A.105	Announcement	7.2	8.85	8.85	8.85
Hengan Framework Agreement	Rule 14A.35 Rule 14A.76(2) Rule 14A.105	Announcement	3.5	6	6	6
Changnengrui Framework Agreement	Rule 14A.35 Rule 14A.76(2) Rule 14A.105	Announcement	8.6	15	15	15
CATL Sales Framework Agreement	Rule 14A.35 Rule 14A.101 Rule 14A.105	Announcement	—	994	N/A	N/A
CATL Purchase Framework Agreement	Rule 14A.35 Rule 14A.101 Rule 14A.105	Announcement	—	3,373	N/A	N/A

Weilejia Framework Agreement

On October 14, 2024, our Company and Nanjing Weilejia Lubricants Co., Ltd. (南京威樂佳潤滑油有限公司) ("**Nanjing Weilejia**") entered into a framework agreement, for a term commencing from the Listing Date to December 31, 2026 (both dates inclusive) (the "**Weilejia Framework Agreement**").

Under the Weilejia Framework Agreement, our Company (i) appoints Nanjing Weilejia as a distributor of our Group's Kelas (可蘭素) brand products (the "**Kelas Brand Products**") in the PRC, Nanjing Weilejia shall distribute such Kelas Brand Products to its customers at prices that generally follow the guidance price lists provided by our Group from time to time; and (ii) may supply our Group's Lopal (龍蟠) brand products (the "**Lopal Brand Products**") in the PRC to Nanjing Weilejia, prices of such supply arrived after taking into account the price lists provided by our Group (which may be adjusted and updated by our Group from time to time), the order size and transportation costs. The details of the Weilejia Framework Agreement are disclosed in the Prospectus.

As Mr. Qin Jian is an executive director of our Company and Mr. Xue Lingjian (薛領建), Mr. Qin Jian's brother-in-law, owns approximately 100% of the equity interest in Nanjing Weilejia, Nanjing Weilejia is a majority-controlled company and thus an associate of Mr. Qin Jian. Therefore, Nanjing Weilejia is our connected person under Chapter 14A of the Listing Rules.

Reasons for Transactions

We rely on our distribution network as one of the channels for the sales of our automotive specialty chemical products. Taking into account (i) our long-standing business relationship with Nanjing Weilejia, which began in around 2012; (ii) Nanjing Weilejia's past performance in meeting our sales targets; (iii) our pricing policy adopted for the transactions under the Weilejia Framework Agreement is consistent with our pricing policy for other distributors of our Kelas Brand Products and (iv) sales to Nanjing Weilejia will enable us to maintain our coverage to meet demands of our Lopal Brand Products in the market. Our Directors are of the view that it is commercially beneficial for us to continue to appoint Nanjing Weilejia as one of our distributors and to continue the sales of Lopal Brand Products to Nanjing Weilejia, and it is in the interests of our Group and Shareholders to enter into the Weilejia Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2024, the transaction amount with respect to the continuing connected transactions under the Weilejia Framework Agreement was RMB7.2 million.

Annual Caps

Our annual caps for the years ending December 31, 2024, 2025 and 2026 transactions under the Weilejia Framework Agreement will be RMB8.85 million, RMB8.85 million and RMB8.85 million, respectively.

Hengan Framework Agreement

On October 14, 2024, our Company and Taizhou Hengan Commerce Co., Ltd. (泰州市恒安商貿有限公司) ("**Taizhou Hengan**") entered into a framework agreement, for a term commencing from the Listing Date to December 31, 2026 (both dates inclusive) (the "**Hengan Framework Agreement**").

Under the Hengan Framework Agreement, our Company appoints Taizhou Hengan as a distributor of our Lopal Brand Products and Kelas Brand Products in the PRC. The price of which shall set according to the distributor price lists provided by our Group (which may be adjusted and updated by our Group from time to time), and Taizhou Hengan shall distribute such Lopal Brand Products and Kelas Brand Products to its customers at prices that generally follow the guidance price lists provided by our Group from time to time and only within the regions as agreed between Taizhou Hengan and our Group in writing. Our Group may from time to time offer discounts to the prices set out in the distributor price lists as part of our Group's promotional efforts. The details of the Hengan Framework Agreement are disclosed in the Prospectus.

As Mr. Shi is an executive Director and a controlling shareholder of our Company and Ms. Shi Zhenhong (石珍紅), Mr. Shi's younger sister, owns 100% of the equity interest in Taizhou Hengan, Taizhou Hengan is a majority-controlled company and thus an associate of Mr. Shi. Therefore, Taizhou Hengan is our connected person under Chapter 14A of the Listing Rules.

Reasons for Transactions

We rely on our distribution network as one of the channels for the sales of our automotive specialty chemical products. Taking into account (i) our long-standing business relationship with Taizhou Hengan, which began in around 2014; (ii) Taizhou Hengan's past performance in meeting our sales targets; and (iii) our pricing policy adopted for the transactions under the Hengan Framework Agreement is consistent with our pricing policy for other distributors of our Lopal Brand Products and Kelas Brand Products. Our Directors are of the view that it is commercially beneficial for us to continue to appoint Taizhou Hengan as one of our distributors, and it is in the best interests of our Group and Shareholders to enter into the Hengan Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2024, the transaction amount with respect to the continuing connected transactions under the Hengan Framework Agreement was RMB3.5 million.

Annual Caps

Our annual caps for the years ending December 31, 2024, 2025 and 2026 transactions under the Hengan Framework Agreement will be RMB6 million, RMB6 million and RMB6 million, respectively.

Changnengrui Framework Agreement

On October 14, 2024, our Company and Taizhou Changnengrui Commerce Co., Ltd. (泰州市暢能瑞商貿有限公司) ("**Taizhou Changnengrui**") entered into a framework agreement for a term commencing from the Listing Date to December 31, 2026 (both dates inclusive) (the "**Changnengrui Framework Agreement**").

Under the Changnengrui Framework Agreement, our Company appoints Taizhou Changnengrui as a distributor of our Lopal Brand Products and Kelas Brand Products in the PRC, and Taizhou Changnengrui shall distribute such Lopal Brand Products and Kelas Brand Products to its customers at prices that generally follow the guidance price lists provided by our Group from time to time and only within the regions as agreed between Taizhou Changnengrui and our Group in writing. Our Group may from time to time offer discounts to the prices set out in the distributor price lists as part of our Group's promotional efforts. The details of the Changnengrui Framework Agreement are disclosed in the Prospectus.

As Mr. Shi is an executive Director and a controlling shareholder of our Company and Ms. Shi Shuhong (石書紅) and Ms. Shi Zhenhong (石珍紅), both Mr. Shi's sisters, own 98% and 2%, respectively, of the equity interest in Taizhou Changnengrui, Taizhou Changnengrui is a majority-controlled company and thus an associate of Mr. Shi. Therefore, Taizhou Changnengrui is our connected person under Chapter 14A of the Listing Rules.

Reasons for Transactions

We rely on our distribution network as one of the channels for the sales of our automotive specialty chemical products. Taking into account (i) our long-standing business relationship with Taizhou Changnengrui, which began in around 2011; (ii) Taizhou Changnengrui's past performance in meeting our sales targets; and (iii) our pricing policy adopted for the transactions under the Changnengrui Framework Agreement is consistent with our pricing policy for other distributors of our Lopal Brand Products and Kelas Brand Products, our Directors are of the view that it is commercially beneficial for us to continue to appoint Taizhou Changnengrui as one of our distributors, and it is in the best interests of our Group and Shareholders to enter into the Changnengrui Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2024, the transaction amount with respect to the continuing connected transactions under the Changnengrui Framework Agreement was RMB8.6 million.

Proposed Annual Caps

Our proposed annual caps for the years ending December 31, 2024, 2025 and 2026 transactions under the Changnengrui Framework Agreement will be RMB15 million, RMB15 million and RMB15 million, respectively.

CATL Sales Framework Agreement and CATL Purchase Framework Agreement

On October 9, 2024, our Company and CATL entered into the CATL Sales Framework Agreement and CATL Purchase Framework Agreement, a term commencing from the Listing Date to December 31, 2024 (both dates inclusive) (the "**CATL Sales Framework Agreement**" and/or "**CATL Purchase Framework Agreement**").

Under the CATL Sales Framework Agreement, CATL, its subsidiaries and 30%-controlled companies (excluding Lopal Times) (collectively, the "**CATL CP Group**") may supply products (the "**CATL Products**") to our Group, including but not limited to raw materials and/or other processed products required by our Group in our daily production operations. All purchase transactions by our Group from CATL CP Group of CATL Products, may it be raw materials such as lithium-mica concentrate or processed products such as lithium carbonate, will be covered under the same agreement, i.e. the CATL Sales Framework Agreement. The price of the CATL Products to be supplied by CATL CP Group to our Group shall be determined on normal commercial terms and on an arm's length basis. We shall take into account (i) the prevailing market price of the relevant materials posted on the SMM, the PRC government or other industry recognized organizations and (ii) the cost of production of the relevant CATL Products.

Regarding the CATL Purchase Framework Agreement, CATL CP Group may purchase products (the "**Lopal Products**") manufactured and/or processed by our Group in accordance with the specifications provided by CATL CP Group (including the products processed by our Group using raw materials provided by CATL CP Group). All sale transactions from our Group to CATL CP Group of Lopal Products including but without limitation LFP cathode materials will be covered under the same agreement, i.e. the CATL Purchase Framework Agreement. The price shall be determined on normal commercial terms and on an arm's length basis. We shall take into account (i) the price of the relevant materials posted on the SMM, the PRC government or other industry recognized organizations and (ii) the production cost of the Lopal Products (whereby raw materials are supplied to our Group for processing, the processing cost of the Lopal Products). Our Group will provide to our customers material price lists (which may be adjusted and updated by us from time to time) and may from time to time offer discounts on the Lopal Products as part of their promotional efforts.

Lopal Times is a direct non-wholly owned subsidiary of our Company, which is owned as to 70% by our Company and 30% by Yichun Times. As Yichun Times owns 30% of the equity interest in Lopal Times, Yichun Times is a substantial shareholder of a subsidiary of our Company and thus is a connected person of our Company. As Yichun Times will be a connected person of our Company, the CATL CP Group (comprising CATL, its subsidiaries and 30%-controlled companies (excluding Lopal Times)) will be associates of Yichun Times and will therefore is connected persons of our Company under Chapter 14A of the Listing Rules.

Reasons for Transactions

We entered into the CATL Sales Framework Agreement with CATL in order to ensure the sufficient and stable supply of raw materials and other processed products for our production needs, while entered into the CATL Purchase Framework Agreement with CATL is to leverage on CATL's sales network and sizable base of customers. Both CATL Sales Framework Agreement and CATL Purchase Framework Agreement are beneficial for the growth of our business. Given the established relationship between our Group and CATL Group, our Directors are of the view that both agreements are i) CATL is capable of providing raw materials and other processed products in a reliable and cost-effective manner with competitive prices as compared to the independent third parties in respect of materials of similar specification, model, type and quality mutually beneficial; and ii) economical for us to sell our LFP cathode material products to CATL CP Group, and it is in the interests of our Group and Shareholders to enter into the CATL Sales Framework Agreement and CATL Purchase Framework Agreement.

Historical Amount during the Reporting Period

For the year ended December 31, 2024, the transaction amount with respect to the continuing connected transactions under the CATL Sales Framework Agreement and CATL Purchase Framework Agreement were RMB371.68 million and RMB3,111.06 million, respectively.

Annual Caps

Our annual caps for the years ending December 31, 2024 transactions under the CATL Sales Framework Agreement and CATL Purchase Framework Agreement will be RMB994 million and RMB3,373 million, respectively.

Review by and Confirmation of Independent Non-executive Directors and our Company

Our independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were carried out in the ordinary and usual course of business of the Group and made on normal commercial terms. The terms of Weilejia Framework Agreement, Hengan Framework Agreement, Changnengrui Framework Agreement, CATL Sales Framework Agreement and CATL Purchase Framework Agreement are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Our Company also confirms that we have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Review by and Confirmation of Auditor

The auditors of our Company were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Moore CPA Limited sent a letter to the Board of the Company based on its review of the above-mentioned continuing connected transactions, expressing the following opinions in respect of the disclosed continuing connected transactions:

a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

RELATED PARTY TRANSACTIONS

Details of our related party transactions of the Group for the Reporting Period are set out in notes 37 to the consolidated financial statements of this annual report.

The related party transactions disclosed in notes 37 to the consolidated financial statements include transactions with Nantong Jutu Trading Co., Ltd. (南通聚途商貿有限公司), Nanjing Ruifute Chemical Co., Ltd. (南京瑞福特化工有限公司) and Hubei Fengli New Energy Technology Co., Ltd. (湖北豐鋰新能源科技有限公司), who will not be classified as our connected persons as of the Latest Practicable Date, and do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of Listing Rules. The other transactions which constitute continuing connected transactions of our Company has been disclosed above.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors and officers of the Company shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. Such provisions were in force throughout the year ended December 31, 2024 and are currently in force.

The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors during the year ended December 31, 2024.

MANAGEMENT CONTRACTS

During the Reporting Period and up to the date of this annual report, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors and Controlling Shareholders was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group for the year ended December 31, 2024 which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

Mr. Shi has been the chairman of Hunan Farnlet New Energy Technology Co., Ltd. (湖南法恩萊特新能源科技有限公司) ("**Hunan Farnlet**") since June 2021 and Ms. Zhu has been a director of Hunan Farnlet since May 2022. As of the Latest Practicable Date, Mr. Shi directly held 45% of the equity interest in Hunan Farnlet, Nanjing Duoli Venture Capital Center (Limited Partnership) (南京多利創業投資中心(有限合夥)) ("**Nanjing Duoli**") held 4.5% of the equity interest in Hunan Farnlet, and Nanjing Hongli Venture Capital Center (Limited Partnership) (南京弘利創業投資中心(有限合夥)) ("**Nanjing Hongli**") held 4.5% equity interest in Hunan Farnlet. As of the Latest Practicable Date, Nanjing Duoli was managed by and owned as to 34.22% by Ms. Zhu as its general partner, and owned as to 18.15% by Mr. Zhang Yi (our executive Director), 17.01% by Mr. Shen Zhiyong (our executive Director), 2.27% by Mr. Lu Zhenya (our executive Director) and 2.27% by Mr. Qin Jian (our executive Director); Nanjing Hongli was managed by and owned as to 80% by Mr. Shi as its general partner, owned as to 10% by Ms. Zhu and owned as to 10% by Lopal International. There is clear delineation between Hunan Farnlet and our Group. Hunan Farnlet is primarily engaged in the production of lithium-ion electrolyte in mainland China. Our Group is not involved in the production of lithium-ion electrolyte. Hunan Farnlet is not in competition with our Group, as lithium-ion electrolyte (which Hunan Farnlet produces) and LFP cathode materials (which our Group produces) are different raw materials that are commonly used in parallel with each other in the production of lithium-ion batteries.

As of December 31, 2024, Lopal International directly owned the entire equity interest of each of Jiangsu Meiduo Technology Co., Ltd. (江蘇美多科技有限公司) ("**Jiangsu Meiduo**") and Shandong Meiduo (together with Jiangsu Meiduo, the "**Meiduo Companies**"). On January 15, 2025, we have completed the acquisition of Shandong Meiduo, the details of such acquisition is also disclosed under the section "Completion of Shandong Meiduo Acquisition" in this annual report. Mr. Shi has been a director of Jiangsu Meiduo since its incorporation in September 2022 and a director of Shandong Meiduo since its incorporation in September 2022. There was clear delineation between Meiduo Companies and our Group. Meiduo Companies are primarily engaged in the business of recycling of lithium-ion batteries. Our Group was not involved in recycling of lithium-ion batteries during the Track Record Period and that the Shandong Meiduo Acquisition is in line with our strategic expansion upstream along the production value chain.

For the purpose of the listing of our A Shares on the Shanghai Stock Exchange and in order to avoid any potential competition between our Group and the companies controlled by Mr. Shi and/or Ms. Zhu, Mr. Shi and Ms. Zhu provided a non-competition undertaking in favor of our Company on February 10, 2015 (the "**Non-competition Undertaking**"). Pursuant to the Non-competition Undertaking, each of Mr. Shi and Ms. Zhu has undertaken that they are irrevocably bound by non-compete obligations prohibiting direct or indirect engagement in activities (including investments, joint ventures, or holding equity/control) that compete with the Company's current or future businesses, both during their tenure as a Director and for six months post-resignation. This extends to abstaining from roles (e.g., director, senior management) in competing entities and assisting third parties in such activities. Breaches require immediate disclosure by the Company, forfeiture of gains to the Company, and compensation for damages. Both Mr. Shi and Ms. Zhu must also submit legally valid replacement undertakings, subject to shareholder approval. These obligations take immediate effect upon signing and remain enforceable as long as the individual holds ≥5% of the Company' s shares or retains significant control over it.

The Company has received the annual confirmation from the Mr. Shi and Ms. Zhu in respect of their compliance with the non-competition undertakings during the Reporting Period and has disclosed the same in this annual report.

The independent non-executive Directors have reviewed the compliance with the non-competition undertakings during the Reporting Period based on information and the confirmation provided or given by Mr. Shi and Ms. Zhu, are satisfied that there is no decisions that would conflict with the interests of the Company, and that Mr. Shi and Ms. Zhu have complied with the non-competition undertakings during the Reporting Period.

ISSUANCE OF CONVERTIBLE BONDS IN APRIL 2020

On April 23, 2020, we issued 4,000,000 units of convertible bonds with a par value of RMB100 each and an aggregate principal amount of RMB400 million, which were listed on the Shanghai Stock Exchange on May 19, 2020 ("**2020 Convertible Bonds**"). The net proceeds (after deduction of the underwriting commissions and other offering related expenses of RMB5 million) was RMB392.6 million. As of December 31, 2024, we had fully utilized such net proceeds. Details of the 2020 Convertible Bonds are disclosed in the Prospectus, and the use of proceeds for 2020 Convertible Bonds, during the Reporting Period, are set out below:

Intended use of net proceeds from 2020 Convertible Bonds	Percentage of intended use of net proceeds (%)	Intended use of net proceeds (In RMB million)	Amount unutilized as of January 1, 2024 (In RMB million)	Amount utilized as of December 31, 2024 (In RMB million)	Amount unutilized as of December 31, 2024 (In RMB million)	Expected timeline of full utilization of the net proceeds
40,000 tons per annum lithium carbonate production facility construction project[1]	39.3	154.2	73.0	154.2	—	—
180,000 tons per annum Kelas project	28.2	110.6	0.4	110.9	—	—
NEV coolant production base construction project	8.9	35.2	—	35.2	—	—
Working capital and other general corporate purposes	23.6	92.6	—	142.0	—	—
Total	100.0	392.6	73.4	442.3	—	—

Notes:

(1) On February 20, 2024, as the 600,000 tons diesel exhaust fluid production expansion project had been completed. The Board agreed to conclude the "180,000 tons per annum Kelas project" under the 2020 Convertible Bonds, the "600,000 tons diesel exhaust fluid production expansion project" under 2020 Non-Public Offering (a surplus raised funds totaling RMB184.4 million) along with the accumulated wealth management income and interest from the special accounts of these projects (subject to the bank settlement balance on the day of fund transfer), be reallocated to the 40,000 tons per annum lithium carbonate production facility construction project.

