Lygend Resources & Technology Co., Ltd.
宁波力勤资源科技股份有限公司

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

(Stock Code: 2245)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Lygend Resources & Technology Co., Ltd. (the "**Company**") hereby announces the results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2023. Unless otherwise defined, capitalised terms used herein shall have the same meanings as given to them in the prospectus dated 21 November 2022 issued by the Company (the "**Prospectus**").

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

- Revenue increased by 38.8% from RMB21,059.3 million in the year ended 31 December 2023 to RMB29,233.0 million in the year ended 31 December 2024.
- Gross profit increased by 58.3% from RMB3,382.0 million in the year ended 31 December 2023 to RMB5,352.5 million in the year ended 31 December 2024. Gross profit margin for the year ended 31 December 2024 was 18.3%, representing an increase of 2.2 percentage points over the gross profit margin for the year ended 31 December 2023 of 16.1%.
- Profit for the year ended 31 December 2024 was RMB3,208.8 million, representing an increase of 86.4% over the profit for the year ended 31 December 2023 of RMB1,721.5 million.
- Profit attributable to owners of the Company for the year ended 31 December 2024 amounted to RMB1,773.2 million, representing an increase of 68.7% as compared with that for the year ended 31 December 2023 of RMB1,051.4 million.
- The Board has resolved to recommend the distribution of a final dividend for the year ended 31 December 2024 of RMB0.35 (before tax) per share, subject to approval at the AGM (2023: RMB0.20 (before tax) per share).

FINANCIAL INFORMATION

The consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
REVENUE	*4*	**29,232,958**	21,059,316
Cost of sales		**(23,880,500)**	(17,677,351)
Gross profit		**5,352,458**	3,381,965
Other income and gains		**211,556**	184,197
Selling and distribution expenses		**(121,011)**	(100,235)
Administrative expenses		**(1,033,842)**	(928,014)
Impairment losses on financial assets, net		**(6,343)**	(18,946)
Other operating expenses		**(342,180)**	(455,840)
Finance costs		**(647,543)**	(534,853)
Share of profits and losses of associates		**403,951**	233,240
PROFIT BEFORE TAX	*5*	**3,817,046**	1,761,514
Income tax expense	*6*	**(608,290)**	(40,024)
PROFIT FOR THE YEAR		**3,208,756**	1,721,490

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2024

	Note	**2024** *RMB'000*	2023 *RMB'000*
PROFIT FOR THE YEAR		**3,208,756**	1,721,490
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit in subsequent periods:			
Share of other comprehensive income of associates		**18,584**	9,887
Exchange differences on translation of foreign operations		**142,749**	166,318
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**161,333**	176,205
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,370,089**	1,897,695
Profit attributable to:			
Owners of the parent		**1,773,150**	1,051,365
Non-controlling interest		**1,435,606**	670,125
		3,208,756	1,721,490
Total comprehensive income for the year attributable to:			
Owners of the parent		**1,881,502**	1,166,043
Non-controlling interests		**1,488,587**	731,652
		3,370,089	1,897,695
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**1.14**	0.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**21,639,059**	16,970,830
Intangible assets		**240,936**	447,079
Investment Properties		**335,239**	–
Right-of-use assets		**543,440**	683,227
Deferred tax assets		**106,372**	96,665
Interests in associates		**1,964,511**	1,564,287
Derivative financial instruments		**6,344**	51,599
Goodwill	*9*	**218,037**	218,037
Prepayments, other receivables and other assets		**303,762**	369,131
Total non-current assets		**25,357,700**	20,400,855
CURRENT ASSETS			
Inventories		**3,368,359**	2,188,712
Trade and bills receivables	*10*	**1,886,954**	1,022,951
Prepayments, other receivables and other assets		**1,163,240**	1,145,178
Due from related parties		**298,072**	806,619
Pledged deposits		**850,335**	498,564
Cash and cash equivalents		**5,032,351**	4,616,829
Total current assets		**12,599,311**	10,278,853
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**7,882,268**	4,692,395
Trade and bills payables	*11*	**1,522,183**	1,249,276
Lease liabilities		**9,911**	18,221
Other payables and accruals		**2,779,488**	2,282,073
Contract liabilities		**139,129**	309,030
Income tax payable		**100,059**	71,577
Due to related parties		**1,365,321**	663,001
Total current liabilities		**13,798,359**	9,285,573

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NET CURRENT (LIABILITIES)/ASSETS		**(1,199,048)**	993,280
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,158,652**	21,394,135
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**5,950,472**	6,773,170
Due to related parties		**57,056**	1,044,215
Lease liabilities		**9,666**	48,494
Other payables and accruals		**3,444**	4,010
Employee benefits liability		**46,461**	34,868
Deferred tax liabilities		**408,977**	4,028
Total non-current liabilities		**6,476,076**	7,908,785
NET ASSETS		**17,682,576**	13,485,350
EQUITY			
Equity attributable to owners of the parent			
Share capital		**1,555,931**	1,555,931
Reserves		**9,202,973**	7,629,615
Equity attributable to equity holders of the parent		**10,758,904**	9,185,546
Non-controlling interests		**6,923,672**	4,299,804
Total equity		**17,682,576**	13,485,350

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("**PRC**"). The registered office of the Company is located at No. 707 Tiantong South Street, Yinzhou District, Ningbo, Zhejiang, China.

The Company and its subsidiaries were principally engaged in the nickel industry, with business covering the entire nickel industry value chain including upstream nickel resource integration, trading of nickel products, smelting and production of nickel-cobalt compounds and ferronickel.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 1 December 2022.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain trade and bills receivables, derivative financial instruments and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**25,585,753**	20,224,678
Others	**3,647,205**	834,638
Total revenue	**29,232,958**	21,059,316

Most of the revenue information above is based on the shipment destinations except for the revenue from shipping services is based on where the customer is registered.

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**3,628,658**	2,879,326
Indonesia	**21,611,088**	17,357,815
Total non-current assets	**25,239,746**	20,237,141

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023 is set out below:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**4,154,443**	2,677,292

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**29,232,958**	21,059,316

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Sale of nickel products	**28,255,139**	20,376,803
Others	**977,819**	682,513
Total	**29,232,958**	21,059,316
Geographical markets		
Mainland China	**25,585,753**	20,224,678
Others	**3,647,205**	834,638
Total	**29,232,958**	21,059,316
Timing of revenue recognition		
Goods transferred at a point in time	**27,518,669**	19,920,304
Services transferred over time	**1,714,289**	1,139,012
Total	**29,232,958**	21,059,316

The following table shows the amounts of revenue recognised in the current year that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of nickel products	**285,838**	20,752
Others	**18,477**	403
Total	**304,315**	21,155

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of nickel products

For the sale of nickel products, the performance obligation is satisfied upon shipment on board of nickel products and the contract payment is generally made using letters of credit or by upfront payments. For the sales delivered to the destination specified by the customer, the performance obligation is satisfied upon delivery of nickel products to the destination specified by the customer.

The performance obligation of shipping and insurance services in relation to the sale of nickel products is satisfied over time as the service is rendered. The revenue is included in the sale of nickel products.

Sale of others

For the sale of equipment, the performance obligation is satisfied upon shipment on board or acceptance by customer. Advances are normally required before delivery and a certain percentage of payment is retained by customer until the end of the retention period. For the overseas sale of auxiliary materials, the performance obligation is also satisfied upon shipment on board and short-term advances are normally required before delivery. For the sale of wastes, the performance obligation is satisfied upon delivery of wastes to buyers and short-term advances are normally required before delivery. The performance obligation of shipping service is satisfied over time as the service is rendered and short-term advances are normally required before shipping service provided.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**8,759,759**	4,439,850

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year relate to the sales of nickel products, of which the performance obligations are to be satisfied. The amounts disclosed above do not include variable consideration which is constrained.

In addition, for the nickel-cobalt compounds produced by HPL, the Group has entered into eight-year long-term offtake agreements with two customers in 2021. The offtake agreements specify the customers' commitment to purchase specified quantities (in terms of metal tons of nickel and cobalt) of nickel-cobalt compounds produced by HPL during the agreement period. The agreements also set forth the nickel-cobalt compounds will be priced based on market price. As at 31 December 2024, one of the customers' long-term offtake agreement was canceled, which the intangible assets recognised based on have been fully impaired.

As for the nickel sulfate produced by HPL, the Group has entered into five-year long-term offtake agreements with a customer in 2023. The offtake agreements specify the customer's commitment to purchase specified quantities (in terms of metal tons of nickel) of nickel sulfate. The agreements also set forth the nickel sulfate will be priced based on market price.

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants*	**48,204**	90,217
Bank interest income	**101,840**	66,913
Other interest income	**19,802**	4,740
Investment income from financial assets at fair value through profit or loss	**8,076**	10,599
Others	**13,169**	11,728
Total other income	**191,091**	184,197
Gains		
Foreign exchange gains, net	**20,465**	–
Total gains	**20,465**	–
Total other income and gains	**211,556**	184,197

* The amount represents grants received from local PRC government authorities by the Group in connection with certain financial support to local business enterprises for the purpose of encouraging business development.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2024** **RMB'000**	2023 RMB'000
Cost of inventories sold*		**22,194,161**	16,519,466
Depreciation of property, plant and equipment**		**909,869**	438,038
Depreciation of right-of-use assets***		**15,710**	17,885
Amortisation of intangible assets****		**72,536**	84,863
Government grants		**(48,204)**	(90,217)
Bank interest income		**(101,840)**	(66,913)
Loss on disposal of items of property, plant and equipment		**24,236**	916
Loss on disposal of land use right together with properties		**738**	–
Gain on a finance lease as a sublease lessor		**(3,230)**	(1,190)
Loss on early termination of lease		**1,712**	279
Loss on disposal of a subsidiary		**698**	–
Impairment of intangible assets		**142,256**	–
Write-down of inventories to net realisable value		**117**	32,499
Impairment of financial assets, net			
Impairment of trade receivables, net		**1,488**	14,119
Impairment of other receivables, net		**4,855**	4,827
Total		**6,343**	18,946
Lease payments not included in the measurement of lease liabilities		**43,355**	25,751
Foreign exchange differences, net		**(20,465)**	249,982
Auditor's remuneration		**4,766**	4,541
Fair value loss, net:			
Derivative financial instruments		**45,566**	45,530
Trade receivables containing provisional pricing features		**(190)**	998
Investment income from financial assets at fair value through profit or loss, net:			
Derivative financial instruments		**(8,076)**	(10,219)
Other unlisted investments		**–**	(380)
Total		**(8,076)**	(10,599)
Employee benefit expense (excluding directors' and supervisors' remuneration):			
Wages and salaries		**958,533**	837,525
Pension scheme contributions		**18,115**	37,576
Equity-settled share award expense		**2,344**	–
Staff welfare expenses		**41,320**	14,500
Total		**1,020,312**	889,601

* The cost of inventories sold includes RMB1,122,149,000 (2023: RMB917,318,000) relating to staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets during the year, which are also included in the respective total amounts disclosed above for each type of expenses.

** The depreciation of property, plant and equipment is included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** The depreciation of right-of-use assets is included in "Cost of sales" and "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

**** The amortisation of intangible assets is included in "Cost of sales" and "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

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

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the companies which operate in Mainland China are subject to CIT at a rate of 25% (2023: 25%) on the taxable income of the year. A preferential tax treatment is available to a subsidiary of the Company, since it was recognised as a High and New Technology Enterprise on 4 November 2022, and was entitled to a preferential tax rate of 15% (2023: 15%) during the year.

Indonesia

Pursuant to the Corporate Income Tax Law of Indonesia and the respective regulations (the "**CIT Law**"), the companies which operate in Indonesia are subject to CIT at a rate of 25% on the taxable income. On 31 March 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, a reduction of the tax rates for corporate income tax payers and entities with permanent establishment from previously 25% to 22% for the fiscal years 2020 and 2021 and 20% starting the fiscal year 2022 and onwards, and a further reduction of 3% for corporate income tax payers that fulfil certain criteria. Subsequently, on 7 November 2021, the Government ratified the Tax Regulation Harmonization Law/Undang-Undang Harmonisasi Peraturan Perpajakan ("**UU HPP**"). The UU HPP reinstated the corporate income tax rate of 22%.

Based on the Decree of the Minister of Finance of the Republic of Indonesia number 721/KMK.03/2018 concerning Corporate Income Tax Reduction Facility to HPL dated 1 November 2018, HPL was granted a 100% corporate income tax reduction for 10 fiscal years and an additional 50% corporate income tax reduction for the following 2 fiscal years.

Based on the Decree of the Minister of Finance of the Republic of Indonesia number NOMOR 33/THIPMA/2021 concerning Corporate Income Tax Reduction Facility to ONC dated 3 December 2021 and the number NOMOR 4/TH/PMA/2022 concerning Corporate Income Tax Reduction Facility to KPS dated 17 January 2022, where both ONC and KPS were granted a 100% corporate income tax reduction for 15 fiscal years and an additional 50% corporate income tax reduction for the following 2 fiscal years.