NON-PUBLIC OFFERING IN MAY 2022

In May 2022 and with the approval of CSRC, we underwent a non-public offering of 82,987,551 A Shares at an offer price of RMB26.51 per A Share ("**2020 Non-Public Offering**"). We raised RMB2,199,999,977.01 in gross proceeds from 2020 Non-Public Offering, and the net proceeds (after deduction of the underwriting commissions and other offering related expenses of RMB24,468,856.18) was RMB2,175,531,120.83. As of December 31, 2024, we had utilized approximately RMB1,589.3 million of such net proceeds. The following table sets forth the status of the use of proceeds from the said 2024 Non-Public Offering during the Reporting Period:

Intended use of net proceeds from 2024 Non-Public Offering	Percentage of intended use of net proceeds (%)	Intended use of net proceeds (In RMB million)	Amount unutilized as of January 1, 2024 (In RMB million)	Amount utilized as of December 31, 2024 (In RMB million)	Amount unutilized as of December 31, 2024 (In RMB million)	Expected timeline of full utilization of the net proceeds
To expand the scale and production of our NEV power and energy storage cathode material	59.3	1,290.0	1,261.9	686.6	603.4	by the second quarter of 2025
600,000 tons diesel exhaust fluid production expansion project[(1)(2)]	11.7	255.6	62.0	256.2	—	—
Working capital and other general corporate purposes	6.0	500	—	504.5	—	—
40,000 tons per annum lithium carbonate production facility[(2)] construction project	23.0	129.9	129.9	142.0	—	—
Total	100.0	2,175.5	1,453.8	1,589.3	603.4	—

Notes:

1. On June 13, 2022, our Board has resolved to change the entity to implement the expansion projects for administrative convenience and the entities involved prior and after the change are both wholly-owned subsidiaries of our Group.

2. On February 20, 2024, as the 600,000 tons diesel exhaust fluid production expansion project had been completed. The Board agreed to conclude the "180,000 tons per annum Kelas project" under the 2020 Convertible Bonds, the "600,000 tons diesel exhaust fluid production expansion project" under 2020 Non-Public Offering (a surplus raised funds totaling RMB184.4 million) along with the accumulated wealth management income and interest from the special accounts of these projects (subject to the bank settlement balance on the day of fund transfer), be reallocated to the 40,000 tons per annum lithium carbonate production facility construction project.

3. To the extent that the net proceeds from the 2020 Non-Public Offering are not immediately required for the above purposes and without affecting the use of such net proceeds as intended, our Company may utilize idle unutilized net proceeds from the offerings of (i) not exceeding RMB600 million from the 2020 Non-Public Offering to supplement our working capital temporarily for a period not exceeding 12 months from April 25, 2024, and by the end of such 12-month period, such utilized cash shall be deposited to the designated account of our Company in full; and (ii) not exceeding RMB760 million (comprising RMB720 million from the 2020 Non-Public Offering and RMB40 million 2020 Convertible Bonds) and not exceeding RMB2,800 million of our own idle cash to invest in wealth management products for the period from the annual general meeting of the Company for the year 2023 until the annual general meeting of the Company for the year 2024. The interest generated from such investment in wealth management products will be applied to supplement our working capital.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Our H Shares were listed on the Main Board of the Stock Exchange on October 30, 2024. A total of 100,000,000 ordinary shares comprising the Global Offering with nominal value of RMB1.00 each of the Company were issued at HK$5.50 per Share. The gross proceeds and net proceeds raised by the Company from the Global Offering is approximately HK$550.0 million and HK$495.0 million, respectively.

Details of the Group's use of proceeds from the Global Offering are set out in the section headed "Use of Proceeds" in this annual report.

SIGNIFICANT EVENTS AFTER THE REPORT PERIOD

Completion of Shandong Meiduo Acquisition

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

Investment from LG

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

Save as disclosed above, disclosed in note 43 to the consolidated financial statements, and the PT LBM Deemed Disposal as disclosed in this Annual Report, our Group has no other material subsequent events since the end of the Reporting Period up to the date of this annual report.

MAJOR LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any major litigation or arbitration.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024.

AUDITOR

Prior to our Listing, our Board considered that Jonten Certified Public Accountants (Limited Liability Partnership) (中天運會計師事務所(特殊普通合夥)) ("**Jonten**") has served as the domestic auditor of our Company for consecutive years, and in order to ensure independence and objectivity of auditing procedures of our Company, our Company has reached a mutual consensus with Jonten on the non-renewal of its appointment and Jonten would thereby retired as the domestic auditor of the Company on August 31, 2023.

As recommended by our Audit Committee, our Board proposed to the appointment of Gongzheng Tianye Certified Public Accountants (公證天業會計師事務所) as the domestic auditor of our Company for the year 2023 on August 31, 2023 and reappointed for the year 2024 on July 16, 2024.

After our Listing, the Board, Audit Committee, and with the approval of Shareholders to appoint Moore CPA Limited as an international auditor of our Company for the year 2024 on December 30, 2024. Moore CPA Limited is registered in accordance with the Accounting and Financial Reporting Council Ordinance.

The Company will discuss the appointment of the Company's domestic and international auditors for the year ending December 31, 2025 at 2024 annual general meeting of our Company (unless otherwise stated in the 2024 annual general meeting circular of our Company to be published on the HKEX's website. Save as disclosed above, the Company did not change its auditor in the past three years.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this directors' report.

On behalf of the Board
Mr. Shi Junfeng
Chairman and Executive Director

March 28, 2025

During the Reporting period, the Supervisory Committee have strictly complied to its duties and responsibilities as stipulated by the Listing Rules, PRC Company Law, PRC Securities Law, the Articles of Association, and the Shanghai Stock Exchange Self-Regulatory Guidelines No. 1 — Standard Operations. Acting in the spirit of accountability to our Company and all Shareholders, the Supervisory Committee diligently executed its oversight mandate. It conducted effective oversight of our Company's financial status, major decision-making processes, and the performance of the Board and management team, actively safeguarding the interests of all Shareholders.

WORKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

In accordance with the Articles of Association, our Supervisory Committee comprise of Mr. Xue Jie (Chairman), Mr. Zhou Lin, and Ms. Chang Huihong. During the Reporting Period, the Supervisory Committee convened a total of 11 meetings and considered a total of 32 proposals, involving major areas such as the acquisitions and related-party transaction (Shandong Meiduo in March 2024); capital allocation and fund management; financial reporting and governance; and equity and compensation matters. All Supervisors participated in the Board meetings and the Shareholders' general meetings by attending or sitting in at the meetings during their terms of office. Our members of the Supervisory Committee were present at meetings of the Board committees for multiple times, gaining insight into the decision-making progress of our Company, actively participated in discussions on topics at the meetings and performed the functions of the Supervisory Committee of being informed, supervising, and inspecting. The Supervisory Committee confirms that the Board operated in strict compliance with PRC Company Law and the Articles of Association, implemented Shareholders' resolutions effectively, and ensured that Directors and senior management fulfilled their duties lawfully. There were no violations of laws, regulations, nor circumstances that are detrimental to the interests of our Company and its Shareholders were identified.

SUPERVISORY COMMENTS ON CERTAIN MATTERS OF OUR COMPANY IN 2024

1. The Financial Status of our Company in 2024

The Supervisory Committee reviewed and monitored our Company's financial systems and status throughout the reporting period, including our financial reports. The Board affirms that our Company maintained a robust financial system, standardized operations, and a healthy financial condition. All financial practices adhered to the Accounting Law and Chinese Accounting Standards for Business Enterprises and IFRS Accounting Standards. The financial reports were prepared in compliance with regulatory requirements, accurately reflecting our Company's financial position and operational performance without misrepresentation, omissions, or breaches of confidentiality. The unqualified audit opinion issued by Gongzheng Tianye Certified Public Accountants (公證天業會計師事務所) for our A shares and qualified audit opinion issued by Moore, on the annual financial statements was deemed objective, impartial, and reliable.

2. Use of Proceeds

During the Reporting Period, the Supervisory Committee continuously supervised the use of proceeds by our Company. The management and use of the proceeds of our Company complied with the relevant Law, the securities law of PRC, Shanghai Listing Rules, the Rules on the Management and Use of Proceeds and other relevant provisions. During the Reporting Period, there were no circumstances that would change the use of proceeds and harm the interests of Shareholders, and the use of proceeds was in compliance with relevant rules of the relevant laws and regulations, listing rules and securities regulatory authorities of the place where our Company's shares are listed.

3. Equity Incentive Plans and Related-Party Transactions

The Supervisory Committee verified i) the equity incentive plans including the cancellation of certain unexercised stock options under the 2020, 2023 Equity Incentive Plans, and the autonomous exercise of vested 2020 options; and examined ii) Company's related-party transactions during and subsisting into the Reporting Period. These actions and transactions aligned with the terms of the respective incentive plan proposals, related-party transaction management policy and the Articles of Association. To conclude that these actions and transactions were conducted fairly, transparently, and in compliance with approval and disclosure requirements under the CSRC, Shanghai Stock Exchange, SFC and HKEX.

4. External Guarantees

The Supervisory Committee reviewed all external guarantees issued during the Reporting Period. Guarantees were executed in accordance with the relevant Law and the Articles of Association, with proper review and disclosure procedures followed. Our Company was not involved in the provision of guarantees to companies out of the scope of the consolidated statements.

5. Internal Control Systems

Our Company established and enhanced its internal control framework during the reporting period, guided by the Shanghai Stock Exchange Self-Regulatory Guidelines No. 1 — Standard Operations and other relevant regulatory requirements. The internal organizational structure and control mechanisms were tailored to operational needs, ensuring effective risk management and compliance with legal standards.

6. Information Disclosure Management

Upon verification, the Company, in strict compliance with the implementation of our Company's information disclosure and insider information management systems. The Board affirms that disclosure practices were timely, accurate, and comprehensive, with strict adherence to confidentiality protocols. Insider information registrations were maintained, and no instances of insider trading or regulatory penalties related to information leaks were reported. Directors, Supervisors, and senior management have complied fully with insider information policies. During the Reporting Period, no penalty was made by regulatory authorities on the Company in respect of registration and management of insiders.

In 2025, our Supervisory Committee will continue to undertake the mission of protecting the legitimate rights and interests of all Shareholders, adhere to the independence, loyalty, diligence, responsible performance of duties conscientiously in strict compliance with the PRC Company Law, the PRC Securities Law and other relevant laws and regulations as well as the Articles of Association, and other relevant provisions. In addition, re-strengthening our professional expertise through continuous learning, refine methodologies, and enhance oversight capabilities to ensure effective governance. In the upcoming year, we will focus on risk prevention and compliance-driven operations, prioritizing in-depth due diligence and intensify scrutiny of the Company's periodic financial and operational reports, related-party transactions, and use and management of proceeds.

On behalf of the Supervisory Committee
Mr. Xue Jie
Chairman of the Supervisory Committee

March 28, 2025

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

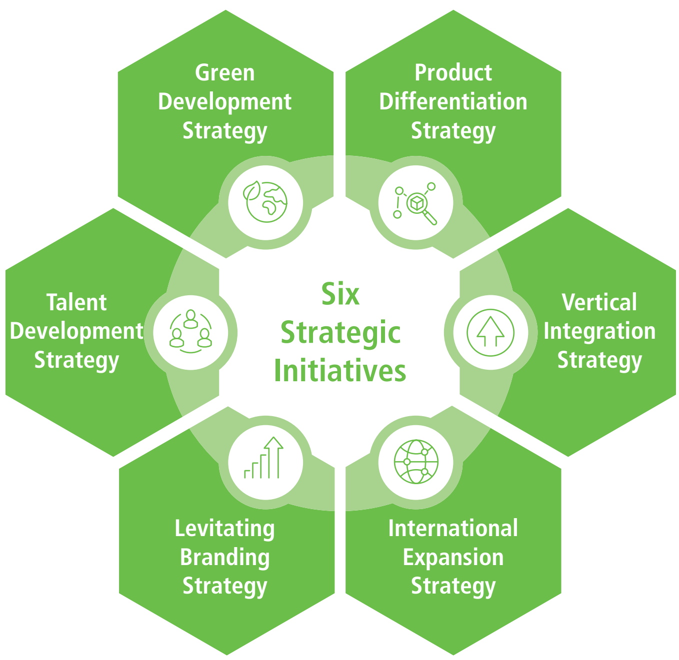
Prior to the Listing, the Group has proactively maintained high standards of corporate governance since its listing in Shanghai Stock Exchange in April 2017. This is done through good corporate governance, accurate, timely and transparent information disclosure and the establishment of a sound investor communication platform to fully protect the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions as set out in the CG Code since the Listing Date.

The Board is of the view that during the Report Period, the Company has complied with all applicable code provisions as set out in the CG code since the Listing Date and up to the date of this annual report, except for the deviation from the code provision C.2.1 of Part 2 of the CG Code as explained in the section "Chairman and General Manager" in this annual report. In addition, our Company closely adheres to its own set of corporate governance since the Listing Date, while the Board will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MISSION, VISION AND STRATEGY

Our Company continues to embark on our mission of "Green New Energy Core Materials for a Sustainable Global Future." ("用綠色新能源核心材料，共建全球美好生活", through coordinating and advancing six major strategic initiatives (as set out below). Leveraging the same initiatives, it is our Company's vision to become a "Global Leader in Core Materials for Green Energy".

- Expand production capacity for our LFP cathode materials to capture growing downstream demand, broaden our customer base, achieve economies of scale, and consolidate our market leadership in the LFP cathode material industry.
- Extend upstream integration along the LFP cathode material value chain to strengthen supply chain control and enhance cost competitiveness.
- Strengthen R&D capabilities and attract top-tier talent to drive technological innovation and maintain a cutting-edge position in the new energy sector.
- Reinforce brand and distribution strategies to solidify the Company's market position in the automotive fine chemicals industry through targeted partnerships and value-added services.



Lopal's Development Strategies

COMPANY CULTURE

Lopal's Dream	To realize the dream of Lopal from excellence to exceptional and from exceptional to everlasting prosperity in the new era and the new Lopal
Corporate Vision	Become the world's leading international group of green new energy core materials
Corporate Mission	"Green New Energy Core Materials for a Sustainable Global Future."
Group Segmentation	Global leader in green new energy core materials
Core Value	Strive to be the "number one" in the world
Corporate Motto	Global Icon, PRC's Lopal
Emotional Value	Prospering, together, with PRC

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board Committees including the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The Board conducts reviews each year, and believes that during the Reporting Period, the resources, staff qualifications and experience, training programmes and budget of the Company in relation to the accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting were adequate and sufficient.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors, Supervisors and Senior Management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

Board Composition

As of the date of this annual report, the Board comprises five executive Directors, one non-executive Director and four independent non-executive Directors as follows:

Executive Directors

Mr. Shi Junfeng *(Chairman)*
Mr. Lu Zhenya
Mr. Qin Jian
Mr. Shen Zhiyong
Mr. Zhang Yi

Non-executive Director

Ms. Zhu Xianglan

Independent Non-executive Directors

Mr. Li Qingwen
Mr. Ye Xin
Ms. Geng Chengxuan
Mr. Hong Kam Le

The biographies of the Directors are set out under the section headed "Directors, Supervisors, and Senior Management" of this annual report.

Mr. Shi Junfeng, our executive Director, is the husband of Ms. Zhu Xianglan. Both Directors are the uncle and aunt of our executive Director, Mr. Qin Jian.

Save as disclosed in this annual report, none of the Directors, Supervisors and senior management have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive of our Company.

Since the Listing Date and up to the date this annual report, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

Since the Listing Date and up to the date of this annual report, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Board Diversity Policy

The Board has adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity on the Board. The Board Diversity Policy provides that the Company should endeavour to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy.

Pursuant to the Board Diversity Policy, the Group seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Nomination Committee is delegated by our Board to be responsible for compliance with relevant code governing board diversity under the CG Code.

The Nomination Committee will review our Board Diversity Policy from time to time to ensure its continued effectiveness/The Board comprises ten members, including five executive Directors, one non-executive Director and four independent non-executive Directors. The Directors have a balanced mix of experiences, including overall management and strategic development, business and risk management, and finance and accounting experiences.

The Directors, ranging from 42 years old to 69 years old, are able to bring a balance of diversity perspectives to the Board. The Company is committed to promote gender diversity of the Board and throughout the workforce. The Board portrays a fair representation of female and male, that consists of two female and eight male Directors with experience from different industries and sectors. As of the end of the Reporting Period, the total number of employees of the Group (including senior management) was 4,150, of whom 959 were females, amounting to approximately 23.11% of the total number of employees (including senior management). Therefore, the Board considers that the Group has achieved gender diversity in accordance with Appendix C1 of the Listing Rules. The Group is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to further enhance the effectiveness of its corporate governance.

Going forward and with a view to developing a pipeline of potential successors to the Board, the Group will (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of the Group by recruiting staff of different gender; (iii) consider the possibility of nominating female management members who have the necessary skills and experience to the Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to senior management or the Board so that the Group will have a pipeline of female senior management and potential successors to the Board in a few years' time.

During the year ended December 31, 2024, the Board, through the Nomination Committee, has reviewed the implementation and effectiveness of the board diversity policy and confirm that the Board has an appropriate mix of skills and experience to deliver the Company's strategy.

Mechanisms to Ensure Independent Views and Input

The Company has received a written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

In order to ensure that independent views and input of the Independent non-Executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regard to all relevant factors related to the Independent non-Executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the chairman of the board meets with the Independent non-executive Directors regularly without the presence of the Executive Directors.

All Directors are entitled to seek advice the independent professional advisors at the Company's expenses.