The income tax expense of the Group during the year is analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	**213,977**	70,807
Deferred tax	**394,313**	(30,783)
Total tax charge for the year	**608,290**	40,024

7. DIVIDENDS

The Board has resolved to recommend the distribution of a final dividend for the year ended 31 December 2024 of RMB0.35 per share, subject to approval of the Company's shareholders at the forthcoming annual general meeting.

In 2024, HPL distributed dividends of amount RMB1,423,340,000 to all shareholders, among which RMB641,926,000 was distributed to the non-controlling shareholder PT Trimegah Bangun Persada ("**TBP**").

On 21 May 2024, the board of directors declared a final dividend for the year ended 31 December 2023 of RMB0.2 per share, amounting to a total of approximately RMB311,186,000, which was fully paid as at 31 December 2024.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,555,931,350 (2023: 1,555,931,350) in issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

9. GOODWILL

	2024	2023
	RMB'000	*RMB'000*
Cost and net carrying amount at beginning and end of year	**218,037**	218,037

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the HPL cash-generating unit mainly engaged in smelting and production for impairment testing.

The recoverable amount of the HPL cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The budgeted gross margin applied to the cash flow projections, the terminal growth rate and pre-tax discount rate used to extrapolate the cash flows of the HPL cash-generating unit beyond the five-year period are as follows:

	As at 31 December 2024	As at 31 December 2023
	%	*%*
Budgeted gross margin	**34-35**	38-39
Terminal growth rate	**–**	–
Pre-tax discount rate	**16.10**	16.58

The calculation of value in use is based on the following assumptions:

Budgeted gross margin – The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, changed for expected market development.

Pre-tax discount rate – the rate reflects management's estimate of the risks specific to the unit.

Terminal growth rate – the rate is based on the historical data in the same industry and management's expectation of the future market.

The values assigned to the key assumptions on budgeted gross margin, pre-tax discount rate and terminal growth rate are consistent with management's past experience and external information sources.

10. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Financial assets at amortised cost:		
Trade receivables	**1,400,704**	363,888
Bills receivable	**30,000**	42,232
	1,430,704	406,120
Impairment	**(20,012)**	(18,514)
	1,410,692	387,606
Financial assets at fair value through profit or loss:		
Trade receivables containing provisional pricing features	**432,963**	631,619
Financial assets at fair value through other comprehensive income:		
Bills receivable	**43,299**	3,726
Net carrying amount	**1,886,954**	1,022,951

Trade receivables containing provisional pricing features are exposed to future movements in market prices, which have contractual cash flow characteristics that are not solely payments of principal and interest and are therefore measured at fair value through profit or loss. This requires an assessment of the exposure of the underlying trade receivable to future movements in market prices at the date of initial recognition of such receivable. For those receivables that are not exposed to future movements in market prices, a further assessment of the business model for managing the receivables is required to determine the appropriate classification and measurement. The business model pertaining to those receivables that do not contain provisional pricing features is to hold the assets to collect the contractual cash flows and as such, these financial assets are classified as at "amortised cost".

The Group usually considers upfront payments or use of letters of credit. The final payment is usually paid within one month to three months and sometimes extended to one year, when the final commercial invoices are issued. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**1,370,100**	328,082
3 to 6 months	**1,250**	1,057
6 to 12 months	**9,342**	16,235
Total	**1,380,692**	345,374

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**18,514**	4,388
Impairment losses, net	**1,488**	14,119
Exchange realignment	**10**	7
At end of year	**20,012**	18,514

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Gross carrying amount *RMB'000*	Expected credit loss rate	Expected credit losses *RMB'000*
Current:	**1,314,406**	**0.15%**	**1,954**
Past due:			
Less than 3 months	**68,572**	**0.48%**	**332**
3 to 6 months	**–**	**–**	**–**
6 to 12 months	**–**	**–**	**–**
Over 1 year	**1,503**	**100.00%**	**1,503**
	1,384,481		**3,789**
Individually identified as high expected credit loss rate	**16,223**	**100.00%**	**16,223**
	1,400,704	**1.43%**	**20,012**

As at 31 December 2023

	Gross carrying amount *RMB'000*	Expected credit loss rate	Expected credit losses *RMB'000*
Current:	345,881	0.15%	507
Past due:			
Less than 3 months	–	–	–
3 to 6 months	–	–	–
6 to 12 months	–	–	–
Over 1 year	1,784	100.00%	1,784
	347,665		2,291
Individually identified as high expected credit loss rate	16,223	100.00%	16,223
	363,888	5.09%	18,514

At 31 December 2024, bills receivable of RMB43,299,000 (2023: RMB3,726,000), whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income, and the remaining bills receivable of RMB30,000,000 (2023: RMB42,232,000) were measured at amortised cost.

11. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,495,321**	1,249,276
Bills payable	**26,862**	–
Total	**1,522,183**	1,249,276

The trade payables are non-interest-bearing and are normally settled within 90 days.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**840,356**	803,384
3 to 6 months	**84,713**	63,939
6 to 12 months	**246,384**	22,554
1 to 2 years	**156,386**	231,555
Over 2 years	**167,482**	127,844
Total	**1,495,321**	1,249,276

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During 2024, the production capacity of the Company was intensively released, and the further increase in the production volume of various nickel products laid the foundation for the growth in the Company's results. Facing the impact brought by the supply of nickel ore, macro disruptions and overcapacity pressures, the Company optimized its business model and adopted flexible sales and procurement strategies to achieve cost reduction and improvement in efficiency, leading to the breakthroughs in the progress of each project. In 2024, the Company achieved an operating revenue of RMB29,233.0 million, representing a year-on-year increase of 38.8%. Net profit attributable to owners of the parent amounted to RMB1,773.2 million, representing a year-on-year increase of 68.7%. During the Reporting Period, the HPL project, which is phases I and II of the laterite nickel ore hydrometallurgy project (HPAL project), jointly invested and constructed by the Company and its Indonesian Partner on Obi Island, Indonesia, continued to operate steadily and reached full production capacity. The ONC project, which is phase III of the HPAL project, has been fully put into operation and reached full production capacity as planned. The HJF project, which is phase I of the laterite nickel ore pyrometallurgy project (RKEF project), in which the Company holds equity interests, has also reached full production capacity. The construction of the KPS project, which is phase II of the RKEF project, has been progressing in a steady manner. The electrodeposited cobalt project, which was one of the projects with the shortest construction cycle on Obi Island, has realized construction, commission, production and reached full production during the Reporting Period. Adhering to the concept of scientific management, the Company further standardized the management of each business segment, and continued to reduce costs and increase efficiency, thereby securing its cost advantage. Meanwhile, the Company actively practiced the concept of ESG development and proactively fulfilled its social responsibilities. The Company is deeply involved in community construction and environmental protection projects in the places where the Obi projects are located, demonstrating its corporate responsibility through practical actions.

In 2024, the global nickel resource and product market showed a complex landscape of supply and demand changes and price fluctuations. In terms of the changes in nickel ore supply and nickel futures prices, Indonesia, as a major reserve of laterite nickel ore in the world, continued to maintain a relatively balanced but tight nickel ore supply; nickel futures prices were supported to a certain extent by the delay in Rencana Kerja dan Anggaran Biaya (RKAB approval), coupled with the impact of the geopolitics of New Caledonia itself. In terms of the production layout of nickel products in the industry, with the suspension or cessation of multiple nickel products production projects, the nickel products suppliers were further concentrated to Indonesia; during 2024, many of the industry hydrometallurgy and pyrometallurgy production lines in Indonesia were put into operation successively, and meanwhile, a number of domestic refined nickel projects in China have completed the registration of LME delivery products, which will facilitate the continued expansion of domestic refined nickel production capacity. From the downstream demand side of nickel products, the end-users' demand for nickel is gradually shifting from the traditional demand for stainless steel to the new demand areas, i.e. new energy and high-end manufacturing. For traditional demand, despite the introduction of national policies to stimulate demand in the property market, the real estate cycle is still weak and demand for stainless steel continues to be under pressure. For new demand, despite the growth in demand for high purity nickel in new energy vehicle's batteries, the overall growth in demand has slowed down and the demand in the nickel sulphate market is gradually decreased after a phasal shortage in 2024.

In 2024, the nickel price movement showed a downward trend from the peaks with fluctuation. In the first quarter, the supply and demand of nickel products displayed a periodic improvement, mainly due to the release of demand for new energy vehicles, which drove the increasing demand for nickel sulphate, with the slow approval progress of RKAB in Indonesia, leading to the tightened supply of nickel ore and hence the nickel price had been supported to a certain extent. In the second quarter, as affected by the expectations of USD interest rate cuts and catalyzed by the changes in political situation in New Caledonia, nickel price continued to rise along with volatility, with the main futures contract of nickel on the London Metal Exchange once hitting 21,750 points. In the third quarter, the nickel price weakened with the expected discouraging macroeconomic data from major economies along with the impact of the U.S. election. Subsequently, the main futures contract of nickel on the London Metal Exchange bottomed out at 18,290 points as a result of the implementation of the USD interest rate cuts policy and a series of economic stimulus policies introduced by China. The fluctuation and decline of nickel price remained until the fourth quarter and closed at 15,300 points at the end of the year.

In 2024, despite the nickel prices being under pressure in general, with the acceleration of the global green economy transformation, the application of nickel in new energy and high-end manufacturing aspects has a broad prospect. According to public data, the markets in which the Company's major products are located have better development expectations and can foster a suitable macro-environment for the Company's business development. The nickel product smelting business of the Company mainly comprises ferronickel, a pyrometallurgical product, and nickel-cobalt hydroxide and nickel sulphate, hydrometallurgical products, which are applied in the sectors of steel and new energy vehicles (NEV) respectively. The business development of the Company is also closely related to the above industries. With the promotion of domestic energy transformation and new energy subsidy policy, the major development trend of NEV is not expected to change. In addition, with the further expansion of trade-in scope, policies continue to be stepped-up, further boosting downstream demand, and hence the Company is also expected to benefit from the increase in demand resulting from the recovery of consumption.

New energy

In 2024, the NEV market in China achieved remarkable growth under the strong impetus of national policies. Thanks to the introduction of the trade-in policy in 2024, the NEV market has continued to maintain its relatively rapid growth. According to the data of China Association of Automobile Manufacturers, the production volume and sales volume of NEV amounted to 12.888 million and 12.866 million respectively in 2024, with a year-on-year growth of 34.4% and 35.5% respectively. The sales volume of NEV accounts for 40.9% of the total sales volume of new automobiles, representing an increase of 9.3 percentage points as compared with 2023, and continued to be an important growth point of China's automobile industry. Meanwhile, exports of NEV in 2024 amounted to 1.284 million vehicles, representing a 6.7% increase over the previous year, which continued to be world-leading. With the implementation of the Notice of Increasing Efforts to Expand the Scope of Implementation of the Policies Regarding Large-scale Equipment Renewals and Consumer Goods Trade-ins in 2025 (關於二零二五年加力擴圍實施大規模設備更新和消費品以舊換新政策的通知), the supporting scope for vehicle scrapping and renewal will be further broadened, and the subsidy standard for vehicle replacement and renewal will be improved, which will boost the incremental demand for NEV.

Stainless steel

As a fundamental industrial material, stainless steel has a wide range of applications in different sectors, including transport, industrial, construction, consumer home electrical appliances and equipment manufacturing. According to Shanghai Metals Market (SMM) statistics, among the sectors of stainless steel applications, 22% are in equipment sector, 21% are in petrochemicals sector, 19% are in construction and decoration sector, 16% are in food and beverage sector, 9% are in rail transportation sector, 7% are in consumer home electrical appliances sector, and 6% are in other sectors. In 2024, driven by the demand in sectors such as construction and infrastructure, the global stainless steel market demand continued to grow and remained its steady performance. In addition, with the gradual recovery of manufacturing activities, both domestic demand and export markets for stainless steel improved. During the Reporting Period, Chinese stainless steel industry maintained its upward momentum in both production and apparent consumption. According to the statistics from the Stainless Steel Council of China Iron & Steel Association, China's crude steel production of stainless steel in 2024 amounted to 39.4411 million tons, representing a year-on-year increase of 2.7652 million tons or 7.54%, while apparent consumption amounted to 32.4919 million tons, representing a year-on-year increase of 1.4097 million tons or 4.54%.

BUSINESS REVIEW

We are a company with businesses across the entire nickel industry chain. Positioning in the "nickel" segment of the industry, our business covers the nickel industry value chain, which includes multiple areas from sourcing of nickel resources, and the trading, smelting, production and sale of nickel products. In the area of smelting and production of nickel products, under the guidance of the "Belt and Road" initiative, we have jointly invested in the construction of a series of nickel product smelting projects and the supporting public ancillary facilities in the Obi industrial park with our Indonesian Partner, including hydrometallurgy and pyrometallurgy projects, with a total design capacity of 400,000 metal tons of nickel, of which 120,000 metal tons of nickel-cobalt compounds are produced by hydrometallurgy and 280,000 metal tons of ferronickel are produced by pyrometallurgy (among which, the pyrometallurgy production capacity of HJF, in which the Company holds equity interests, was 95,000 metal tons of nickel). We have adopted the third-generation HPAL techniques to effectively utilize the low-grade laterite nickel ore, and used the mature RKEF techniques to supply high-quality nickel products to downstream customers such as renowned new energy automobile, iron and steel manufacturers at home and abroad. In the area of nickel products trading, the Company is the largest nickel ore trader in China, and has ranked first in China in terms of nickel ore trading volume for consecutive years.