During the year ended December 31, 2024, the Company has reviewed the implementation and effectiveness of such mechanisms and considered they are effective and adequate.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

According to the information provided by the Directors, a summary of training received by the Directors throughout the year ended December 31, 2024 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Mr. Shi Junfeng	A,B,C
Mr. Lu Zhenya	A,B,C
Mr. Qin Jian	A,B,C
Mr. Shen Zhiyong	A,B,C
Mr. Zhang Yi	A,B,C
Non-Executive Director	
Ms. Zhu Xianglan	B,C
Independent Non-Executive Directors	
Mr. Li Qingwen	B,C
Mr. Ye Xin	B,C
Ms. Geng Chengxuan	B,C
Mr. Hong Kam Le	B,C

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Attending training relevant to the Company's business conducted by lawyers

C: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Chairman and General Manager

The chairman of the Board and the general manager of the Company are currently two separate positions held by Mr. Shi Junfeng. Mr. Shi has been the chairman of the Board and the general manager of our company, and he has been managing our Group's business and supervising the overall operations of our Group since its foundation in 2003. Although deviating from the code provision C.2.1 of Part 2 of the CG Code, our Directors consider that vesting both roles in Mr. Shi will only be beneficial to the management and business development of our Group and provide a strong consistent leadership to our Group. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Appointment and Re-election of Directors and Supervisors

Each of the executive Directors and non-executive Directors (including an independent non-executive Director), and Supervisors entered into a service contract, either commenced their service contract in February 2023, or October 2024 and until the end of Fourth session of the Board meeting (i.e. February 23, 2026). The service contracts are subject to renewal and termination in accordance with their respective terms, our Articles of Association and the applicable Listing Rules and Shanghai Listing Rules.

The Articles of Association provides that all Directors and Supervisors shall be elected, replaced and deposed at general meetings and subject to relevant laws, regulations and securities regulatory rules of the place where shares of the Company are listed. A Director or a Supervisor shall serve a term of three years and may be re-elected upon their expiration of their terms in accordance with securities regulatory rules of the place where the shares of the Company are listed.

The term of office of a Director or a Supervisor shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. A Director or a Supervisor shall sign a confidentiality agreement with the Company within three days of his/her appointment and strictly abide by the obligation to keep the business secrets of the Company.

Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director or a Supervisor, such Director or Supervisor shall continues to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and these Articles of Association until the newly elected Director or Supervisor assumes the office.

The Nomination Committee is to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment and re-appointment of Directors and Supervisors and succession planning for Directors and Supervisors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year. Notices of not less than fourteen days are given for all Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

In case of urgency, an extraordinary Board meetings may be proposed by a) Shareholders representing more than one-tenth of the voting rights; or b) more than one-third of the Directors or the Supervisory Committee. The notice of such meeting shall be given by telephone communication or other verbal means at any time provided that the convener of the meeting gives a relevant explanation at the meeting. The quorum of a Board meeting shall consist of more than one half of all Directors. A resolution of the Board shall be passed by more than half of all directors and each Director shall have one vote.

Where Director(s) have any connected relationship with the enterprise or individual involved in the matter to be decided at the meeting, they shall promptly report it in writing to the Board and shall not exercise their voting rights on the resolution, nor shall exercise voting rights on behalf of other Directors. When any Director is unable to attend a meeting for any reason, he or she may by a written power of attorney appoint another director to attend the meeting on his or her behalf. The appointed director as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authorization. Each Director shall sign the Board meeting minutes (including minutes of resolutions), such minutes shall be kept by the Board for at least a period of 10 years.

Board meeting minutes are recorded in sufficient detail, including the matters provided in the Articles of Association and the Board Committees and the decisions reached, including any concerns raised by the Directors. For the year ended December 31, 2024, the record of the Directors attending the Board meetings and general meetings, during their each respective office term, are as follows:

Name of Director	Position	Attendance/ Number of Board Meetings[(1)]	Attendance/ Number of Shareholders' General Meetings[(2)]
Mr. Shi Junfeng	Executive Director	15/15	7/7
Mr. Lu Zhenya	Executive Director	15/15	7/7
Mr. Qin Jian	Executive Director	15/15	7/7
Mr. Shen Zhiyong	Executive Director	15/15	7/7
Mr. Zhang Yi	Executive Director	15/15	7/7
Ms. Zhu Xianglan	Non-Executive Director	15/15	7/7
Mr. Li Qingwen	Independent Non-Executive Director	15/15	4/7
Mr. Ye Xin	Independent Non-Executive Director	15/15	6/7
Ms. Geng Chengxuan	Independent Non-Executive Director	15/15	5/7
Mr. Hong Kam Le[(3)]	Independent Non-Executive Director	3/3	1/1

Notes:

(1) 15 board meetings were held during the Reporting Period.

(2) 7 shareholders' general meeting were held during the Reporting Period.

(3) Mr. Hong Kam Le was appointed as an independent non-executive Director with effect from October 30, 2024. Since his appointment and up to December 31, 2024, three board meetings and one shareholders' general meeting of the Company were held.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors and Supervisors, each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code since the Listing Date and up to the date of this report.

The Board has also established written guidelines on terms no less exacting than the Model Code (the "**Guidelines**") for securities transactions by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. Throughout the Reporting Period, the Company strictly standardized information dissemination procedures, ensuring disclosures were truthful, accurate, timely, and complete as required. All insiders with access to confidential information, including Directors, Supervisors, senior management of the Company, and other relevant personnel, were duly registered and compliant with insider control policies. Furthermore, the Company will notify all Directors and Supervisors the blackout period before the commencement of such blackout period, reminding the Directors and Supervisors not to deal in the Company's securities during the blackout periods before the announcement of results. No incident of non-compliance with the Guidelines by the Company's relevant employees has been noted since the Listing Date and to the date of this annual report after making reasonable enquiry. The Board is of the view that the adoption of the Model Code for the Directors' and the Supervisors' dealings of securities in the Company are adequate and effective.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members and is chaired by an independent non-executive Director, Ms. Geng Chengxuan, and consists of another two independent non-executive Directors, Mr. Ye Xin and Mr. Hong Kam Le.

The principal duties of the Audit Committee include but not limited to:

1. make recommendation to the Board on the appointment, re-appointment, removal, approving the remuneration and terms of engagement of the auditors of our Company, and any questions of its resignation or dismissal;

2. monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, review significant financial reporting judgments contained in them before submitting them to the Board; and

3. review the Company's financial controls, risk management and internal control systems, and related procedures, including the adequacy of the Company's resources, staff qualifications and experience in accounting and financial reporting functions.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended December 31, 2024, nine meetings of the Audit Committee to discuss and consider i) our Group's annual report for the year ended December 31, 2023 and 2024, as well as the interim report for the year ended December 31, 2024; ii) the year 2023 internal control self-assessment report; iii) the appointment of the Principal Auditor for the year 2024 auditing service; iv) advise on Controlling Shareholders providing guarantees for our Group to secure comprehensive credit facilities from financial institutions; v) proposal on the executive status of 2023 daily related party transactions and forecast of 2024 daily related party transactions; and proposal on the special report regarding the deposit and actual utilization of raised funds in 2023 for A shares; vi) formulation and amendment to our accounting firm selection and appointment system; and vii) reviewing the risk management and internal control systems and the effectiveness of the internal audit function during the Reporting Period.

For the year ended December 31, 2024, the record of the Directors attending the Audit Committee meetings, during their each respective office term, are as follows:

Name of Directors	Actual attendance/Required attendance
Ms. Geng Chengxuan	9/9
Mr. Ye Xin	9/9
Mr. Lu Zhenya (Resigned on October 30, 2024)	8/8
Mr. Hong Kam Le (Appointed with effect from October 30, 2024)	1/1

Nomination Committee

The Nomination Committee comprises three members and is chaired by an independent non-executive Director, Mr. Ye Xin, and consists of one executive Director, Mr. Shi Junfeng and one independent non-executive Director, Ms. Geng Chengxuan.

The principal duties of the Nomination Committee include the following:

1. review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. formulate a policy of selection and nomination of directors and the procedures for the sourcing of suitably qualified director for consideration of the Board and implement such plan and procedures approved;

3. identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

4. ensure sufficient biographical details of nominated candidates are provided to the Board and shareholders to enable them to make a decision regarding selection of the Board members;

5. assess the independence of independent non-executive directors; and

6. make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

During the year ended December 31, 2024, the Nomination Committee assessed our Company's needs for new Directors, Supervisors and senior management of the company, through examining the structure, size of the Board and the independence of independent non-executive Directors during the Report Period, and conducted comprehensive search within the Group and in the labour market for qualified candidates for respective role. Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities, and with the consideration of the Board Diversity Policy. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

In light of the prevailing business priorities and operational requirements during the year ended December 31, 2024, the Nomination Committee determined that convening a formal meeting was not necessary to fulfill its governance obligations effectively.

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee comprises three members and is chaired by an independent non-executive Director, Mr. Li Qingwen, and consists of one executive Director, Mr. Lu Zhenya, and one independent non-executive Director, Ms. Geng Chengxuan.

The principal duties of the Remuneration and Evaluation Committee include the following:

1. make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. determine the policy for the remuneration of executive Directors, assess performance of executive Directors and approve the terms of executive Directors' service contracts;

3. review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. make recommendations to the Board on the remuneration package of executive and non-executive Directors, and senior management;

5. consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

6. review and approve benefits in kind, pension rights and compensation payable to executive Directors, Supervisors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

8. ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

9. review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended December 31, 2024, the Remuneration and Evaluation Committee held two meetings to discuss on the proposal on the 2024 annual remuneration plan for Directors, Supervisors and senior management of our Company. After reviewing the remuneration plan and policy of Directors, Supervisors and senior management of the Company, the committee is satisfied that their respective plan and policy are reasonable and appropriate. Additionally, advise on the proposal on the cancellation of part of the parted but not exercised A Shares stock option.

The record of the Directors attending the Remuneration and Evaluation Committee meetings for the year ended December 31, 2024, during their each respective office term, are as follows:

Name of Directors	Actual attendance/Required attendance
Mr. Li Qingwen	2/2
Mr. Lu Zhenya	2/2
Ms. Geng Chengxuan	2/2

The written terms of reference of the Remuneration and Evaluation Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2024, the remuneration before tax paid to a total of 4 senior management (excluding Directors and Supervisors) by our Company is set out below:

Remuneration Bands	Number
RMB1,000,000 or below	3
Over RMB1,000,000	1

Strategy Committee

The Strategy Committee comprises three members and is chaired by an executive Director, Mr. Shi, and consists of one executive Director, Mr. Zhang Yi, and one independent non-executive Director, Mr. Li Qingwen.

The principal duties of the Strategy Committee include the following:

1. review the development strategies of the Company and make recommendations on any proposed changes to the Board to complement the Company's development strategy;

2. review the annual investment plans formulated by the Company;

3. review and make decisions on the prospective major investments, including disposals and new joint ventures, within the authorities delegated by the Board;

4. review the project assessment system established by the Company, mainly including three major constituents, namely, effective assessment agencies and professionals, a complete assessment process and reasonable assessment standards;

5. examine the investment strategies of the Company;

6. examine the investment management risk policies;

7. research the Group's capital policies and major financing plans; and

8. authorize the strategic and investment management department of the Company to be responsible for execution of the identified strategies and specific implementation of the investment matters.

The written terms of reference of the Strategy Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2024, the record of the Directors attending the Strategy Committee meetings, during their each respective office term, are as follows:

Name of Directors	Actual attendance during term of office/ Required attendance during term of office
Mr. Shi Junfeng	1/1
Mr. Zhang Yi	1/1
Mr. Li Qingwen	1/1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of our Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 82 of this annual report.

DIVIDEND POLICY

Pursuant to the CG Code and the Articles of Association, our Company fully regards reasonable returns to the investment of investors as an important matter in dividend distribution in our profit distribution policy and had adopted a policy on payment of dividend taking into consideration of our Company's profitability, cash flow position, business growth, net asset per share, and other true and reasonable factors. Beside, the policy sets out the procedures, methods and intervals of the payment of dividends.

The dividend distributed by the Company shall not exceed the amount of distributable profits accumulated, shall be in the interest of the Company in the long term and the interests of all Shareholders as a whole and in line with the sustainable development of the Company.

Our Company shall distribute profits in the form of cash, shares or a combination of cash and shares, and shall give priority to cash dividends when the conditions for cash dividends are met. When the conditions for dividends are met, our cash dividend distributed by our Company shall not be lower than 20% of the distributable profit realized in the current year, if there is uncovered loss for previous years, the profit distributed in cash shall not be lower than 20% of the distributable profit after making-up for losses.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

Our Company highly prioritizes corporate risk management. The key operational risks faced by us in the course of our business are set out in the section headed "Principal Risks and Uncertainties" in this annual report. To mitigate these risks, we have established the audit committee to review our internal control system, set up the risk management procedures, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by the Board. The audit committee will consist of three Directors, being Ms. Geng Chengxuan, Mr. Ye Xin and Mr. Hong Kam Le. For details of the qualification and experience of these members, see the section "Directors, Supervisors and Senior Management" in the annual report.

During the Reporting Period, our Company continuously implemented a risk training framework by delivering seven sessions and tailored materials to employees, with new hires trained on fraud, contracts, confidentiality, and regulatory risks, ensuring adherence to governance standards. Notably, we also established and strictly adhere to internal protocols, including the Risk Management Policy (風險管理制度), Comprehensive Risk Management Procedures (全面風險管理程序), and Contract Risk Classification Standards (合同風險等級標準).

On top of the above, our Group has established a three-lines defense risk management framework. To strengthen the Company's risk control capabilities and effectively mitigated operational risks, through a full-cycle process of pre-assessment and early warning, real-time monitoring, and post-incident resolution as illustrated below:

1st Line of Defense
Pre-Assessment and Early Warning

- Personnel in procurement, sales, and related roles
- Strengthen risk prevention and control capabilities

2nd Line of Defense
Real-Time Monitoring

- Risk Identification Committee
- Optimize the internal control system and strengthen process oversight

3rd Line of Defense
Post-Incident Resolution

- Audit Committee
- Our Group's Five Non-Negotiable Red Lines (五根紅線) with zero tolerance, emphasizing case-specific strategies and robust accountability mechanisms

During the Reporting Period, our Company strengthened its risk management capabilities by collaborating with the senior management to deploy a digital risk early-warning platform (風險預警數字化平台). This initiative proactively shifts risk interventions earlier in operational workflows, enhancing the agility and foresight of risk prevention. Concurrently, our Company established an integrated risk database spanning all functional centers and subsidiaries, which identified and resolved 110 risks in 2024.

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such system on an annual basis. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or loss.

INTERNAL AUDIT FUNCTION

The Group's internal audit department and the auditors of our Company play a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial condition, business activities, and internal control of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The internal audit department is also responsible for reviewing the approval status, implementation status, and cash management as well as verifying the accounting procedure. The head of audit shall be accountable to and report to the Board.

The Board, through its review and the review made by Strategy Committee and internal audit department, concluded that the risk management and internal control systems were effective and adequate during the year ended December 31, 2024. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also reviewed and considered that during the year ended December 31, 2024, the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

ANTI-CORRUPTION POLICY

Our Company recognizes that fostering a culture of integrity and ethical awareness is fundamental to trustworthy business practices. We maintain a zero-tolerance stance toward corruption and strictly adhere to laws and regulations, including the PRC Company Law, relevant PRC Law and Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). Internally, we enforce robust governance frameworks such as the supervision and compliance management measures and the disciplinary guidelines for employees to institutionalize accountability. To strengthen oversight, we have established a disciplinary inspection committee at the corporate level, with subordinate inspection units embedded across all organizational tiers, ensuring adherence to ethical standards and fostering a corruption-free environment.

During the Reporting Period, we conducted anti-corruption training for both the Board and all employees, enhancing awareness of compliance risks. This included comprehensive education on the Five Non-Negotiable Red Lines, covering safety, environmental protection, quality, integrity, confidentiality, legal interpretations, and case studies, to reinforce critical boundaries. Our disciplinary inspection committee further organized seminars such as "Warning Education" and "Anti-Corruption Advocacy", where employees collectively viewed the integrity education film "Zero Tolerance" and participated in workshops. These sessions analyzed common disciplinary violations within their respective functions and formulated corrective measures, deepening employees' commitment to ethical conduct and fortifying their resolve against misconduct.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the auditors of our Company during the year ended December 31, 2024 was approximately as follows:

Type of Services	Amount RMB'000
Audit services[1]	2,585
Non-audit services[2]	220
Total	**2,805**

Notes:

(1) The audit services including, but not limited to, audit services of this annual report.

(2) The non-audit services including, but not limited to, internal control audit services, capital sufficient letters.

JOINT COMPANY SECRETARIES

Mr. Zhang Yi ("**Mr. Zhang**"), our executive Director, is a joint company secretary of our Company and of our Board. Mr. Zhang is responsible for managing the operation of our Board, advising the Board on corporate governance matters and ensuring compliance with the Board's policies and procedures and applicable laws, rules and regulations.

In order to maintain good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Hoi Yan ("**Ms. Leung**") as a joint company secretary with effect from March 28, 2025 to assist Mr. Zhang in performing his duties (Ms. Cheung Lai Ha ("**Ms. Cheung**"), a member of a company secretarial service provider, who was previously appointed). Ms. Leung's primary contact person in the Company is designated as Mr. Zhang.

Ms. Cheung has tendered her resignation as a joint company secretary of the Company with effect from March 28, 2025. Ms. Cheung has confirmed that she has no disagreement with the Board and that there is no matter in relation to her resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Waiver from Strict Compliance with Rules 3.28 and 8.17 of the Listing Rules

Reference is made to the waiver (the "**Existing Waiver**") granted to the Company by the Stock Exchange from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the eligibility of Mr. Zhang to act as a joint company secretary for a three-year period starting from the H Shares of the Company are listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange (i.e. October 30, 2024) (the "**Original Waiver Period**"), on the condition that Mr. Zhang must be assisted by Ms. Cheung as a joint company secretary during the Original Waiver Period to enable him to acquire relevant experience (as defined in Note 2 to Rule 3.28 of the Listing Rules), in order to discharge his duties under the position of a joint company secretary. Such waiver will be revoked upon Ms. Cheung's resignation on March 28, 2025. Relevant details of the Existing Waiver were disclosed in the Prospectus of the Company dated October 22, 2024. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a new waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with respect to the eligibility of Mr. Zhang to act as a joint company secretary (the "**New Waiver**") from March 28, 2025 (i.e. from the effective date of Ms. Leung's appointment as the Joint Company Secretary) to October 29, 2027 (i.e. the remaining period of the Existing Waiver) (the "**New Waiver Period**"). The New Waiver is granted on the following conditions:

(i) Mr. Zhang must be assisted by Ms. Leung as a joint company secretary during the New Wavier Period; and

(ii) the New Waiver could be revoked if there are material breaches of the Listing Rules by the Company.

Before the end of the New Waiver Period, the Company must demonstrate and seek confirmation from the Stock Exchange that Mr. Zhang, having had the benefit of Ms. Cheung's and Ms. Leung's assistance for approximately three years, has attained the relevant experience and is capable of discharging the functions of a company secretary under Rule 3.28 of the Listing Rules such that a further waiver will not be necessary. The Stock Exchange may withdraw or change the New Waiver if the Company's situation changes.

During the year ended December 31, 2024, Mr. Zhang, Ms. Leung and Ms. Cheung completed not less than 15 hours of relevant professional trainings in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at https://www.lopal.cn/, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the year ended December 31, 2024, the Company has reviewed and examined the implementation and effectiveness of the Shareholders' communication policy. The Company is of the view that the Shareholders' communication policy of the Company has facilitated sufficient shareholders' communication and considered the policy is effective and adequate.

The annual general meetings of our Company provides opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Board will attend the annual general meetings of our Company to answer Shareholders' questions. The auditors of our Company will also attend the annual general meetings of our Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. For the details of 2024 annual general meeting of our Company, please refer to 2024 annual general meeting circular of our Company to be published on the HKEX's website.

Shareholders' Rights

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and the Double-security

Pursuant to the Articles of Association, Shareholders may put forward proposals for consideration at general meetings of the Company. Any one or more Shareholder(s) of the Company holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written proposal at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, to require an extraordinary general meeting to be convened by the Company for the transaction of any business specified in such proposal; and the Board shall give a written response within 10 days after the receipt of the proposal and give a notice convening such meeting within 5 days after the Board has so resolved.

If the Board does not agree to the proposal or fails to give response within 10 days after the receipt of the proposal, the Shareholders may propose, in writing, to Supervisory Committee to convene an extraordinary general meeting and expect a written response from the same within 10 days. An extraordinary general meeting will be convened within 5 days upon the Supervisory Committee agrees. In any case, the Supervisory Committee fails to give notice within the period specified hereinabove, the shareholders that hold, individually or collectively, 10% or more of the shares in the Company for 90 days or more consecutively may convene and preside.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at No. 6 Hengtong Avenue, Nanjing Economic and Technological, Development Zone, PRC (email address: lpkj@lopal.cn).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association were amended during the Reporting Period with details set out in the announcement published by the Company on the website of Shanghai Stock Exchange on September 9, 2024 and such amendments came into effect on October 1, 2024. An announcement was published by the Company on the website of HKEX on December 9, 2024 regarding the change of the Articles of Association and subsequently came into effect on December 30, 2024.

MOORE

Moore CPA Limited
1001-1010, North Tower, World Finance Centre,
Harbour City, 19 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

To the shareholders of Jiangsu Lopal Tech. Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Jiangsu Lopal Tech. Co., Ltd. and its subsidiaries (together the "Group") set out on pages 84 to 183, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Valuation and impairment of property, plant and equipment, right-of-use assets and intangible assets

Refer to Notes 5, 15, 16 and 18 to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
We identified the valuation and impairment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter due to the significance of the property, plant and equipment, right-of-use assets and intangible assets balances to the consolidated statement of financial position and the involvement of significant management judgements in the impairment assessment, including assessments of estimated utilisation of the assets, disposal values and discount rates applied to future cash flows. As at 31 December 2024, the Group has property, plant and equipment, right-of-use assets and intangible assets with aggregate carrying values of approximately RMB6,624 million, RMB1,200 million and RMB49 million, accounting for approximately 41.9%, 7.6% and 0.3% of the Group's total assets respectively. With reference to the financial performance of certain cash-generating units, the management considered that indications of impairment of certain property, plant and equipment, right-of-use assets and intangible assets of the Group existed as at 31 December 2024. Accordingly, the management has performed an impairment review on the property, plant and equipment, right-of-use assets and intangible assets with reference to a review of the business, the outlook for the industry and the Group's operating plans. During the year, impairment provision of approximately RMB17.8 million, RMBnil and RMBnil million has been recorded to reduce the carrying amounts of certain property, plant and equipment, right-of-use assets and intangible assets to their recoverable amounts, which is the higher of fair value less costs of disposal and value in use, with the assistance from independent professional valuers.	Our audit procedures in relation to management's impairment assessment of property, plant and equipment, right-of-use assets and intangible assets included: — evaluating the independent professional valuers' competence, and capabilities and the objectivity of their exercise; — assessing the valuation methodology; — considering the historical financial performance and growth rates of the relevant cash-generating units; — challenging the reasonableness of key assumptions of both management and valuers based on our understanding of the business and industry; — reconciling input data and relevant factors to supporting evidences; — evaluating the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors; — where market information is used for estimating the fair value of the assets less costs of disposal, examining management's assumptions and evaluating their reasonableness by comparing them with the available and observable information; — with the assistance of our internal valuation specialists, discussing with the management and valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; and — evaluating sensitivity analysis of the key assumptions adopted by management to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions.

KEY AUDIT MATTERS (CONTINUED)

Valuation and impairment of goodwill

Refer to Notes 5 and 17 to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
We identified the valuation and impairment of goodwill as a key audit matter due to the significance of the goodwill balance to the consolidated financial statements, combined with the significant degree of judgement by the management associated with the determination of the recoverable amount of goodwill in the annual impairment test. As at 31 December 2024, the Group has goodwill of approximately RMB214 million, accounting for approximately 1.4% of the Group's total assets. The management determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated, which is the higher of the value in use or fair value less costs of disposal. Impairment loss of approximately RMB76 million, have been recorded in respect of the goodwill allocated to the Changzhou Liyuan and its subsidiaries during the year. Management's conclusion was based on a value in use model that required significant management judgements including those relating to: — estimated values used in the model for a valuation, provided by an independent professional valuer; and — the discount rates used and the underlying cash flows arising estimate of future revenue growth applied to the estimated future cash flows.	Our audit procedures in relation to management's impairment assessment of goodwill of the Jiangsu Ruilifeng and its subsidiaries and Changzhou Liyuan and its subsidiaries included: — evaluating the independent professional valuers' competence, and capabilities and the objectivity of their exercise; — assessing the valuation methodology; — considering the historical financial performance and growth rates of the relevant cash-generating units; — challenging the reasonableness of key assumptions of both management and valuers based on our understanding of the business and industry; — reconciling input data and relevant factors to supporting evidences; — evaluating the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors; — with the assistance of our internal valuation specialists, discussing with the management and valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; and — evaluating sensitivity analysis of the key assumptions adopted by management to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited
Certified Public Accountants

Pak Chi Yan
Practising Certificate Number: P06923

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	*6*	**7,673,051**	8,729,479
Cost of sales		**(7,002,365)**	(8,786,960)
Gross profit/(loss)		**670,686**	(57,481)
Other income, gains and losses	*7*	**150,116**	92,288
Reversal of impairment losses/(impairment losses) on financial assets		**29,628**	(18,966)
Selling and distribution expenses		**(163,763)**	(196,537)
Administrative expenses		**(622,434)**	(868,973)
Research and development expenses		**(483,919)**	(485,724)
Share of results of associates		**(28,747)**	(23,583)
Finance costs	*8*	**(258,663)**	(261,377)
Listing expenses		**(13,395)**	(10,216)
Loss before taxation	*9*	**(720,491)**	(1,830,569)
Income tax (expense)/credit	*10*	**(75,879)**	316,368
Loss for the year		**(796,370)**	(1,514,201)
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(5,087)**	133
Change in the fair value on hedging instruments designated as cash flow hedges	*10(b)*	**1,946**	(2,025)
Other comprehensive expense for the year		**(3,141)**	(1,892)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(799,511)**	(1,516,093)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(633,042)**	(1,233,291)
Non-controlling interests		**(163,328)**	(280,910)
		(796,370)	(1,514,201)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(635,390)**	(1,234,799)
Non-controlling interests		**(164,121)**	(281,294)
		(799,511)	(1,516,093)
LOSS PER SHARE	*14*		
Basic and diluted (RMB)		**(1.09)**	(2.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	*15*	**6,623,890**	6,359,929
Right-of-use assets	*16*	**1,200,434**	1,286,193
Goodwill	*17*	**214,173**	289,826
Other intangible assets	*18*	**49,450**	68,217
Interests in an associate	*19*	**47,659**	74,490
Financial assets at fair value through other comprehensive income	*20*	**141,450**	141,450
Deferred tax assets	*30*	**344,332**	392,691
Trade and other receivables	*22*	**21,819**	226,733
Total non-current assets		**8,643,207**	8,839,529
Current assets			
Inventories	*21*	**1,391,918**	1,610,238
Trade and other receivables	*22*	**2,494,120**	3,395,047
Tax recoverable		**9,630**	14,214
Financial assets at fair value through profit or loss	*20*	**505,364**	59,527
Derivative financial instruments	*23*	**64**	950
Pledged bank deposits	*24*	**257,202**	350,726
Cash and cash equivalents	*24*	**2,507,463**	2,958,603
Total current assets		**7,165,761**	8,389,305
Current liabilities			
Trade and other payables	*25*	**1,928,336**	2,902,805
Tax payable		**5,323**	4,934
Bank and other borrowings	*27*	**6,445,107**	6,405,976
Lease liabilities	*28*	**71,306**	294,752
Derivative financial instruments	*23*	**878**	4,062
Contract liabilities	*26*	**92,290**	21,940
Deferred income	*29*	**14,619**	10,298
Total current liabilities		**8,557,859**	9,644,767
Net current liabilities		**(1,392,098)**	(1,255,462)
Total assets less current liabilities		**7,251,109**	7,584,067

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities	*30*	**6,646**	8,826
Bank and other borrowings	*27*	**2,397,113**	2,520,719
Lease liabilities	*28*	**757,366**	795,418
Deferred income	*29*	**156,509**	78,038
Total non-current liabilities		**3,317,634**	3,403,001
Net assets		**3,933,475**	4,181,066
Equity			
Share capital	*31*	**665,079**	565,079
Reserves	*32*	**2,415,170**	2,887,288
Total equity attributable to owners of the Company		**3,080,249**	3,452,367
Non-controlling interests		**853,226**	728,699
Total equity		**3,933,475**	4,181,066

The consolidated financial statements on pages 84 to 183 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Shi Junfeng	**Zhang Yi**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the parent										
	Share capital RMB'000 *(Note 31)*	Capital reserve RMB'000 *(Note 32)*	Treasury share RMB'000 *(Note 31)*	Translation reserve RMB'000 *(Note 32)*	Share-based payment reserve RMB'000 *(Note 32)*	Hedging reserve RMB'000	Statutory reserve RMB'000 *(Note 32)*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	565,079	2,580,247	(11,998)	156	4,432	—	80,604	1,504,120	4,722,640	886,824	5,609,464
Loss for the year	—	—	—	—	—	—	—	(1,233,291)	(1,233,291)	(280,910)	(1,514,201)
Change in fair value on hedging instruments designated as cash flow hedges	—	—	—	—	—	(1,612)	—	—	(1,612)	(413)	(2,025)
Exchange differences arising on translation of foreign operations	—	—	—	104	—	—	—	—	104	29	133
Total comprehensive expense for the year	—	—	—	104	—	(1,612)	—	(1,233,291)	(1,234,799)	(281,294)	(1,516,093)
Dividends paid to the non-controlling interests ("NCI") of subsidiaries	—	—	—	—	—	—	—	—	—	(5,712)	(5,712)
Appropriation to maintenance and production funds	—	—	—	—	—	—	954	(954)	—	—	—
Utilisation of maintenance and production funds	—	—	—	—	—	—	(922)	922	—	—	—
Recognition of equity-settled share-based payment *(Note 34)*	—	—	—	—	2,682	—	—	—	2,682	—	2,682
Transfer upon lapsed of share option	—	—	—	—	(4,432)	—	—	4,432	—	—	—
Repurchase of shares *(Note 31(b))*	—	—	(38,275)	—	—	—	—	—	(38,275)	—	(38,275)
Contribution from NCI	—	—	—	—	—	—	—	—	—	129,000	129,000
Deemed partial disposal of interest in subsidiaries without losing control *(Note 39(a))*	—	119	—	—	—	—	—	—	119	(119)	—
At 31 December 2023	565,079	2,580,366	(50,273)	260	2,682	(1,612)	80,636	275,229	3,452,367	728,699	4,181,066

	Attributable to owners of the parent										
	Share capital RMB'000 *(Note 31)*	Capital reserve RMB'000 *(Note 32)*	Treasury share RMB'000 *(Note 31)*	Translation reserve RMB'000 *(Note 32)*	Share- based payment reserve RMB'000 *(Note 32)*	Hedging reserve RMB'000	Statutory reserve RMB'000 *(Note 32)*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	565,079	2,580,366	(50,273)	260	2,682	(1,612)	80,636	275,229	3,452,367	728,699	4,181,066
Loss for the year	—	—	—	—	—	—	—	(633,042)	(633,042)	(163,328)	(796,370)
Change in fair value on hedging instruments designated as cash flow hedges	—	—	—	(3,744)	—	—	—	—	(3,744)	(1,343)	(5,087)
Exchange difference arising on translation of foreign operations	—	—	—	—	—	1,396	—	—	1,396	550	1,946
Total comprehensive income/(expense) for the year	—	—	—	(3,744)	—	1,396	—	(633,042)	(635,390)	(164,121)	(799,511)
Dividends paid to the NCI of subsidiaries	—	—	—	—	—	—	—	—	—	(6,013)	(6,013)
Appropriation to maintenance and production funds	—	—	—	—	—	—	6,521	(6,521)	—	—	—
Utilisation of maintenance and production funds	—	—	—	—	—	—	(3,895)	3,895	—	—	—
Recognition of equity-settled share-based payment *(Note 34)*	—	—	—	—	761	—	—	—	761	—	761
Deemed partial disposal of interest in subsidiaries without losing control *(Note 39(b))*	—	185,301	—	—	—	—	—	—	185,301	200,126	385,427
Recognition of financial liability arising from put option held by NCI *(Note 27(c))*	—	(385,427)	—	—	—	—	—	—	(385,427)	—	(385,427)
Contribution from NCI	—	—	—	—	—	—	—	—	—	93,060	93,060
Issues of shares *(Note 31(a))*	100,000	362,196	—	—	—	—	—	—	462,196	—	462,196
Share of reserve in an associate	—	1,916	—	—	—	—	—	—	1,916	—	1,916
Others	—	—	—	—	—	—	—	(1,475)	(1,475)	1,475	—
At 31 December 2024	665,079	2,744,352	(50,273)	(3,484)	3,443	(216)	83,262	(361,914)	3,080,249	853,226	3,933,475

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(720,491)**	(1,830,569)
Adjustments for:			
Finance costs	*8*	**258,663**	261,377
Interest income	*7*	**(20,964)**	(31,335)
Share of results of associates		**28,747**	23,583
Depreciation of property, plant and equipment	*9*	**517,161**	369,683
Depreciation of right-of-use assets	*9*	**85,575**	63,337
Amortisation of other intangible assets	*9*	**29,025**	20,001
Write-down on inventories	*9*	**191,882**	554,547
(Reversal of impairment losses)/impairment losses on trade receivables	*9*	**(34,364)**	4,188
Impairment losses on other receivables	*9*	**3,967**	15,028
Impairment losses/(reversal of impairment losses) on bills receivables	*9*	**769**	(250)
Impairment losses on goodwill	*9*	**75,653**	72,773
Impairment losses on property, plant and equipment	*9*	**17,754**	—
Share-based payment recognised	*9*	**761**	2,682
Loss from disposal of property, plant and equipment	*7*	**509**	948
Loss/(gain) from changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	*7*	**7,819**	(46,900)
Gain on early termination of leases	*7*	**8,857**	—
Gain on fair value changes of derivative financial instruments		**(32,840)**	—
Loss from changes in fair value of financial liabilities at FVTPL	*7*	**41,342**	106,250
Gain on disposal of investment in an associate	*7*	**—**	(16,583)
Operating cash flow before movements in working capital		**459,825**	(431,240)
Decrease in inventories		**26,438**	843,115
Decrease in trade and other receivables		**922,041**	787,813
(Decrease)/increase in trade and other payables		**(716,564)**	656,043
Increase/(decrease) in contract liabilities		**70,350**	(403,800)
Increase in deferred income		**82,792**	54,502
Cash generated from operations		**844,882**	1,506,433
Income taxes paid		**(25,418)**	(98,203)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**819,464**	1,408,230

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		20,964	31,335
Proceeds from disposal of property, plant and equipment		5,372	380,213
Proceeds from disposal of financial assets at FVTPL		8,590,370	11,721,211
Purchase of property, plant and equipment		(674,375)	(3,166,764)
Purchase of other intangible assets		(10,258)	(43,171)
Purchase of financial assets at fair value through other comprehensive income		—	(49,000)
Purchase of financial assets at FVTPL		(9,046,549)	(11,703,100)
Placement of pledged bank deposits		(255,871)	(348,558)
Withdrawal of pledged bank deposits		349,395	498,140
Proceeds from disposal of interests in an associate		—	38,186
NET CASH USED IN INVESTING ACTIVITIES		(1,020,952)	(2,641,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(239,339)	(219,083)
Addition of bank borrowings		6,656,163	9,892,724
Repayments of bank borrowings		(7,313,997)	(6,701,306)
Repayments of lease liabilities		(287,564)	(407,711)
Dividend paid to non-controlling interests of subsidiaries		(6,013)	(5,712)
Repurchase of shares	*31(b)*	—	(38,275)
Issuance of shares	*31(a)*	462,196	—
Deemed disposal of subsidiaries without loss of control	*39(b)*	385,427	—
Contribution from non-controlling interest		93,060	129,000
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(250,067)	2,649,637
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(451,555)	1,416,359
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,958,603	1,529,373
Effect of foreign exchange rate changes, net		415	12,871
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH		2,507,463	2,958,603

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

Going concern

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

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

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS

Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued which are not yet effective:

IFRS 18	Presentation and Disclosures in Financial Statements[4]
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 21	Lack of Exchangeability[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards Volume 11[3]

[1] Effective for annual periods beginning on or after a date to be determined
[2] Effective for annual periods beginning on or after 1 January 2025
[3] Effective for annual periods beginning on or after 1 January 2026
[4] Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS (CONTINUED)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets" ("IAS 36").

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The material accounting policy information are set out below.