The Company always adheres to the concept of "green, low-carbon and innovation-driven", and is committed to combining advanced Chinese technology with global resources to promote the sustainable development of the nickel industry. In 2024, the Company actively responded to the national call for ramping up the overall green transition in economic and social development, and promoted the green and low-carbon concept in the whole process of industrial upgrading to develop a green and low-carbon production system, thereby promoting the high-quality development of the nickel industry chain.

The Company began its development from nickel ore and ferronickel trading, and has since then continued to devote efforts in the market and tapped into its potential, improve the quality of development and actively respond to market changes. Under the guidance of the concept "integrating Chinese technology with global resources", the Company is constantly engaging in promoting the development of the nickel industry through continuous technological innovation and international cooperation, and is committed to providing higher quality products and services to its customers in China and across the globe, with a view to achieving the sustainable development and common prosperity of the nickel industry. During the Reporting Period, the Company stayed committed to the general principle of seeking progress while maintaining stability, and further optimized the layout of its industrial chain driven by technological innovation with a green and low-carbon orientation, and steadily facilitated the construction of projects in Obi industrial park in Indonesia. With the production capacity of both hydrometallurgy and pyrometallurgy techniques and processes being released as scheduled, the Company's position in the global nickel industry chain was further consolidated.

In 2024, the Company realized a total operating revenue of RMB29,233.0 million, representing an increase of 38.8% as compared with the same period last year. The net profit attributable to shareholders of the Company was RMB1,773.2 million, representing an increase of 68.7% as compared with the same period last year. The Company achieved growth both in its operating revenue and profits, which was mainly due to the release of the production capacity of the ONC project (phase III of the HPAL project) and the HJF project (phase I of the RKEF project), in which the Company holds equity interests, and the increase in production capacity resulting from the further improvement in capacity utilization rate.

The Company actively gave full play to its strengths. It continued to promote the construction and development of the Obi projects, with a focus on technological R&D and optimization of the overall construction of the park. Through the introduction of industry-leading technology and equipment, coupled with the advanced process control and plant management system, the manufacturing facilities of the Obi industrial park were able to perform production monitoring, testing, optimization and management throughout the entire production process from input of raw materials to output of products. Through these measures, we have not only significantly enhanced our production efficiency, but also further ensured the safety and health of our employees, which laid a solid foundation for the sustainable development of the Company. The successful implementation of the Obi projects by the Company demonstrated its technological strengths and innovation capability in the nickel industry, and further reinforced its leading position in the international nickel industry value chain.

Procurement and trading of nickel resources

As a leading nickel ore trading enterprise in China, the Company leveraged its outstanding capability in securing nickel resources and the solid foundation in the industry to continuously explore the domestic and overseas markets. It adhered to the customer-centric approach, deepened customer relationships, and optimized its trading processes and service system on an ongoing basis. During the Reporting Period, the Company kept abreast of the market trends, utilized its market insights as a trader, and optimized its sales strategy in a precise manner. This not only drove the stable growth in nickel ore and nickel product trading volume, but also significantly enhanced the overall profitability.

Smelting and production of nickel products

As indicated in the study of the United States Geological Survey (USGS) on the world's nickel deposits, in 2024, global nickel resources exceeded 350 million metal tons, with 54% in laterite nickel ore, 35% in magmatic sulfide deposits, 10% in volcanogenic massive sulfide deposits and 1% in tailings and others. Among the identified nickel resources, Indonesia is the country with the richest nickel reserves in the world, accounting for 42% of the total nickel reserves around the globe. With a focus on the smelting and production of nickel products, the Company adhered to the principle of openness and cooperation, and collaborated with the Indonesian Partner in an effort to optimize the allocation of resources, with a view of securing the Obi projects in Indonesia on all fronts.

Hydrometallurgy project/HPAL project

The Company has adopted the third-generation HPAL smelting process, which is one of the most cutting-edge smelting techniques for processing low-grade laterite nickel ore in the industry. Its hydrometallurgy project in Indonesia was implemented in three phases, featuring a total of 6 production lines with a combined designed capacity of 120,000 metal tons of nickel and 14,250 metal tons of cobalt. Based on market demand, the project was set to produce products such as nickel-cobalt hydroxide, nickel sulphate, cobalt sulfate and electrodeposited cobalt. Within two months after the operation commenced in 2021, two production lines of phase I of the HPAL project reached full production capacity, setting the record for the shortest construction time for new production capacity, the lowest cash cost, the lowest average investment cost per metal ton of nickel, and the shortest time to reach full production capacity in the industry.

During the Reporting Period, all hydrometallurgy projects of the Company reached full production capacity and continued to make progress in applying the high-pressure acid leaching smelting technology for laterite nickel ore, which further enhanced the production efficiency. The HPL project continued to operate steadily and reached full production capacity throughout the year, achieving the annual production target ahead of schedule. The ONC project was put into operation and reached full production capacity successfully. The electrodeposited cobalt project has been successfully constructed, tested and launched to reach its full production capacity. It is also one of the projects on the Obi Island with the shortest construction period. This array of achievements reflected the optimization of the production processes and further enhancement of the technological innovation capabilities of the Company.

Pyrometallurgy project/RKEF project

The Company has adopted mature RKEF smelting techniques and established a business presence in the domestic and overseas markets. Its pyrometallurgy project in Indonesia features a total of 20 production lines with a combined annual production capacity of 280,000 metal tons of ferronickel, of which, phase I of the pyrometallurgy project is owned by HJF (in which the Company holds equity interests) with an annual designed capacity of 95,000 metal tons of ferronickel, and phase II of the pyrometallurgy project is owned by PT Karunia Permai Sentosa ("**KPS**") (of which the Company is the holding company) with an annual designed capacity of 185,000 metal tons of ferronickel. Furthermore, the Company has set up a ferronickel smelter in Jiangsu, which also adopts the RKEF process and has an annual designed capacity of 18,000 metal tons of ferronickel.

During the Reporting Period, the Company continued to strengthen the optimization and maintenance management of the pyrometallurgy process and fully capitalized on its experience and advantage of skilled labor in respect of the RKEF process to enhance its production efficiency and product quality. The production lines of the HJF project, in which the Company holds equity interests, began production in October 2022 and all of them reached full production capacity in August 2023. During the Reporting Period, the project maintained a steady production pace. Currently, the construction of the KPS project is in steady progress, and the construction of all production lines is expected to be completed in 2026.