4.1. Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1. Basis of consolidation (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" ("IFRS 9") or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.2. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2. Investments in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3. Revenue from contracts with customers

Revenue from sales of goods

The Group sells lithium iron phosphate ("LFP") cathode materials, automotive specialty chemicals and other goods directly to customers in accordance with the contracts entered with the customers. The Group also recognises revenue from the sales of hydrogen and cleansing products to the customers when control of the products has transferred to the customer, being at the point the goods are delivered to the customers. Delivery that occur before customers obtain control is considered as fulfillment activity. Control is passed when the products have been accepted by the customer. The normal credit term is within 90 days effective from the date when the goods are accepted by the customers. When the customer pays in advance for the orders, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

For contracts entered into with customers on processing lithium carbonate, the relevant aluminium carbonate specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant lithium carbonate to customers. Revenue from processing of lithium carbonate is therefore recognised at a point in time when the completed product is transferred to customers, being at the point that the customer obtains the control of the completed product and the Group has present right to payment and collection of the consideration is probable.

Under the Group's standard contract terms, customers have a right to exchange for dissimilar products. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent (sales of LFP cathode materials without procurement of lithium carbonate and raw materials from customers) if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer.

When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4. Lease

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4. Lease (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modification").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4. Lease (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4.5. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

4.6. Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses".

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

4.8. Employee benefits

Pension obligation

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group's contributions to the aforesaid defined contribution retirement schemes are expensed as incurred.

No forfeited contribution is available to reduce the existing level of contribution during the years ended 31 December 2024 and 2023.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9. Share-based payment arrangements

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to capital reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to capital reserve.

4.10. Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10. Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.11. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.11. Goodwill (Continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

4.12. Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than assets under construction as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets in functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	20 years
Plant and machinery	5–10 years
Motor vehicles	5–10 years
Other equipment	5 years
Leasehold improvements	5–10 years

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12. Property, plant and equipment (Continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.13. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

4.14. Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.14. Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.15. Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and form an integral part of the Group's cash management.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.16. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.17. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of automotive specialty chemicals and LFP cathode materials are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

4.18. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade and bills receivables and contract assets arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits/will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledged bank deposits and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and bills receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount become past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and bills receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group measures ECL for the remaining trade and bills receivables and contract assets on an individual basis.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, contract assets and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income, gains and losses" line item as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income, gains and losses" line item as part of the gains/(losses) from changes in fair value of financial assets at FVTPL.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets (Continued)

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits/others upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, trade and bills payables and other payables and accruals are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other income, gains and losses" line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

Capital contribution from investors with put option

Shares of subsidiary held by non-controlling interests under terms whereby the Group is or may be obliged to repurchase the shares and does not have the unconditional right to avoid delivering cash or another financial asset are recognised as financial liabilities and accounted for in accordance with the accounting policies for financial liabilities as disclosed in note 27(b) and note 27(c).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss. Unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the mature of hedge relationship.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derivative financial instruments (Continued)

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Financial instruments (Continued)

Financial liabilities and equity (Continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other income, gains and losses, net" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions are ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Related parties

A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Group's parent. Or

An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer and directors of the Company that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern and liquidity

In the process of applying the Group's accounting policies, apart from those involving estimations, the directors of the Company have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the conditions and measures taken by the management related to the going concern assumption are set out in note 2.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment, right-of-use assets and other intangible assets

Property, plant and equipment, right-of-use assets and other intangible assets are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicator that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. The Group is also required to test for impairment of capitalized development costs assets not available for use on an annual basis. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Detail of the carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets subject to impairment assessments and impairment losses that have been recognised are disclosed in notes 15, 16 and 18, respectively.

Provision of ECL for trade and other receivables

Trade receivables with credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL in trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical defaults rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2024, the carrying amount of trade and other receivables are RMB2,515,939,000 (2023: RMB3,621,780,000). During the year ended 31 December 2024, the reversal of impairment loss on trade and other receivable of RMB29,628,000 (2023: impairment losses of RMB18,966,000) in aggregate were recognised.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 22 and 35(b).

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Deferred tax assets

As at 31 December 2024, deferred tax assets of RMB344,332,000 (2023: RMB392,691,000), in relation to deductible temporary differences for certain operating subsidiaries have been recognised in the consolidated statement of financial position. As at 31 December 2024, no deferred tax asset has been recognised on the tax losses of RMB1,038,871,000 (2023: RMB154,354,000), due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Fair value measurement of financial instruments

As at 31 December 2024, the Group's unlisted equity investments classified as financial assets at FVTOCI amounting to RMB141,450,000 (2023: RMB141,450,000), and unlisted funds at FVTPL amounting to RMB474,863,000 (2023: RMB59,005,000), the Group's listed equity investments classified as current financial assets at FVTPL amounting to RMB419,000 (2023: RMB522,000), the Group's investments in wealth management products classified as financial assets at FVTPL amounting to RMB30,082,000 (2023: RMBnil), the Group's derivative assets amounting to RMB64,000 (2023: RMB950,000), and the Group's derivative liabilities amounting to RMB878,000 (2023: RMB4,062,000), are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 35(d) for further disclosures.

Inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. The Group will reassess the estimations at each statement of financial position date. As at 31 December 2024, carrying amount of inventories are RMB1,391,918,000 (2023: RMB1,610,238,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise. As at 31 December 2024, the carrying amount of goodwill is approximately RMB214,173,000 (2023: RMB289,826,000). Details of the recoverable amount calculation are disclosed in note 17.

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

Revenue during the year are as follows:

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

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

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

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Revenue (Continued)

Notes:

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

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

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

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

(b) Segment information

The CODM review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

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

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

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

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

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment result

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

Year ended 31 December 2024

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

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment result (Continued)

Year ended 31 December 2023

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

7. OTHER INCOME, GAINS AND LOSSES

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

Notes:

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

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

8. FINANCE COSTS

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

9. LOSS BEFORE TAXATION

	2024 RMB'000	2023 RMB'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration		
— audit service	2,585	905
— non-audit services	220	100
	2,805	1,005
Cost of inventories sold	6,121,965	7,636,770
Depreciation of property, plant and equipment *(Note 15)*	517,161	369,683
Depreciation of right-of-use assets *(Note 16)*	85,575	63,337
Amortisation of other intangible assets *(Note 18)*	29,025	20,001
Total depreciation and amortisation	631,761	453,021
Capitalised in inventories	(415,350)	(249,711)
	216,411	203,310
Impairment loss on goodwill *(Note 17)*	75,653	72,773
Impairment loss on property, plant and equipment *(Note 15)*	17,754	—
Write-down on inventories *(Note 21)*	191,882	554,547
(Reversal of impairment losses)/impairment losses on trade receivables *(Note 35(b))*	(34,364)	4,188
Impairment losses on other receivables *(Note 35(b))*	3,967	15,028
Impairment losses/(reversal of impairment losses) on bills receivable *(Note 35(b))*	769	(250)
Staff cost (including directors', chief executives', and supervisors' remuneration):		
Wages, salaries and bonuses	547,246	443,710
Retirement benefit expense	54,916	42,472
Equity-settled share-based payment *(Note 34)*	761	2,682
Social security costs, housing benefits and other employee benefits	52,718	41,686
	655,641	530,550

10. INCOME TAX EXPENSE/(CREDIT)

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

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

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

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

10. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

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

The income tax expense/(credit) for the year can be reconciled to the loss before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Loss before taxation	(720,455)	(1,830,569)
Tax at the domestic income tax rate of 25%	(180,113)	(457,643)
Effects of different tax rates applicable to different subsidiaries of the Group	50,756	123,945
Under-provision of taxation in prior years	1,305	475
Tax effect of income that is not taxable for tax purposes	(2,719)	(2,922)
Tax effect of expenses that are not deductible for tax purposes	50,839	56,230
Tax effect of temporary difference not recognised	195,543	9,461
Decrease in deferred tax liability resulting from a decrease in applicable tax rate	22,797	—
Tax effect of additional tax deduction for eligible research and development expenses	(62,529)	(45,914)
Income tax expense/(credit) for the year	75,879	(316,368)

(b) Tax effects relating to each component of other comprehensive income

	Before taxation RMB'000	Taxation (charged)/ credited RMB'000	Net of taxation RMB'000
For the year ended 31 December 2024			
Change in the fair value on hedging instruments designated as cash flow hedges	2,436	(490)	1,946
For the year ended 31 December 2023			
Change in the fair value on hedging instruments designated as cash flow hedges	(2,516)	491	(2,025)

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Mr. Shi Junfeng ("Mr. Shi") is the chief executive of the Company and his emolument disclosed below included those for services rendered by him as the chief executive of the Company and other group entities.

Details of the emoluments paid or payable to the individuals who were appointed as the directors and chief executive of the Company, and supervisors of the group companies (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company), during the reporting periods, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	For the year ended 31 December 2024					
	Fee RMB'000	Salary and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive directors						
Shi Junfeng	—	968	47	55	—	1,070
Lu Zhenya	—	902	47	55	47	1,051
Qin Jian	—	969	46	49	45	1,109
Shen Zhiyong	—	761	47	55	122	985
Zhang Yi	—	1,051	47	55	97	1,250
Sub-total	—	4,651	234	269	311	5,465
Non-executive director						
Zhu Xianglan	—	—	—	—	—	—
Independent non-executive directors						
Ye Xin	100	—	—	—	—	100
Li Qingwen	100	—	—	—	—	100
Geng Chengxuan	100	—	—	—	—	100
Hong Kam Le *(Note (a))*	17	—	—	—	—	17
Sub-total	317	—	—	—	—	317
Supervisors						
Hu Renjie *(Note (b))*	—	86	18	14	—	118
Xue Jie	—	669	46	55	—	770
Zhou Lin	—	444	47	51	—	542
Chang Huihong *(Note (c))*	—	181	19	13	—	213
Sub-total	—	1,380	130	133	—	1,643
Total	317	6,031	364	402	311	7,425

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	For the year ended 31 December 2023					
	Fee RMB'000	Salary and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive directors						
Shi Junfeng	—	676	46	46	—	768
Lu Zhenya	—	591	46	46	85	768
Qin Jian	—	599	46	48	81	774
Shen Zhiyong	—	479	46	46	220	791
Zhang Yi	—	548	46	46	175	815
Sub-total	—	2,893	230	232	561	3,916
Non-executive director						
Zhu Xianglan	—	—	—	—	—	—
Independent non-executive directors						
Ye Xin	100	—	—	—	—	100
Li Qingwen	100	—	—	—	—	100
Geng Chengxuan	100	—	—	—	—	100
Sub-total	300	—	—	—	—	300
Supervisors						
Hu Renjie *(Note (b))*	—	194	35	29	—	258
Xue Jie	—	484	46	49	—	579
Zhou Lin	—	271	46	46	—	363
Sub-total	—	949	127	124	—	1,200
Total	300	3,842	357	356	561	5,416

Notes:

(a) Mr. Hong Kam Le was appointed as independent non-executive director of the Company on 30 October 2024.

(b) Mr. Hu Renjie resigned as supervisor of the Company on 15 July 2024.

(c) Ms. Chang Huihong was appointed as supervisor of the Company on 15 July 2024.

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the years ended 31 December 2024 and 2023.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company during the years ended 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, there was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

12. FIVE HIGHEST PAID EMPLOYEES

The individuals whose emoluments were the top 5 highest in the Group for the year ended 31 December 2024 include one (2023: nil) director of the Company whose emoluments are reflected in the analysis shown in "DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS" above. The emoluments paid to the remaining four (2023: five) individuals with the highest emoluments in the Group for the year ended 31 December 2024, are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	5,512	4,176
Retirement benefit expense	85	195
Social security costs, housing benefits and other employee benefits	139	226
Share-based compensation	—	384
	5,736	4,981

The number of the highest paid employees (including the directors) of the Company whose remuneration fell within the following bands is as follows:

	2024	2023
HK$1,000,001 to HK$1,500,000	2	5
HK$1,500,001 to HK$2,000,000	3	—

During the years ended 31 December 2024 and 2023, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

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

14. LOSS PER SHARE

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Building RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
COST							
At 1 January 2023	1,364,909	503,647	1,878,309	18,637	165,041	182,519	4,113,062
Additions	2,788,483	5,216	259,522	3,755	37,379	103,328	3,197,683
Transfer from constructions in progress	(1,577,663)	221,759	1,322,741	6,172	17,203	9,788	—
Disposals	—	—	(4,117)	(719)	(567)	(309)	(5,712)
At 31 December 2023 and 1 January 2024	2,575,729	730,622	3,456,455	27,845	219,056	295,326	7,305,033
Additions	477,621	50,339	237,217	3,507	21,491	14,582	804,757
Transfer from constructions in progress	(2,478,802)	1,155,770	1,275,416	356	42,262	4,998	—
Disposals	—	—	(7,893)	(219)	(1,589)	(97)	(9,798)
At 31 December 2024	574,548	1,936,731	4,961,195	31,489	281,220	314,809	8,099,992
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2023	—	143,257	287,233	9,351	71,494	66,713	578,048
Depreciation provided for the year	—	20,739	239,971	3,766	28,800	76,407	369,683
Eliminated on disposals	—	—	(1,369)	(676)	(555)	(27)	(2,627)
At 31 December 2023 and 1 January 2024	—	163,996	525,835	12,441	99,739	143,093	945,104
Depreciation provided for the year	—	58,775	399,275	4,694	38,753	15,664	517,161
Impairment loss recognised in profit or loss	—	—	17,620	38	96	—	17,754
Eliminated on disposals	—	—	(2,491)	(205)	(1,124)	(97)	(3,917)
At 31 December 2024	—	222,771	940,239	16,968	137,464	158,660	1,476,102
CARRYING VALUES							
At 31 December 2024	574,548	1,713,960	4,020,956	14,521	143,756	156,149	6,623,890
At 31 December 2023	2,575,729	566,626	2,930,620	15,404	119,317	152,233	6,359,929

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessment

For the year ended 31 December 2023 and 2024, the management of the Group performed impairment assessments on property, plant and equipment, right of use assets and other intangible assets of certain subsidiaries which suffered from continuous losses.

With assistance from independent valuer, the management of the Group assessed the recoverable amounts of these assets and concluded that recoverable amounts are lower than their carrying amount of certain assets.

The recoverable amounts are based on the higher of the value in use (with details of estimation as set out in note 17) and the fair value less costs of disposal from these assets from the use or scarp sales.

Accordingly, impairment loss of approximately RMB17,754,000 (2023: nil) has been recognised in respect of the property, plant and equipment in profit or loss for the year.

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leasehold properties RMB'000	Total RMB'000
Carrying value			
At 1 January 2023	287,147	286,728	573,875
Additions	86,529	688,954	775,483
Lease modification	—	172	172
Depreciation provided for the year	(8,031)	(55,306)	(63,337)
At 31 December 2023 and 1 January 2024	365,645	920,548	1,286,193
Additions	**—**	**45**	**45**
Lease modification	**—**	**18,400**	**18,400**
Early termination of lease	**—**	**(18,629)**	**(18,629)**
Depreciation provided for the year	**(10,448)**	**(75,127)**	**(85,575)**
At 31 December 2024	**355,197**	**845,237**	**1,200,434**

The Group leases various offices, warehouses and factories for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Impairment assessment

During the year ended 31 December 2024, the management conducted a review of the Group's right of use assets when there was indication for impairment. The carrying amount of the right-of-use assets does not exceed the recoverable amount and no impairment has been recognised. Details of the impairment assessment of right-of-use assets are set out in note 15.

17. GOODWILL

	RMB'000
COST	
At 1 January 2023, 31 December 2023 and 1 January 2024 and 31 December 2024	391,713
IMPAIRMENT	
At 1 January 2023	29,114
Impairment loss recognised for the year	72,773
At 31 December 2023 and 1 January 2024	101,887
Impairment loss recognised for the year	**75,653**
At 31 December 2024	**177,540**
CARRYING VALUES	
At 31 December 2024	**214,173**
At 31 December 2023	289,826

Goodwill is allocated to the Group's cash-generating units ("CGUs") as follows:

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

The recoverable amounts of the CGUs are determined based on value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets and estimated future cash flows covering a 5-year period and with the beyond budgeted period using zero growth rate approved by the directors of the Company.

17. GOODWILL (CONTINUED)

The key assumptions used in the estimation of value in use are as below:

	2024	2023
Jiangsu Ruilifeng CGU		
Revenue (average growth rate)	9.0%	11.4%
Pre-tax discount rate	10.9%	10.5%
Changzhou Liyuan CGU		
Revenue (average growth rate)	3.0%	(5.4%)
Pre-tax discount rate	11.8%	12.0%
Average procurement price of lithium carbonate	RMB80,100/ton	RMB93,800/ton

The directors of the Company have determined the values assigned to each of the key assumptions as follows:

- Average revenue growth rate over the five-year forecast period is based on past performance and management's expectation of market development;
- Pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the CGUs; and
- Average procurement price of lithium carbonate is based on management's expectation of price trends of lithium carbonate.

Impact of possible changes in key assumptions

The recoverable amount of Jiangsu Ruilifeng CGU was estimated to exceed its carrying amount as at 31 December 2024 approximately RMB24,116,000 (2023: RMB21,667,000).

The recoverable amount of Changzhou Liyuan CGU was estimated to be lower than its carrying amount as at 31 December 2024 and impairment of RMB76,086,000 (2023: RMB71,367,000) for Changzhou Liyuan CGU was recognised for the year ended 31 December 2024.

17. GOODWILL (CONTINUED)

Impact of possible changes in key assumptions (Continued)

Management have undertaken sensitivity analysis on the impairment test of goodwill. The recoverable amount of each CGU would equal its carrying amount (net of impairment loss) if each key assumption was to change as follows with all other variables held constant:

	2024	2023
Jiangsu Ruilifeng CGU		
Revenue (average growth rate)	7.7%	11.1%
Pre-tax discount rate	11.2%	10.7%
Changzhou Liyuan CGU		
Revenue (average growth rate)	*(Note (a))*	(5.4%)
Pre-tax discount rate	*(Note (a))*	12.0%
Average procurement price of lithium carbonate	*(Note (a))*	RMB93,800/ton

The directors of the Company believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not caused the carrying amount of CGU to exceed its recoverable amount.

Note (a)

As at 31 December 2024, if the discount rate was changed to 12.3%, while other parameters remain constant, the recoverable amount of Changzhou Liyuan CGU would be reduced to RMB268,418,000 and a further impairment of goodwill of RMB18,161,000 would be recognised.

As at 31 December 2024, if the revenue average growth rate changed to 2.5%, while other parameters remain constant, the recoverable amount of Changzhou Liyuan CGU would be reduced to RMB60,199,000 and a further impairment of goodwill of RMB35,895,000 would be recognised.

As at 31 December 2024, if the average procurement price of lithium carbonate changed to 82,500/tons, while other parameters remain constant, the recoverable amount of Changzhou Liyuan CGU would be reduced to RMB63,656,000 and a further impairment of goodwill of RMB35,895,000 would be recognised.

18. OTHER INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Others RMB'000	Total RMB'000
COST				
At 1 January 2023	35,663	29,412	349	65,424
Additions	11,074	32,016	81	43,171
At 31 December 2023 and 1 January 2024	46,737	61,428	430	108,595
Additions	**10,067**	**—**	**191**	**10,258**
At 31 December 2024	**56,804**	**61,428**	**621**	**118,853**
ACCUMULATED AMORTISATION				
At 1 January 2023	16,550	3,478	349	20,377
Charge for the year	7,120	12,800	81	20,001
At 31 December 2023 and 1 January 2024	23,670	16,278	430	40,378
Charge for the year	**8,137**	**20,697**	**191**	**29,025**
At 31 December 2024	**31,807**	**36,975**	**621**	**69,403**
CARRYING AMOUNT				
At 31 December 2024	**24,997**	**24,453**	**—**	**49,450**
At 31 December 2023	23,067	45,150	—	68,217

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Computer software	5 years
Patent	Over the shorter of the licensed period or 30 years

Impairment assessment

During the year ended 31 December 2024, the management conducted a review of the Group's other intangible assets when there was indication for impairment. The carrying amount of the other intangible assets does not exceed the recoverable amount and no impairment has been recognised. Details of the impairment assessment of other intangible assets are set out in note 15.

19. INTERESTS IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Cost of unlisted investment	**80,000**	80,000
Share of post-acquisition loss and other comprehensive expense	**(32,341)**	(5,510)
	47,659	74,490

Details of the Group's associate at the end of the reporting period are as follows:

Name	Place of establishment and operation	Registered/ paid up capital	Percentage of ownership interest attributable to the Group 2024	2023	Principal activities
湖北豐鋰新能源科技有限公司 Hubei Fengli New Energy Technology Co., Ltd	PRC	RMB200,000,000	**40%**	40%	Technical service, development, consultation, exchange, transfer, and promotion; manufacturing, sales, and research and development of electronic special materials; research and development of new material technology; sales of special chemical products.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

19. INTERESTS IN AN ASSOCIATE (CONTINUED)

Hubei Fengli New Energy Technology Co., Ltd.

	2024 RMB'000	2023 RMB'000
Current assets	184,031	157,155
Non-current assets	353,167	388,151
Current liabilities	(356,889)	(200,771)
Non-current liabilities	(65,236)	(156,261)
Net assets	115,073	188,274

	2024 RMB'000	2023 RMB'000
Revenue	346,345	266,589
Loss and total comprehensive expense for the year	(75,561)	(58,390)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net assets	115,073	188,274
Proportion of the Group's ownership interest	40%	40%
The Group's share of net assets	47,659	74,490

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/ PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Non-current assets		
Financial assets at FVTOCI		
Unlisted equity investments, at fair value	141,450	141,450
Current assets		
Financial assets at FVTPL		
Listed equity investments, at fair value *(Note (a))*	419	522
Wealth management products *(Note (b))*	30,082	—
Unlisted funds investment *(Note (c))*	474,863	59,005
	505,364	59,527

Notes:

(a) As at 31 December 2024 and 2023, the fair values of the listed shares in the PRC were determined based on the quoted bid price available on the Shenzhen Stock Exchange.

(b) The wealth management product was issued by banks in the PRC and were low-risk in nature. The wealth management products are structured fixed deposits with financial institutions with maturities within one year. The principal of the structured fixed deposits will be invested in debt instruments or derivative markets. The Group received variable return depending on the return of the derivative. The returns of these investments were determined by reference to the performance of the expected return rates stated in the contracts.

(c) The fair value of the Group's interests in the funds are determined by reference to its net assets value per share at the end of the reporting period, since the Group has the right to request for redemption of some or all of its interests in the fund at a redemption price, which equals to the net assets value, according to the private placing memorandum of the fund. The fair value of the Group's interests in the fund is categorised as level 3 under fair value measurement hierarchy. During the year ended 31 December 2024, the Group entered into subscription agreements with three funds registered in the Cayman Islands, pursuant to which the Group agreed to subscribe for the shares in a segregated portfolio of the fund in aggregate consideration of HK$476,000,000 (equivalents to RMB443,299,000). Up to the date of this consolidated financial statements authorised to issue, the investment in Cayman Islands funds were redempted at HK$482,807,400 (equivalents to RMB450,357,400).

21. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	329,382	350,738
Work in progress	56,575	82,010
Finished goods	1,005,961	1,177,490
	1,391,918	1,610,238

The written-down of inventories of RMB191,882,000 (2023: RMB554,547,000) are recognised for the year ended 31 December 2024.

22. TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

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

Details of impairment assessment of trade and other receivables of the Group are set out in note 35(b).

23. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 RMB'000	2023 RMB'000
Derivative financial assets		
Held for trading derivatives that are designated in hedge accounting relationship:		
— Future contracts	**64**	950
Derivative financial liabilities		
Held for trading derivatives that are designated in hedge accounting relationship:		
— Future contracts	**878**	4,062

Note: The derivative financial assets and liabilities are arising from the future contract of lithium carbonate. The above derivative instruments are marked-to-market (Shanghai Metals Market) in each measurement period and any unrealised change in fair value is recorded as a component of the profit or loss and the associated fair value carrying amount on the consolidated statement of financial position is adjusted by the change.

24. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Bank balances and cash		
Cash on hand	81	269
Cash at banks	2,507,382	2,958,334
	2,507,463	2,958,603
Pledged bank deposits	257,202	350,726
	2,764,665	3,309,329

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Pledged bank deposits carry fixed interest rate ranged from 0.05% to 1.8% and (2023: 0.05% to 2.75%) as at 31 December 2024. Pledged bank deposits represent deposits pledged to financial institutions to secure banking facilities granted to the Group and futures contracts. Pledged bank deposits amounting to RMB257,202,000 (2023: RMB337,129,000) as at 31 December 2024, have been pledged to secure bills payables and are therefore classified as current assets. Pledged bank deposits amounting to RMBnil (2023: RMB13,597,000) have been pledged to secure futures contracts for raw materials with contract amounting to RMBnil (2023: RMB41,996,000) as at 31 December 2024, and all the futures contracts will be maturity within 12 months, therefore classified as current assets.

The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Details of impairment assessment of bank balances and pledged bank deposits of the Group are set out in note 35(b).

25. TRADE AND OTHER PAYABLES

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

25. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

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

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

26. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Sales of automotive specialty chemicals	29,467	12,439
Sales of LFP cathode materials	61,899	8,758
Processing for lithium carbonate and raw materials	26	—
Others	898	743
	92,290	21,940

The Group receives certain amount of the contract values as receipt in advances upon receiving the purchase orders from customers. The receipt in advance results in contract liabilities being recognised until the customer obtains control of the goods.

As at 1 January 2023, contract liabilities amounted to RMB425,740,000. The contract liabilities as at 1 January 2024 and 2023 were fully recognised as revenue during the years ended 31 December 2024 and 2023, respectively.

As at 31 December 2024, the significant increase in contract liabilities in the current year was mainly due to the increased in advances received from customers.

27. BANK AND OTHER BORROWINGS

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

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

27. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

(a) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are 2.65% to 3.65% per annum (2023: 2.71% to 4.06% per annum) as at 31 December 2024.

Bank borrowings of the Group of RMB809,609,214 (2023: RMB488,642,000) as at 31 December 2024 are guaranteed by Mr. Shi.

Bank borrowings of the Group of RMB800,000,000 (2023: RMB1,225,000,000) as at 31 December 2024 are guaranteed by Mr. Shi and Ms. Zhu Xianglan ("Mrs. Shi"), the spouse of Mr. Shi.

(b) In October 2021, Changzhou Liyuan New Energy Technology Co., Ltd ("Changzhou Liyuan") entered into a capital contribution agreement with 2 independent third parties (the "Investors A"), the Investors A agreed to contribute RMB345 million and obtained 20% equity interests of Changzhou Liyuan. As part of the terms of the capital contribution agreement, the Investors A could request Changzhou Liyuan to repurchase all of the equity interest of Changzhou Liyuan acquired by the Investors A upon the occurrence or non-occurrence of certain specified events, including failure by the Company to make an announcement on the spin-off and qualified listing of Changzhou Liyuan within four years after the completion date of the Capital Contribution, or if Changzhou Liyuan fails to complete a qualified listing within five years after the completion date. The repurchase price is based on higher of capital contribution plus 10% internal rate of return per annum or the fair value of the equity interest of Changzhou Liyuan upon redemption.

The capital contribution is initially recognised as a financial liability at fair value, whereby the Group recognised a debit of approximately RMB345,000,000 to equity. The fair value at initial recognition of the financial liability at completion date of the capital contribution was measured based on the present value contractually determined stream of future cash flows with reference to valuation carried out by an independent professional valuer not connected with the Group using the Binomial model.

(c) In February 2024 and May 2024, Changzhou Liyuan entered into capital contribution agreements with 2 independent third parties (the "Investors B"), the Investors B agreed to contribute RMB100,000,000 and RMB285,427,000 and obtained 1.93% and 5.50% equity interests of Changzhou Liyuan, respectively. As part of the terms of the capital contribution agreement, the Investors B could request Changzhou Liyuan to repurchase all of the equity interest of Changzhou Liyuan acquired by the Investors B upon the occurrence or non occurrence of certain specified events, including failure by the Company to make an announcement on the spin-off and qualified listing of Changzhou Liyuan within four years after the completion date of the Capital Contribution, or if Changzhou Liyuan fails to complete a qualified listing within five years after the completion date. The repurchase price is based on higher of capital contribution plus 8% internal rate of return per annum or the fair value of the equity interest of Changzhou Liyuan upon redemption.

The capital contribution is initially recognised as a financial liability at fair value, whereby the Group recognised a debit of approximately RMB100,000,000 and RMB285,427,000 to equity, respectively. The fair value at initial recognition of the financial liability at completion date of the capital contribution was measured based on the present value contractually determined stream of future cash flows with reference to valuation carried out by an independent professional valuer not connected with the Group using the Binomial model.

28. LEASE LIABILITIES

	2024 **RMB'000**	2023 RMB'000
Lease liabilities payable:		
Within one year	**71,306**	294,752
Within a period of more than one year but not more than two years	**36,435**	57,921
Within a period of more than two years but not more than five years	**635,063**	292,008
Within a period of more than five years	**85,868**	445,489
	828,672	1,090,170
Less: Amounts due for settlement within 12 months shown under current liabilities	**(71,306)**	(294,752)
Amounts due for settlement after 12 months shown under non-current liabilities	**757,366**	795,418

The weighted average incremental borrowing rates applied to lease liabilities at 4.07% (2023: 4.11%) as at 31 December 2024.

29. DEFERRED INCOME

	RMB'000
At 1 January 2023	33,834
Addition during the year	65,501
Recognised in consolidated statement of profit or loss	(10,999)
At 31 December 2023 and 1 January 2024	88,336
Addition during the year	**100,676**
Recognised in consolidated statement of profit or loss	**(17,884)**
At 31 December 2024	**171,128**

29. DEFERRED INCOME (CONTINUED)

	2024 RMB'000	2023 RMB'000
Analysis for reporting purposes:		
Non-current portion	**156,509**	78,038
Current portion	**14,619**	10,298
	171,128	88,336

Deferred income mainly represents the PRC local government grants received from relevant PRC authorities for compensate the Group's development costs and fixed asset investments. Government grants received for compensate for the Group's development costs which has not yet been undertaken are included in deferred income and recognised as income on a systematic basis over the periods that the cost, which it is intended to compensate, are expensed. Government grants received relates to assets invested in laboratory equipment and plant were credited to deferred income and are recognised as income over the expected useful lives of the relevant assets.

30. DEFERRED TAX

The following are the Group's major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Impairment of assets RMB'000	Deductible loss RMB'000	Deferred income government grant RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Appraisal value-added of assets in business combination not under common control RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	31,640	26,172	351	(48,840)	51,095	(8,480)	1,836	53,774
Credited/(charged) to profit or loss	52,051	266,869	6,345	(156,833)	161,288	966	(1,086)	329,600
Credited to other comprehensive income	—	—	—	—	—	—	491	491
At 31 December 2023 and 1 January 2024	83,691	293,041	6,696	(205,673)	212,383	(7,514)	1,241	383,865
(Charged)/credited to profit or loss	**(43,685)**	**(6,357)**	**21,436**	**40,232**	**(36,220)**	**1,375**	**327**	**(22,892)**
Charged to other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**(490)**	**(490)**
Effect of change in tax rate	**(9,955)**	**(12,809)**	**—**	**19,013**	**(18,880)**	**—**	**(166)**	**(22,797)**
At 31 December 2024	**30,051**	**273,875**	**28,132**	**(146,428)**	**157,283**	**(6,139)**	**912**	**337,686**

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the net deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets	**344,332**	392,691
Net deferred tax liabilities	**(6,646)**	(8,826)
	337,686	383,865

30. DEFERRED TAX (CONTINUED)

As at 31 December 2024, the Group has unused tax losses of RMB2,682,482,000 (2023: RMB1,838,522,000), available for offset against future profits. A deferred tax asset has been recognised in respect of RMB1,643,611,000 (2023: RMB1,751,390,000) as at 31 December 2024 of such losses. No deferred tax asset has been recognised in respect of the remaining RMB1,038,871,000 (2023: RMB154,354,000) as at 31 December 2024 due to the unpredictability of future profit streams.

The Group has unused tax losses that were not recognised as deferred tax assets due to the unpredictability of future profit streams. The unused tax losses can be carried forward for five years from the year of the incurrence and an analysis of their expiry dates are as follows:

	2024 **RMB'000**	2023 RMB'000
Unused tax losses expiring in:		
2024	**—**	306
2025	**391**	391
2026	**2,538**	2,538
2027	**30,417**	52,099
2028	**51,633**	99,020
2029	**953,893**	—
	1,038,872	154,354

31. SHARE CAPITAL

	Number of shares	**Amount** RMB'000
Registered, issued and fully paid ordinary shares with par value of RMB1.00 each share		
At 1 January 2023, 31 December 2023 and 1 January 2024	565,078,903	565,079
Issue of shares *(Note (a))*	**100,000,000**	**100,000**
At 31 December 2024	**665,078,903**	**665,079**

31. SHARE CAPITAL (CONTINUED)

Notes:

(a) On 30 October 2024, the Company issued a total of 100,000,000 new shares of RMB1 each at an issue price of HK$5.5 per share pursuant to its prospectus dated 22 October 2024 (the "Global Offer"). The registered share capital of the Company was increased from RMB565,079,000 to RMB665,079,000 upon the completion of the Global Offer. The net proceeds of HK$504,106,000 (approximately RMB462,196,000) was raised by the Company. The share capital of the Company increased by RMB100,000,000, the capital reserve of the Company increased by RMB362,196,000.

(b) During the year ended 31 December 2023, the Company repurchased the Company's own ordinary shares on the Shanghai Stock Exchange, 1,601,600 ordinary shares were repurchased with aggregate consideration of approximately RMB38,275,000. The above repurchase of ordinary shares are performed by the Company. No other subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities during the reporting period.

(c) At 31 December 2024, the Company had outstanding treasury shares of 2,082,000 (2023: 2,082,000) shares.

32. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Capital reserve

Capital reserve mainly comprised the capital contribution from non-controlling interests with repurchase options, the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisition of further interests in subsidiaries or disposal of part interests in subsidiaries, respectively.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Share based payment reserve

The share-based payments reserve represents the fair value of restricted shares granted which are yet to be vested and share options granted which are yet to be exercised. The amount will either be transferred to the capital reserve when the related options are exercised, or be transferred to retained profits when the related shares are vested and related options are expired or are forfeited.

Statutory reserve

Statutory reserves of the Group were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors. The statutory reserve consists of statutory reserve funds and maintenance and production funds.

In accordance with the relevant PRC Regulations, the PRC subsidiaries of the Group are required to appropriate 10% of the annual statutory net profit, after offsetting any prior years' losses to the statutory reserve fund before distributing the net profit. When the respective balance of the statutory reserve fund reaches 50% of the share capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders of the PRC subsidiaries.

For the entities concerned, statutory reserves fund can be used to offset accumulated losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance after such conversion is not less than 25% of the registered capital.

32. RESERVES (CONTINUED)

Statutory reserve (Continued)

According to relevant PRC regulations, the Group is required to transfer an amount to specific reserve for the maintenance and production funds and other related expenditures.

33. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of acquisition of property and equipment and other intangible assets contracted for but not provided in the consolidated financial statements	1,142,012	1,997,937

34. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution in writing passed by the shareholders of the Company on 20 November 2020. The Scheme expired on 7 November 2024. On 22 September 2023, the Company's share option scheme ("2023 Share Option Scheme") was adopted pursuant to a resolution passed by the shareholders of the Company. The primary purpose of the Scheme and 2023 Share Option Scheme are recognising and acknowledging the contribution of the eligible participants had or may have made to the Group. Under the Scheme, the board of directors of the Company may grant options to eligible participants, including employees, directors of the Company and its subsidiaries and consultants, to subscribe for shares of the Company.

On 16 December 2020, the Company granted 5,700,000 share options, comprised (i) 895,000 share options to the directors of the Company and (ii) 4,805,000 share options to certain eligible participants including members of the senior management and employees of the Company, to subscribe for the ordinary shares of the Company at RMB26.56 per share.

On 16 April 2021, the Company issued capitalisation shares to all shareholders at 0.4 share for each existing share from share capital reserve. The number of share option was adjusted from 5,700,000 to 7,980,000.

On 8 November 2021, the Company granted 420,000 share options to the directors of the Company, to subscribe for the ordinary shares of the Company at RMB54.82 per share.

On 22 September 2023, the Company granted 6,130,000 shares options, comprised (i) 1,250,000 share options to the directors of the Company and (ii) 4,790,000 share options to certain eligible participants including members of the senior management and employees of the Company, to subscribe for the ordinary shares of the Company at RMB11.92 per share.

Vesting of the share options is conditional upon the fulfilment of certain performance targets as set out in the respective offer letters to the grantees including financial targets of the Group and individual performance targets for certain periods.

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme of the Company (Continued)

As at 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 2,470,000 (2023: 6,040,000) respectively, representing approximately 0.37% (2023: 1.07%) of the shares of the Company in issue at that date.