RISK ANALYSIS

Fluctuation in Nickel Metal Price

The global macroeconomic environment and policy factors continue to affect nickel prices. On the one hand, the uncertainty of the global economic recovery and the high interest rate will remain headwinds for commodity prices. On the other hand, geopolitical changes and power play between countries may affect the trade flow and procurement pattern of nickel. Moreover, policy changes in Indonesia, such as nickel ore export policy or capacity restriction measures, may become the main driving forces for nickel price volatility.

The Group is principally engaged in the production and trading of nickel products, thus its principal operating activities are affected by fluctuations in nickel metal prices. The nickel metal price is susceptible to the global economy, global demand and supply, market expectations, speculation and other factors and is subject to high volatility. Changes in market supply and demand will directly affect the pricing of the Company's products. In 2024, nickel price was driven up by the supply shortfall, before gradually stabilizing when the shortage eased off, which reflected the sensitivity and uncertainty of the market to changes in supply and demand. As one of the first Indonesian local enterprises to adopt the hydrometallurgy production process for nickel products, we will face this challenge by constantly optimizing the production process, reducing costs and improving efficiency to keep our production capacity expansion closely aligned with market demand. Meanwhile, the Company will also give play to the synergy of the trading business, and closely monitor the dynamics of supply and demand as well as price fluctuations in the global nickel market, so as to flexibly adjust its sales strategy to cope with market risks effectively.

Risk of Changes in Exchange Rates

The Company's operating activities involve transactions in various foreign currencies, resulting in significant foreign exchange risk exposure. In particular, the overseas subsidiaries of the Company often adopt USD as the base currency for accounting purposes. Changes in exchange rates not only affect the daily operations of the Company, but also give rise to translation risks of financial statements.

To address the risk of exchange rate fluctuations, the Company regularly identifies and quantifies its foreign exchange risk exposures. By analyzing the structure of its foreign exchange assets and liabilities, it assesses the potential impact of exchange rate fluctuations on its financial position. It also reduces its net foreign exchange exposures by matching its foreign currency assets and liabilities. When necessary, it takes measures to hedge its significant foreign exchange risk exposures. Adopting the principle of "risk neutrality", the Company focuses on minimizing the negative impact of exchange rate fluctuations on its principal businesses, so as to ensure financial stability and operational predictability.

CORE COMPETITIVENESS OF THE COMPANY

The Company has formed a complete industry ecosystem centered around nickel resources

The Company's business covers the entire value chain of the nickel industry, spanning across a number of areas including nickel resources integration, and the trading, smelting, production and sale of nickel products. After 16 years of business expansion, we have accumulated extensive industry knowledge and have possessed the ability to make strategic planning for our business on a global scale, which enables us to effectively connect key areas across the nickel industry value chain, from sourcing of nickel resources and the smelting, production and sale of nickel products.

With respect to the upstream sourcing and trading of nickel resources, the Company has established solid supply chain networks in both Indonesia and the Philippines, securing its rich and stable supplies of nickel resources and significantly enhancing the Company's competitive advantage in terms of acquisition of raw materials. A professional nickel ore inspection department was established within the Company, which conducted detailed analyses on the grades, characteristics, associated metals and other aspects of nickel ores from around the world. This strategy enabled us to accurately procure nickel ore products that are most suitable for our business needs, thereby effectively enhancing the production efficiency and overall results. By providing these value added services, we not only deepened our understanding of industry trends and insight into customer demands, but also developed a unique positioning with industry recognition within the industry.

In terms of smelting, production and sale, the Company has built its production bases in China and Indonesia, achieving effective integration with the upstream and downstream of the supply chain. The Company has established an independent industrial park on the Obi Island, making full use of rich local laterite nickel resources to produce high-quality nickel-cobalt compounds and ferronickel products. Meanwhile, adhering to the principles of green production and recycling economy, the Company collects and reuses the by-products generated during the production process, such as sulfuric acid, steam and coal gas, in the production of nickel-cobalt compounds and ferronickel through innovative planning, thereby maximizing the comprehensive utilization rate of resources as far as possible. This demonstrates the Company's unwavering commitment to environmental protection and sustainability. In addition, the Company is actively promoting the construction of key infrastructure including ports and airports on the Obi Island, which will help us efficiently integrate logistics, technology and resources within the park, bolstering the Company's substantial intensive industrial advantage. The Company will further optimize the operational efficiency throughout the entire industry value chain on the Obi Island while minimizing operation and production costs, with an aim to enhance its corporate competitiveness in the market.

Through breakthroughs in key processes and techniques, we have achieved first-mover advantages and given play to our technological advantages to lowered production costs

Leveraging the technological innovation and in-depth industry experience, the Company established a diversified product portfolio covering different production paths. Meanwhile, this allows us to gain the leading competitive advantages in terms of operational efficiency and profitability.

Hydrometallurgy

The Company has fully mastered one of the industry-leading nickel hydrometallurgy techniques, and accumulated extensive experience in the design, construction, management and operation of nickel hydrometallurgy projects. Compared with other nickel hydrometallurgy projects which failed to commence production or experienced long ramp-up time, the production line of the HPAL project of the Company had successfully reached the design capacity within two months after commencement of operation, breaking multiple records in the industry. Remaining at the left end on the cost curve, our HPAL project is one of the nickel-cobalt compound production projects with the lowest cash cost within the industry.

The third-generation HPAL process adopted in the HPAL project is currently one of the most competitive technologies in the primary nickel ore production sector. As a cutting edge nickel hydrometallurgy technique, it marks the world's top-notch level processing of low-to-medium-grade laterite nickel ore. Involving complicated production process, it is technologically challenging and operates under tough environment such as high temperature, high pressure and with the use of concentrated sulfuric acid. It is highly demanding in terms of technical and operational capabilities. Despite this, with industry-leading technologies and a seasoned technical team, the Company has continued to introduce the latest technological innovations and equipment in the industry as well as advanced process control and plant management systems. These innovative management and monitoring approaches enable us to monitor, survey, optimize and manage the whole production processes in real time, from the input of raw materials to the output of products, thereby ensuring the stability and continuity of production and the production safety of the project personnel. In the HPAL project, the Company has extensively enhanced and adjusted the production process, technical details and production equipment of the third-generation HPAL process, which have significantly improved the project's production efficiency while effectively reducing its energy consumption and production cost.

Pyrometallurgy

We have mastered mature nickel pyrometallurgy techniques and processes, and accumulated corresponding experiences in the design, construction, management and operation of nickel pyrometallurgy projects, thereby facilitating the deployment of domestic and overseas production capacity for laterite nickel ore pyrometallurgy projects.