Details of the share options are as follows:

Date of grant	Number of share options granted	Exercisable period	Exercise Price
16 December 2020	2,394,000 *(Note)*	16.12.2021 to 15.2.2022	RMB26.56 per share
	2,394,000 *(Note)*	16.12.2022 to 15.2.2023	
	3,192,000 *(Note)*	16.12.2023 to 15.2.2024	
	7,980,000		
8 November 2021	210,000 *(Note)*	8.11.2022 to 7.11.2023	RMB54.82 per share
	210,000 *(Note)*	8.11.2023 to 7.11.2024	
	420,000		
22 September 2023	3,020,000 *(Note)*	22.9.2024 to 21.9.2025	RMB11.92 per share
	3,020,000 *(Note)*	22.9.2025 to 21.9.2026	
	6,040,000		

Note: The options are vested upon the fulfilment of certain performance targets to the grantees including financial targets of the Group and individual performance targets for certain periods.

The following table discloses movement of the Company's share options held by eligible directors and employees for the years ended 31 December 2024 and 2023:

Date of grant	Exercise price	Outstanding at 1 January 2024	Granted during the year	Forfeited during the year	Outstanding at 31 December 2024
22 September 2023	RMB11.92	6,040,000	—	(3,570,000)	2,470,000
Exercisable at the end of the year		—	—	—	—
Weighted average exercise price (RMB)		11.92	—	11.92	11.92

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme of the Company (Continued)

Date of grant	Exercise price	Outstanding at 1 January 2023	Granted during the year	Forfeited during the year	Outstanding at 31 December 2023
16 December 2020	RMB18.66	3,934,277	—	(3,934,277)	—
8 November 2021	RMB54.63	420,000	—	(420,000)	—
22 September 2023	RMB11.92	—	6,040,000	—	6,040,000
		4,354,277	6,040,000	(4,354,277)	6,040,000
Exercisable at the end of the year		1,353,000	—	—	—
Weighted average exercise price (RMB)		22.13	11.92	22.13	11.92

The share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 1 year (2023: 2 years).

The fair value of the share options of total RMB26,379,000 granted during the year ended 31 December 2023. The closing price of the Company's shares immediately before 22 September 2023, the date of grant, was RMB12.32. The inputs into the model were as follows:

Grant date	**22/09/2023**
Share price on the date of grant	RMB12.65
Exercise price	RMB11.92
Expected volatility	55.25%
Contractual life	3 years
Risk-free rate	2.29%
Expected dividend yield	1.20%

Expected volatility was determined by using the historical price volatilities of Company's share price as at the date of valuation.

The Group had recognised a charge of RMB761,000 (2023: RMB2,682,000) in the staff costs for directors and employees, for the year ended 31 December 2024 in relation to share options granted by the Company.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
At FVTOCI	141,450	141,450
At FVTPL	505,364	59,527
At amortised cost	4,608,320	6,050,785
Derivative financial instruments	64	950
	5,255,198	6,252,712
Financial liabilities		
At FVTPL	878,019	451,250
At amortised cost	10,716,950	12,458,453
Derivative financial instruments	878	4,062
	11,595,847	12,913,765

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTOCI, financial assets at FVTPL, trade and bills receivables, deposits and other receivables, pledged bank deposits, cash and cash equivalents, trade and bills payables, other payables, bank borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

No sensitivity analysis on currency risk is presented as the management of the Group considered that there would not be a significant change of prevailing exchange rate and the exposure of currency rate risk of the Group is insignificant.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group's interest rate risk arises primarily from cash at banks, bank borrowings and lease liabilities. Bank balances and deposits at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's bank balances and deposits are placed with banks and the management of the Group manages this risk by placing deposits at various maturities and interest rate terms. The Group is also exposed to fair value interest rate risk for fixed rate bank borrowings and lease liabilities. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk.

No sensitivity analysis is presented since the management of the Group consider the exposure of cash flow interest rate risk arising from variable-rate bank balances and term deposits is insignificant.

Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to price risk arising from listed equity securities and unlisted fund classified as FVTPL (note 20) at 31 December 2024 and 2023.

Price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period. If prices of investments in listed securities and unlisted fund were 5% higher/lower, loss after tax would decrease/increase by RMB23,764,000 (2023: RMB2,976,000) for the Group as a result of the changes in fair value of investments which are classified as FVTPL.

Credit risk and impairment assessment

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, other receivables, pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In order to minimise the credit risk, the management of the Group assesses the potential customer's credit quality and defines credit limits by customer and the credit limits assigned to each customer is regularly reviewed by the management of the Group. Follow-up actions are taken by the Group to recover overdue debts if any. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed bills is insignificant. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has concentration of credit risk as 43% and 73% (2023: 27% and 74%) of the total gross trade receivables was due from the Group's largest customer and the five largest customers as at 31 December 2024. There is no other significant concentration risk during the year.

Trade receivables

For trade receivables, the management of the Group assesses the collectability of the trade receivables regularly and on a case-by-case basis for the determination of any loss allowance for the trade receivables and by taking into account the customers' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions and are adjusted for forward-looking information that is available without undue cost or effort.

Certain customers of the Group which has a significant outstanding trade receivables and balances due to the Group with gross carrying amount of RMB17,106,000 (2023: RMB8,344,000) in aggregate as at 31 December 2024, was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at 31 December 2024, allowance for expected credit losses of RMB10,479,000 (2023: RMB8,344,000), was made on the trade receivables due from these customers. During the year ended 31 December 2024, impairment losses on trade receivables due from these customers amounted to RMB2,135,000 (2023: reversal of impairment losses amounted to RMB1,046,000) are provided and included in the consolidated profit or loss. In this regard, the directors of the Company are in the opinion that the provision of loss allowance is sufficient and not excessive.

For the remaining debtors, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL collectively based on aging of the outstanding balances, as the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments and the allowance for credit losses based on the past due status is not further distinguished between the Group's customer bases.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk within lifetime ECL for trade receivables due from customers, which are assessed based on provision matrix and individually assessed as at 31 December 2024 and 2023, respectively:

	As at 31 December 2024				As at 31 December 2023			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000	Expected loss rate %	Gross Carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
ECL assessed collectively based on debtors' ageing								
Less than 1 year	5.00%	1,466,803	(73,340)	1,393,463	5.00%	2,275,484	(113,774)	2,161,710
1 to 2 years	10.00%	36,878	(3,688)	33,190	10.00%	13,605	(1,360)	12,245
2 to 3 years	20.00%	1,776	(355)	1,421	20.00%	900	(180)	720
3 to 4 years	50.00%	368	(184)	184	50.00%	364	(182)	182
4 to 5 years	50.00%	324	(162)	162	50.00%	115	(58)	57
Over 5 years	100.00%	78	(78)	—	100.00%	70	(70)	—
		1,506,227	(77,807)	1,428,420		2,290,538	(115,624)	2,174,914
Individually evaluated customers		17,106	(10,479)	6,627		8,344	(8,344)	—
Balance		1,523,333	(88,286)	1,435,047		2,298,882	(123,968)	2,174,914

Note: The management of the Group determined the ECL rates for portfolio of trade receivables due from customers with reference to past-due status of such balances by estimating their default rates taking into account historical information (e.g. historical flow rate of receivables moving into the next aging bucket in the subsequent period, actual historical loss, etc.) and forward-looking information.

The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the years and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. The management of the Group further assessed these customers' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions throughout both years, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout both years. Accordingly, the same ECL rates were adopted for the same past-due time band throughout both years.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

Movements in the allowance for expected credit losses in respect of the trade receivables are as follows:

	Lifetime ECL (Not credit-impaired) RMB'000	Lifetime ECL (Credit-impaired) RMB'000	Total RMB'000
At 1 January 2023	112,160	9,390	121,550
Impairment loss recognised/(reversed)	5,234	(1,046)	4,188
Written-off	(1,770)	—	(1,770)
At 31 December 2023 and 1 January 2024	115,624	8,344	123,968
Impairment loss (reversed)/recognised	**(36,499)**	**2,135**	**(34,364)**
Transfer to credit-impaired	**(1,318)**	**1,318**	**—**
Written-off	**—**	**(1,318)**	**(1,318)**
At 31 December 2024	**77,807**	**10,479**	**88,286**

Other receivables

The Group measures the loss allowance equal to 12-month ECL of other receivables. For those balances expected to have significant increase in credit risk since initial recognition, the Group apply lifetime ECL based on aging for classes with different credit risk characteristics and exposures. The management makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

As at 31 December 2024 and 2023, the Group has exposed to credit risk on other receivables. As part of the Group's credit risk management, the Group assessed the expected credit losses for other receivables of RMB3,967,000 (2023: RMB15,028,000) were recognised in profit or loss for the year ended 31 December 2024. The management of the Group considers the probability of default based on the financial position of the debtors and the economic environment of the debtors operate. The credit risk on the remaining balances are insignificant as the probability of default is considered minimal after assessing the counterparties' financial background and creditability.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables (Continued)

Movements in the allowance for expected credit losses in respect of the other receivables are as follows:

	RMB'000
At 1 January 2023	4,218
Impairment loss recognised	15,028
At 31 December 2023 and 1 January 2024	19,246
Impairment loss recognised	**3,967**
Written-off	**(51)**
At 31 December 2024	**23,162**

Bills receivable

As at 31 December 2024, the Group has exposed to credit risk on bills receivable. As part of the Group's credit risk management, the Group assessed the expected credit losses for bills receivable of RMB769,000 (2023: reversal of impairment loss of RMB250,000) were recognised in profit or loss for the year ended 31 December 2024. The management of the Group considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the bills receivable are insignificant as the probability of default is considered minimal after assessing the counterparties' financial background and creditability.

Movement in the allowance for expected credit losses in respect of bills receivable during the reporting periods are as follows:

	RMB'000
At 1 January 2023	604
Reversal of impairment loss recognised	(250)
At 31 December 2023 and 1 January 2024	354
Impairment loss recognised	**769**
At 31 December 2024	**1,123**

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Pledged bank deposits and bank balances

Credit risk on pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies or state-owned banks in the PRC.

Transferred financial assets that are derecognised in their entirety

At 31 December 2024, the Group endorsed certain bills receivables accepted by banks in the PRC (the "derecognised bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB2,110,694,000 (2023: RMB3,013,822,000). The derecognised bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills have a right of recourse against the Group if the PRC banks default (the "continuing involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the derecognised bills and the associated trade payables. The maximum exposure to loss from the Group's continuing involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the derecognised bills are not significant.

During the years ended 31 December 2024 and 2023, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills. No gains or losses were recognised from the continuing involvement, both during the current and prior years or cumulatively. The endorsement has been made evenly throughout the year.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities, derivative financial instruments and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate	On demand and/or less than 1 year	1 to 3 years	More than 3 years	Total contractual undiscounted cash flow	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024						
Trade and other payables		1,924,077	—	—	1,924,077	1,924,077
Bank and other borrowings	2.82%	6,668,993	874,819	1,768,901	9,312,713	8,842,220
Lease liabilities	4.07%	94,756	316,761	558,275	969,792	828,672
		8,687,826	1,191,580	2,327,176	12,206,582	11,594,969
Derivative financial instruments — gross settlement						
Future contract		43,653	—	—	43,653	878
At 31 December 2023						
Trade and other payables	—	2,892,838	—	—	2,892,838	2,892,838
Bank and other borrowings	2.89%	7,470,248	305,104	1,222,259	8,997,611	8,926,695
Lease liabilities	4.11%	318,131	131,301	826,195	1,275,627	1,090,170
		10,681,217	436,405	2,048,454	13,166,076	12,909,703
Derivative financial instruments — gross settlement						
Future contract		33,879	—	—	33,879	4,062

Although the Group has a considerable amount of financial liabilities to be settled or refinanced within the next twelve months from the end of the reporting period, the directors of the Company are of the view that the Group can manage the associated liquidity risks in view of the situations as described in note 2 to the consolidated financial statements.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings and lease liabilities disclosed in notes 27 and 28 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the maturity of lease liabilities as well as new share issues and increase of banking facilities or redemption of existing debt.

(d) Fair value measurements of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of each reporting period based on discounted cash flow analysis.

Some of the Group's financial assets and financial liability are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liability are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Assets				
Financial assets at FVTOCI	—	—	141,450	141,450
Financial assets at FVTPL	419	—	504,945	505,364
Derivative financial instruments	64	—	—	64
Total assets	483	—	646,395	646,878
Liabilities				
Other borrowing at FVTPL	—	—	878,019	878,019
Derivative financial instruments	878	—	—	878
Total liabilities	878	—	878,019	878,897
At 31 December 2023				
Assets				
Financial assets at FVTOCI	—	—	141,450	141,450
Financial assets at FVTPL	522	—	59,005	59,527
Derivative financial instruments	950	—	—	950
Total assets	1,472	—	200,455	201,927
Liabilities				
Other borrowing at FVTPL	—	—	451,250	451,250
Derivative financial instruments	4,062	—	—	4,062
Total liabilities	4,062	—	451,250	455,312

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (Continued)

The following table presents the changes in level 3 instruments of financial assets at FVTOCI and FVTPL.

	2024 RMB'000	2023 RMB'000
Financial assets at FVTOCI *(Note (i))*		
At the beginning of the year	141,450	92,450
Additions	—	49,000
At the end of the year	141,450	141,450
Financial assets at FVTPL *(Note (i))*		
At the beginning of the year	59,005	30,000
Additions	9,046,549	11,703,100
Disposals	(8,590,370)	(11,721,211)
(Losses)/gains from changes in fair value of financial assets at FVTPL	(7,716)	47,116
Exchange re-alignment	(2,523)	—
At the end of the year	504,945	59,005

The following table presents the changes in level 3 instruments of other borrowing at FVTPL.

	2024 RMB'000	2023 RMB'000
Other borrowing at FTVPL		
At the beginning of the year	451,250	345,000
Additions	385,427	—
Loss from changes in fair value of other borrowing	41,342	106,250
At the end of the year	878,019	451,250

Notes:

(i) The fair values of unlisted equity instruments at FVTOCI and FVTPL as at 31 December 2024 and 2023 have been arrived with reference to the valuation carried out on the dates by Jones Lang LaSalle (Beijing) Consultants Ltd., an independent qualified professional valuer not connected to the Group.

The fair value of the unlisted funds at FVTPL are determined by reference to its net assets value per share at the end of the reporting period, since the Group has the right to request for redemption of some or all of its interests in the fund at a redemption price, which equals to the net assets value.

As at 31 December 2024, the wealth management products amounting to RMB30,083,000 (2023: RMBnil), is determined by the spot rate quoted by the issuer of the financial products. These wealth management products are structured fixed deposits with financial institutions with maturities within one year. Details are disclosed in note 20(b).

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (Continued)

Notes: (Continued)

	RMB'000	Valuation techniques	Key unobservable input(s)	Relationship of unobservable inputs to fair values
Financial assets				
Unlisted equity instruments at FVTOCI				
— Anhui Tomorrow New Energy Technology Co., Ltd.			**Discount for lack of marketability (DLOM)**	
At 31 December 2024	**80,000**	Market approach	15.6%	5% increase/decrease in DLOM would result in decrease/increase in fair value
			Enterprise value per sale ("EV/S")	
At 31 December 2023	80,000	Adjusted recent transaction	21.8	5% increase/decrease in EV/S would result in decrease/increase in fair value
— Huanggang Linli New Energy Technology Co. Ltd.			**Discount for lack of marketability (DLOM)**	
At 31 December 2024	**12,450**	Market approach	15.6%	5% increase/decrease in DLOM would result in decrease/increase in fair value
At 31 December 2023	12,450	Market approach	15.7%	5% increase/decrease in DLOM would result in decrease/increase in fair value
— Yiwei Automobile Technology Co., Ltd				
At 31 December 2024	**49,000**	Market approach	15.6%	5% increase/decrease in DLOM would result in decrease/increase in fair value
At 31 December 2023	49,000	Market approach	15.7%	5% increase/decrease in DLOM would result in decrease/increase in fair value
Unlisted fund investment at FVTPL				
At 31 December 2024	**474,863**	Adjusted net asset	N/A	An increase/decrease in the fair value of the assets of the investee would result in an increase/decrease in the fair value measurement of the unlisted fund investment An increase/decrease in the fair value of liability of the investee would result in a decrease/increase in the fair value measurement of the unlisted fund investment
At 31 December 2023	59,005	Adjusted net asset	N/A	An increase/decrease in the fair value of the assets of the investee would result in an increase/decrease in the fair value measurement of the unlisted fund investment An increase/decrease in the fair value of liability of the investee would result in a decrease/increase in the fair value measurement of the unlisted fund investment

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (Continued)

Notes: (Continued)

If the fair values of the financial assets at FVTPL held by the Group had been 5% higher/lower, the loss before taxation for the year ended 31 December 2024 would have been approximately RMB25,268,000 (2023: RMB2,976,000), higher/lower.

(ii) The fair values of other borrowings at FVTPL as at the end of the reporting period have been arrived at on the basis of a valuation carried out on the dates by Jones Lang LaSalle (Beijing) Consultants Ltd., an independent qualified professional valuer not connected to the Group.

	RMB'000	Valuation techniques	Key unobservable input(s) Weighted average cost of capital ("WACC")	Relationship of unobservable inputs to fair values
Financial liability				
Other borrowing at FVTPL				
At 31 December 2024	**878,019**	**Binomial model**	**10.35%**	5% increase/decrease in WACC would result in decrease/increase in fair value
At 31 December 2023	451,250	Binomial model	11.13%	5% increase/decrease in WACC would result in decrease/increase in fair value

If the fair values of the financial liability at FVTPL held by the Group had been 5% higher/lower, the loss before taxation for the year ended 31 December 2024 would have been approximately RMB43,901,000 (2023: RMB22,563,000), higher/lower.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended 31 December 2024 and 2023.

36. RECONCILIATION OF LIABILITIES GENERATED FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities:

	Bank and other borrowings RMB'000 *(Note 27)*	Lease liabilities RMB'000 *(Note 28)*
At 1 January 2023	5,625,846	657,993
Net financing cash flows	2,972,335	(407,539)
Finance cost recognised	191,345	50,761
Loss from changes in fair value of other borrowing at fair value through profit or loss	106,250	—
New leases entered	—	788,955
Purchase of property, plant and equipment	30,919	—
At 31 December 2023 and 1 January 2024	8,926,695	1,090,170
Net financing cash flows	**(720,442)**	**(311,122)**
Finance cost recognised	**209,198**	**40,952**
Loss from changes in fair value of other borrowings at fair value through profit or loss	**41,342**	**—**
Recognition of financial liability arising from put option held by non-controlling interests *(Note 27(c))*	**385,427**	**—**
New leases entered	**—**	**45**
Early termination of lease	**—**	**(9,773)**
Lease modification	**—**	**18,400**
At 31 December 2024	**8,842,220**	**828,672**

37. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

(a) Name and relationship with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group during the current and prior years.