We have successfully applied the valuable experience we have accumulated from our Jiangsu Facilities in relation to technical upgrades and project operation and management to our RKEF project. In addition, we have made innovations and upgrades to the RKEF process and production equipment used at our Jiangsu Facilities by taking into consideration the characteristics of laterite nickel ore and other raw materials in Indonesia. These improvements have enhanced the utilization efficiency of thermal energy and reducing the repair and maintenance expenses for machine and equipment, which in turn reduces the energy consumption and production costs of the entire production process.

Continuous technique improvements and R&D

We continuously improved our techniques and conducted R&D innovations through our in-house R&D and technical team and collaborations with third-party organizations.

The Company continued to deepen its collaborations with leading educational and research institutes in China during 2024 to further drive its technological innovation and industrial upgrade. Currently, the development of technologies related to tailings treatment of the HPAL project is almost completed and is expected to create a new profit growth point for the Company, while effectively alleviating environmental pressure and reducing treatment costs. On this basis, the Company plans to prepare for the construction of a demonstration plant to accelerate the industrial application of these technologies, thereby further consolidating its technologically leading position in the sector of hydrometallurgy of laterite nickel ores. In addition, the Company further enriched its product types, successfully commenced the production of electrodeposited cobalt and maintained a reserve of technologies for smelting of electrodeposited cobalt, with a view to extending the application scenarios of the Company's products and increasing the economic added value to cope with the complex and ever-changing market environment. In the future, the Company will further strengthen the synergistic innovation with domestic and overseas partners, constantly explore and apply new technologies and processes, and drive high-quality development of our business with technological innovations, so as to create greater value for shareholders and the society.

We maintain a long-term, stable supply of core upstream resources

Nickel resources, as a key energy metal, are notably scarce globally. Securing a stable and sufficient supply of nickel ore is crucial to reinforcing and strengthening the Company's position in the industry, expanding its business scale and achieving long-term sustainable development.

As the global leaders in nickel ore production, Indonesia and the Philippines have always been our major supplier of nickel resources. Among the proved nickel resources distribution, Indonesia ranks first in the world with its rich nickel reserves, accounting for 42% of the total reserves around the globe. According to the data from S&P Global Market Intelligence, the Philippines produced 387,000 tons of nickel ore in 2024, making it the second largest nickel ore producing country in the globe after Indonesia. By establishing a long-term and stable supply relationship with the upstream mines located in these countries, we are able to ensure continuous and uninterrupted supply of high-quality nickel products, which further consolidates our competitive edge in the industry. In 2024, we continued to deepen our partnerships with mines in Indonesia and the Philippines, and strengthened the stability and risk resistance ability of our supply chain through strategic investments and technological innovations. Meanwhile, we also actively explored new resource channels and diversified supply strategies to cope with changes in the global market and potential geopolitical risks, establishing a solid foundation for the Company's long-term development.

We jointly invested in the HPAL and RKEF projects on the Obi Island of Indonesia with our Indonesian Partner, and a stable and in-depth cooperation relationship has been formed between the parties. The resources from the Indonesian Partner's mines on the Obi Island would provide a stable supply of nickel ore raw materials for the Company's smelting projects.

In the Philippines, the Company has established long-term cooperation relationships of over ten years with leading miners, including Nickel Asia Corporation, CTP Construction and Mining Corp., which is able to provide a stable supply of nickel ore for the Company's nickel ore trading business.

We have formed long-term cooperation with a high-quality customer base

Leveraging the in-depth involvement across the nickel industry value chain for 16 years, we have cultivated strong credibility and reputation in the industry, and established long-term and stable collaborative relationships with large-scale and leading domestic and foreign manufacturers:

NEV industry. The Company continued to expand its presence in the NEV industry in 2024, especially with the gradual increase in production capacity of the HPAL project, which has presented new growth opportunities for the Company. The Company has entered into long-term cooperation agreements with multiple precursor/cathode enterprises.

Stainless steel industry. As the largest trading company of nickel ore in China, we are resourceful in securing nickel resources from Southeast Asia, and have maintained a stable supply chain and a competent quality control system. As a result, we have established long-term and stable relationships in supplying nickel ore and ferronickel to large-scale and industry-leading companies.

We adhere to the concept of ESG sustainable development

The Company has established a sound ESG operation system, formulated corresponding ESG policies and set up the ESG Committee of the Board. The primary duties of the Committee are identifying ESG-related risks and opportunities, and reporting regularly to the Board on the management. In 2024, the Company continued to adhere to the established policies and the guiding principles of the Committee to ensure the proper management and continuous enhancement of ESG-related matters. The Company incorporated the concept of sustainability in every aspect of trading, production and sale, pressing on with its effort in the recycling of the by-products generated during the production process. It is expected to build up a resource-saving and environmentally-friendly, intelligent and clustered industrial park.

OUTLOOK

Completing the Construction of Existing Projects and Enriching Our Product Range

The Company invested in the Obi projects in Indonesia, which are pivotal for us to achieve profit growth in the future. Therefore, it is important for our business development to ensure that the production lines of the Obi projects are put into operation smoothly and efficiently as scheduled. We will concentrate our resources to push ahead with the development of the KPS project under the RKEF project in an orderly manner as planned with a view to gradually building our production capacity. Meanwhile, the Company focuses on enhancing its research and development capability to adapt to the production of a variety of downstream products. It will also take the initiative to conduct research on the comprehensive utilization process of tailings of the HPAL project and the production techniques of nickel, cobalt metal and other products, so as to persistently enrich its product lines in response to the increasingly complicated and ever-changing market environment.

Enhancing Research and Development Capabilities and Promoting Technological Innovation

In active response to the development trends of the industry, the Company successfully upgraded the existing production processes and introduced more advanced equipment through continuous research and development efforts, in a bid to improve production efficiency and ensure the high-quality standard of its products. The Company is committed to promoting the sustainable development of all business segments and boosting the efficiency of resource utilization and environmental friendliness in the production process through technological innovation and process improvement. The Company has also developed extensive technical knowhow in expanding various product lines including the comprehensive utilization of slag resources from the hydrometallurgy process, thereby laying a solid foundation for further technological upgrade and product innovation in the future. In addition, by setting up new research centers, reinforcing collaboration with universities and research institutes, as well as forming high-quality research teams, the Company has significantly enhanced its research and development capability and identified major directions for future research and development activities, including the comprehensive utilization of metal resources in laterite nickel ore, energy conservation and emission reduction technology, intelligent control, technological upgrade of projects and other key areas.