Name of related parties	Relationship with the Group
泰州市暢能瑞商貿有限公司 Taizhoushi Changnengrui Trading Co., Ltd. ("Taizhoushi Changnengrui")	The entity is controlled or jointly controlled by the Company's main investors, key managers, or family members who are closely related.
南京威樂佳潤滑油有限公司 Nanjing Weilejia Lubricating Oil Co., Ltd. ("Nanjing Weilejia")	The entity is controlled or jointly controlled by the Company's main investors, key managers, or family members who are closely related.
南通聚途商貿有限公司 Nantong Jutu Trading Co., Ltd. ("Nantong Jutu")	The entity is controlled or jointly controlled by the Company's main investors, key managers, or family members who are closely related.
泰州市恒安商貿有限公司 Taizhoushi Hengan Trading Co., Ltd. ("Taizhoushi Hengan")	The entity is controlled or jointly controlled by the Company's main investors, key managers, or family members who are closely related.
南京瑞福特化工有限公司 Nanjing Ruifute Chemical Co., Ltd. ("Nanjing Ruifute")	The entity is controlled or jointly controlled by the Company's main investors, key managers, or family members who are closely related.
湖北豐鋰新能源科技有限公司 Huibei Fengli New Energy Technology Co., Ltd. ("Hubei Fengli")	Associate of the Company

(b) Significant related party transactions

	2024 RMB'000	2023 RMB'000
Revenue from sales of products and provision of services		
Nanjing Weilejia	7,184	6,947
Taizhoushi Changnengrui	8,579	9,051
Taizhoushi Hengan	3,534	4,547
Nantong Jutu	1,333	1,586
	20,630	22,131
Purchase		
Hubei Fengli	191,446	158,935

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Significant balances with related parties

As disclosed in the consolidated statements of financial position, the Group had outstanding balances with related parties at 31 December 2024 and 2023 as follows:

	2024 RMB'000	2023 RMB'000
Trade and other receivables *(Note (i))*		
Taizhoushi Changnengrui	48	1
Hubei Fengli	—	44
	48	45
Trade and other payable *(Note (i))*		
Hubei Fengli	67,730	28,715
Nanjing Weilejia	1	1
Taizhoushi Hengan	4	14
	67,735	28,730
Contract liabilities *(Note (i))*		
Nanjing Ruifute	—	4
Nanjing Weilejia	734	14
Taizhoushi Changnengrui	129	366
Taizhoushi Hengan	6	27
Nantong Jutu	62	—
	931	411

Notes:

(i) The balances with related parties and an associate are trade in nature, unsecured, interest-free and repayable on demand.

(ii) As disclosed in Note 27 to the consolidated financial statements, Mr. Shi and Mrs. Shi provided personal guarantees to banks in respect of the Group's bank borrowings as at 31 December 2024 and 2023. Those personal guarantees would be released upon the full settlement of such bank borrowings according to the repayment terms.

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensations

The compensation paid or payable to key management personnel (including chief executive officer and directors of the Company and other senior executives of the Group) for employee services are show below:

	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	11,860	8,318
Retirement benefit expense	449	552
Social security costs, housing benefits and other employee benefits	541	582
Share-based compensation	311	945
	13,161	10,397

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material NCI:

Name of entities	Proportion of ownership interests and voting rights held by NCI		Profit/(loss) allocated to NCI		Accumulated NCI	
	2024	2023	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Jiangsu Ruilifeng New Energy Technology Co., Ltd.	30%	30%	23,123	19,224	250,507	233,397
Changzhou Liyuan	27.13%	20.40%	(204,472)	(296,219)	340,766	345,430
Lopal Times	32.18%	33.65%	18,020	(3,195)	261,113	150,021

Summarised financial information in respect of Jiangsu Ruilifeng and Changzhou Liyuan are set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jiangsu Ruilifeng New Energy Technology Co., Ltd.

	2024 RMB'000	2023 RMB'000
Current assets	239,380	233,790
Non-current assets	248,461	267,623
Current liabilities	(62,868)	(103,873)
Non-current liabilities	(339)	(953)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Jiangsu Ruilifeng New Energy Technology Co., Ltd. (Continued)

	2024 RMB'000	2023 RMB'000
Revenue	**371,625**	371,965
Total expense	**(333,515)**	(340,096)
Total comprehensive income for the year	**38,110**	31,869
Net cash flows from operating activities	**86,268**	29,095
Net cash flows used in investing activities	**(27,390)**	(10,292)
Net cash flows used in financing activities	**(50,623)**	(21,714)
Net increase/(decrease) in cash and cash equivalents	**8,255**	(2,911)

Changzhou Liyuan

	2024 RMB'000	2023 RMB'000
Current assets	**3,759,092**	4,411,544
Non-current assets	**4,499,845**	4,662,277
Current liabilities	**(5,310,954)**	(5,944,551)
Non-current liabilities	**(1,663,867)**	(1,435,986)

	2024 RMB'000	2023 RMB'000
Revenue	**5,941,442**	6,808,275
Total expense	**(6,734,864)**	(8,260,327)
Loss for the year	**(7,892,422)**	(1,452,052)
Total comprehensive expense for the year	**(796,347)**	(1,453,937)
Net cash flows from operating activities	**504,363**	987,747
Net cash flows used in investing activities	**(365,367)**	(752,020)
Net cash flows from/(used in) financing activities	**300,391**	(297,605)
Net increase/(decrease) in cash and cash equivalents	**439,387**	(61,878)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Lopal Times

	2024 RMB'000	2023 RMB'000
Current assets	**691,226**	269,599
Non-current assets	**1,810,398**	1,684,145
Current liabilities	**(585,813)**	(514,943)
Non-current liabilities	**(1,098,867)**	(994,732)
Revenue	**1,118,044**	22,035
Total expense	**(1,059,773)**	(34,925)
Loss for the year	**58,271**	(12,890)
Total comprehensive income/(expense) for the year	**60,067**	(13,051)
Net cash flows used in operating activities	**(290,748)**	(406,670)
Net cash flows used in investing activities	**(160,081)**	(1,012,888)
Net cash flows generated from financing activities	**433,322**	1,422,514
Net (decrease)/increase in cash and cash equivalents	**(17,507)**	2,956

39. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Changzhou Liyuan

(a) Deemed partial disposal of interests in subsidiaries without loss of control in 2023

During the year ended 31 December 2023, the Company has entered into share transfer agreement with Changzhou Liyuan, a partially owned subsidiary of the Company, the Company agreed to sell 100% equity interest of LBM NEW ENERGY (AP) PTE. LTD., a wholly owned subsidiary of the Company, for the consideration of RMB2,346,000. After that, the Group's effective equity interest in LBM NEW ENERGY (AP) PTE. LTD. were diluted from 100% to 79.60%. As a result, the Group recognised an increased in equity attribute to owners of the Company of RMB119,000, and a decreased in NCI in RMB119,000.

	2023 RMB'000
Carrying amount of equity obtained by non-controlling interest	(119)
Capital contributed by non-controlling interest	—
Excess of consideration received recognised within equity	(119)

39. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONTINUED)

Changzhou Liyuan (Continued)

(b) Deemed partial disposal of interests in subsidiaries without loss of control in 2024

During the year ended 31 December 2024, Changzhou Liyuan, a subsidiary of the Company, entered into capital contribution agreements with the Investors B, the Investors B agreed to contribute RMB385,427,000 in Changzhou Liyuan and obtained 20% equity interests of Changzhou Liyuan. After that, the Group's effective equity interests in Chanzhou Liyuan were diluted from 79.60% to 72.87%. As a result, the Group recognised an increase in equity attributable to owners of the Company of approximately RMB185,301,000 and an increase in non-controlling interests of approximately RMB200,126,000.

	2024 RMB'000
Initial measurement amount of non-controlling interest recognised upon completion of capital contribution	(200,126)
Capital contributed by non-controlling interest	385,427
Adjustment to consolidated equity recognised	185,301

40. PLEDGE OF ASSETS

The Group's bank borrowings had been secured by the Group's assets and the carrying amounts of the respective assets are as follows:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	756,131	581,883
Right-of-use assets	82,962	59,516
Trade and other receivables	9,053	140,504
Pledge bank deposits	257,202	350,726
	1,105,348	1,132,629

As at 31 December 2024 and 2023, bank borrowings were pledged by 100% equity interest of subsidiaries with carrying amount of investments in subsidiaries of RMB844,431,000.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	61,679	109,926
Right-of-use assets	43,434	44,464
Other intangible assets	11,531	10,714
Investments in subsidiaries	3,934,073	3,645,810
Financial assets at fair value through other comprehensive income	129,000	129,000
Deferred tax assets	—	6,260
Trade and other receivables	789	4,838
Total non-current assets	4,180,506	3,951,012
Current assets		
Inventories	4,237	20,103
Trade and other receivables	1,119,063	1,301,551
Financial assets at fair value through profit or loss	475,281	59,527
Pledged bank deposits	—	228
Cash and cash equivalents	682,880	1,715,079
Total current assets	2,281,461	3,096,488
Current liabilities		
Trade and other payables	56,530	58,284
Bank and other borrowings	2,046,641	3,040,536
Contract liabilities	474	576
Deferred income	809	1,571
Total current liabilities	2,104,454	3,100,967
Net current assets/(liabilities)	177,007	(4,479)
Total assets less current liabilities	4,357,513	3,946,533
Non-current liability		
Deferred income	190	999
Net assets	4,357,323	3,945,534
Equity		
Share capital	665,079	565,079
Reserves	3,692,244	3,380,455
Total equity	4,357,323	3,945,534

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement of reserves

	Capital reserve RMB'000	Treasury shares RMB'000	Share based payment reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	2,895,613	(11,998)	4,432	79,814	450,080	3,417,941
Loss and total comprehensive expense for the year	—	—	—	—	(1,868)	(1,868)
Appropriation to maintenance and production funds	—	—	—	117	—	117
Utilisation of maintenance and production funds	—	—	—	(142)	—	(142)
Recognition of equity-settled share-based payments *(Note 34)*	—	—	2,682	—	—	2,682
Transfer upon lapsed of share option	—	—	(4,432)	—	4,432	—
Repurchase of shares *(Note 31(b))*	—	(38,275)	—	—	—	(38,275)
At 31 December 2023 and 1 January 2024	2,895,613	(50,273)	2,682	79,789	452,644	3,380,455
Loss and total comprehensive expense for the year	—	—	—	—	(51,168)	(51,168)
Issue of shares *(Note 31(a))*	362,196	—	—	—	—	362,196
Recognition of equity-settled share-based payments *(Note 34)*	—	—	761	—	—	761
At 31 December 2024	3,257,809	(50,273)	3,443	79,789	401,476	3,692,244

42. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Proportion of ownership interest held by the company				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
常州鋰源新能源科技有限公司 Changzhou Liyuan New Energy Technology Co., Ltd.*	PRC	RMB684,114,662	72.87	79.60	—	—	Technology research and development, technology transfer and sales of electronic special materials
湖北綠瓜生物科技有限公司 Hubei Green Melon Biotechnology Co., Ltd.*	PRC	RMB56,000,000	100	100	—	—	Research and development ("R&D"), production and sales of disinfection and other products
江蘇綠瓜生物科技股份有限公司 Jiangsu Green Melon Biotechnology Co., Ltd.*	PRC	RMB3,000,000	—	—	100	100	R&D, production and sales of disinfection and other products
江蘇鉑源催化科技有限公司 Jiangsu Platinum Source Catalytic Technology Co., Ltd.*	PRC	RMB43,600,000	100	100	—	—	R&D of emerging energy technologies; manufacturing, sales, research and development of special electronic materials; sales of new catalytic materials and additives; manufacturing and sales of special chemical products (excluding hazardous chemicals)
江蘇龍蟠新材料科技有限公司 Jiangsu Longpan New Material Technology Co., Ltd.* *(Note (a))*	PRC	RMB145,000,000	100	100	—	—	R&D, production and sales of environmentally friendly chemicals for vehicles
江蘇瑞利豐新能源科技有限公司 Jiangsu Ruilifeng New Energy Technology Co., Ltd. ("Jiangsu Ruilifeng")*	PRC	RMB20,000,000	70	70	—	—	Project investment, trade of antifreeze and brake fluid

42. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Proportion of ownership interest held by the company				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
江蘇三金鋰電科技有限公司 Jiangsu Sanjin Lithium Technology Co., Ltd.*	PRC	RMB244,900,000	100	100	—	—	R&D, production and sales of electronic special materials
江蘇天藍智能裝備有限公司 Jiangsu Tianlan Intelligent Equipment Co., Ltd.*	PRC	RMB20,000,000	100	100	—	—	R&D, production and sales of filling equipment and other intelligent equipment
江蘇可蘭素環保科技有限公司 Kelas Environmental Protection Technology Co., Ltd.*	PRC	RMB435,531,144	100	100	—	—	Production and sales of urea for vehicles, urea filling equipment, etc.
LBM NEW ENERGY (AP) PTE. LTD *(Note (b))*	Singapore	USD74,685,367	—	—	72.87	79.60	Provision of marketing and finance support within the Group
江蘇龍蟠綠色能源有限公司 Jiangsu Lopal Green Energy Co., Ltd.	PRC	RMB14,000,000	100	100	—	—	Forward- looking new material research and development, production and sales
龍蟠潤滑新材料(天津)有限公司 LOPAL Lubrication New Material (Tianjin) Co., Ltd.*	PRC	RMB265,000,000	100	100	—	—	Production and sales of lubricating oil, antifreeze, and urea for vehicles
Lopal Mining (Hong Kong) Co., Limited *(Note (b))*	Hong Kong	HKD1,000,000	100	100	—	—	Mining, production and sales of mineral resources
南京精工新材料有限公司 Nanjing Seiko New Material Co., Ltd.*	PRC	RMB40,000,000	100	100	—	—	Research, production, and sales of plastic packaging materials, etc.
南京尚易環保科技有限公司 Nanjing Shangyi Environmental Protection Technology Co., Ltd.*	PRC	RMB210,000,000	100	100	—	—	Production and sales of automobile maintenance products and environmental protection materials

42. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Proportion of ownership interest held by the company				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
宜春龍蟠時代鋰業科技有限公司 Yifeng Times New Energy Materials Co., Ltd. ("Lopal Times")*	PRC	RMB770,867,784	67.82	66.35	—	—	R&D, production and sales of lithium carbonate
貝特瑞(天津)納米材料製造有限公司 Beiterui (Tianjin) Nano Material Manufacturing Co., Ltd.*	PRC	RMB100,000,000	—	—	72.87	79.60	R&D, production and sales of battery materials
菏澤龍蟠綠色能源科技有限公司 Heze Lopal Green Energy Co., Ltd *(Note (e))*	PRC	RMB20,000,000	—	—	100	—	New energy technology research and development
湖北可蘭素環保科技有限公司 Hubei Kelansu Environmental Protection Technology Co., Ltd.*	PRC	RMB96,000,000	—	—	100	100	Production and sales of urea for vehicles, urea filling equipment, etc.; manufacturing and sales of plastic products; manufacturing of plastic packaging boxes and containers
湖北鋰源新能源科技有限公司 Hubei Liyuan New Energy Technology Co., Ltd.*	PRC	RMB160,000,000	—	—	72.87	79.60	R&D, production and sales of battery materials
江蘇貝特瑞納米科技有限公司 Jiangsu BTR NANO Technology Co., Ltd.*	PRC	RMB300,000,000	—	—	72.87	79.60	R&D, production and sales of battery materials
鋰源(深圳)科學研究有限公司 Liyuan (Shenzhen) Scientific Research Co., Ltd.*	PRC	RMB36,800,000	—	—	72.87	79.60	R&D of special electronic materials

42. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Proportion of ownership interest held by the company Directly 2024 %	Directly 2023 %	Indirectly 2024 %	Indirectly 2023 %	Principal activities
南京鋰源納米科技有限公司 Nanjing Liyuan Nanotechnology Co., Ltd.*	PRC	RMB31,500,000	—	—	72.87	79.60	R&D, production and sales of battery materials
山東可蘭素環保科技有限公司 Shandong Kelansu Environmental Protection Technology Co., Ltd.*	PRC	RMB100,000,000	—	—	100	100	Production and sales of urea for vehicles
山東鋰源科技有限公司 Shandong Liyuan Technology Co., Ltd.*	PRC	RMB410,000,000	—	—	72.87	79.60	R&D, production and sales of battery materials
四川可蘭素環保科技有限公司 Sichuan Kelansu Environmental Protection Technology Co., Ltd.*	PRC	RMB100,000,000	—	—	100	100	Production and sales of urea for vehicles, urea filling equipment, etc.
四川鋰源新材料有限公司 Sichuan Liyuan New Material Co., Ltd.*	PRC	RMB500,000,000	—	—	72.87	79.60	R&D, production and sales of battery materials
張家港迪克汽車化學品有限公司 Zhangjiagang TEEC Automotive Chemicals Co., Ltd.*	PRC	USD30,000,000	—	—	39.91	39.91	Antifreeze, brake fluid production, research and development and sales
PT. LBM ENERGI BARU INDONESIA *(Note (c))*	Indonesia	IDR1,023,622,000,000	—	—	72.87	79.60	R&D, production and sales of battery materials
PT LOPAL MINING RESOURCES INDONESIA *(Note(f))*	Indonesia	IDR48,700,000,000	—	—	100	—	Mining, production and sales of mineral resources
LBM NEW ENERGY SINGAPORE PTE. LTD. *(Note (d))*	Singapore	USD7,000	—	—	72.87	79.60	Investment holding company
LOPAL MINING （SINGAPORE） PTE. LTD. *(Note(g))*	Singapore	USD7,000	—	—	100	—	Mining, production and sales of mineral resources

* The English names of these subsidiaries registered in the PRC represent the translated names of these companies as no English names have been registered.

42. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Notes:

(a) The entity was established on 4 January 2023.

(b) The entity was established on 30 January 2023.

(c) The entity was established on 22 February 2023.

(d) The entity was established on 8 February 2023.

(e) The entity was established on 28 October 2024.

(f) The entity was established on 30 December 2024.

(g) The entity was established on 23 December 2024.

(h) None of the subsidiaries had issued debts securities at the end of the years.

(i) The subsidiaries established in the PRC are limited liability companies.

43. EVENTS AFTER THE REPORTING PERIOD

Acquisition of Shandong Meiduo

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

Assets and liabilities recognised at the date of acquisition

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

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

43. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

Deemed partial disposal of LBM NEW ENERGY

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

Deemed partial disposal of PT

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