Creating a More Open and Robust Nickel Resource Ecosystem

The Company is dedicated to constructing an advanced nickel resource ecosystem. To strengthen its core competitiveness, the Company formulates meticulous plans for the construction of industrial parks with comprehensive ancillary infrastructure, and downstream industry clusters are introduced strategically. Moreover, the Company will uphold an open attitude towards the promotion of technological innovation and industrial synergy, through which it will actively develop a sustainable nickel resource ecosystem.

In 2024, the Company pushed forward the construction of infrastructure on the Obi Island at full steam. It devoted strenuous efforts to the efficient integration of logistics, technology and resources in the industrial park, so as to enhance the operating efficiency and sustainability of the park in all aspects. In terms of the construction of the water supply system, the Company refined the management approach and took into consideration both the industrial and domestic water demand of the park to optimize the allocation of water resources during rainy/dry seasons. This ensured a stable and reliable water supply and provided strong support for the ongoing operation of the park. In terms of the construction of living areas, the Company embraced the eco-friendly concept to build a high-quality living environment for local residents. In the meantime, it also provided high-standard living facilities for employees of the project companies, which safeguarded the harmony and stability of the community and maintained the quality of lives of the employees. In terms of the construction of transportation infrastructure, the Company proactively forged ahead with the building of ports and airports to greatly facilitate logistics and transportation as well as the commuting of employees, which drastically enhanced the external connections and internal mobility of the park. Through these measures, the Company has significantly improved the overall operational efficiency of the industrial park on the Obi Island, while contributing positively to the development of the local community and the well-being of its employees, thereby fully demonstrating its commitment to excellence in terms of infrastructure construction and fulfillment of social responsibility.

FINANCIAL REVIEW

Change in Revenue Category

With effect from 31 December 2024, we have changed our financial disclosure to report our revenue in two main categories: (i) nickel products trading, which primarily reflects revenues derived from the trading of laterite nickel ore, ferronickel and nickel-cobalt compounds; and (ii) nickel products production, which primarily reflects revenues derived from the production of ferronickel and nickel-cobalt compounds. This change in revenue category was mainly due to the fact that the equipment manufacturing business mainly serves the Company's Obi projects. With the substantial completion of the construction of the HJF project, the revenue from the equipment manufacturing business at the level of consolidated statements has declined, while the commissioning of the Obi projects has further enhanced the Company's overall revenue, which led to a significant decrease in the proportion of revenue from the equipment manufacturing business. As this business no longer constitutes a principal business of the Group, we consider it more appropriate to merge the revenue generated from this business into the "Others" category. We retrospectively revised our comparative figures for the prior year to conform to the current year's presentation. This change in revenue category does not affect our consolidated balance sheet or consolidated statement of cash flows.

Revenue

The following table sets out the breakdown of total revenue by business and product in absolute amounts and as a percentage of total revenue for the years ended 31 December 2024 and 31 December 2023:

	For the years ended 31 December			
	2024		2023	
	RMB'000	***(%)***	*RMB'000*	*(%)*
Nickel Products Trading				
Laterite nickel ore	**3,708,890**	**12.7**	3,174,286	15.1
Ferronickel	**12,143,422**	**41.5**	8,035,189	38.2
Nickel-cobalt compounds	**–**	**–**	414,790	2.0
Subtotal	**15,852,312**	**54.2**	11,624,265	55.3
Nickel Products Production				
Ferronickel	**1,302,192**	**4.5**	1,511,280	7.2
Nickel-cobalt compounds	**11,100,635**	**38.0**	7,241,258	34.4
Subtotal	**12,402,827**	**42.5**	8,752,538	41.6
Others[(1)]	**977,819**	**3.3**	682,513	3.1
Total	**29,232,958**	**100.0**	21,059,316	100.0

Note:

(1) With effect from 31 December 2024, we have changed our financial disclosure to report our business in two main categories: (i) nickel products trading, which primarily reflects revenues derived from the trading of laterite nickel ore, ferronickel and nickel-cobalt compounds; and (ii) nickel products production, which primarily reflects revenues derived from the production of ferronickel and nickel-cobalt compounds. Please refer to the section headed "Change in Revenue Category" in this announcement.

Revenue increased by 38.8% from RMB21,059.3 million in the year ended 31 December 2023 to RMB29,233.0 million in the year ended 31 December 2024. The increase in revenue was mainly attributable to the increase in revenue generated from our nickel products trading business and nickel product production business.

Revenue generated from the trading business increased by 36.4% from RMB11,624.3 million in the year ended 31 December 2023 to RMB15,852.3 million in the year ended 31 December 2024, mainly due to (i) the HJF project, in which the Company holds equity interests, reaching full production capacity and the increase in revenue from trading ferronickel by RMB4,108.2 million driven by the increase in procurement and sales of trading ferronickel; (ii) in 2024, the procurement and sales of trading laterite nickel ore increased, but this was partially offset by the decline in laterite nickel ore market prices, resulting in an increase of RMB534.6 million in the revenue from trading laterite nickel ore. The increase in the revenue from trade business was also partially offset by the following factors: in the same period of 2023, we procured and sold nickel-cobalt compounds to meet long-term agreement requirements, resulting in a decrease of RMB414.8 million in revenue from trading nickel cobalt compounds in 2024.

Revenue generated from the production business increased by 41.7% from RMB8,752.5 million in the year ended 31 December 2023 to RMB12,402.8 million in the year ended 31 December 2024, which was mainly due to the higher sales volume of nickel-cobalt compounds following the commissioning of the HPAL phase III project. However, this increase was partially offset by the decline in the market prices of nickel and cobalt, resulting in an increase in revenue from nickel-cobalt compounds of RMB3,859.4 million. The growth in revenue from the production business was also offset by the following factor: the decline in the market price of ferronickel which led to a decrease in revenue from ferronickel of RMB209.1 million.

Other revenue increased from RMB682.5 million in the year ended 31 December 2023 to RMB977.8 million in the year ended 31 December 2024, mainly due to the increase in sales of auxiliary materials as a result of the HJF project reaching full production capacity.

Gross Profit and Gross Profit Margin

Gross profit increased by 58.3% from RMB3,382.0 million in the year ended 31 December 2023 to RMB5,352.5 million in the year ended 31 December 2024, with an increase in gross profit margin from 16.1% to 18.3%.

Gross profit from our trading business increased by 9.8% from RMB419.8 million in the year ended 31 December 2023 to RMB460.7 million in the year ended 31 December 2024. Gross profit margin of the trading business decreased from 3.6% to 2.9%, mainly due to (i) the decline in market price; and (ii) an increase in the proportion of sales of low-gross-profit-margin trading of ferronickel.

Gross profit from our production business increased by 68.6% from RMB2,869.9 million in the year ended 31 December 2023 to RMB4,838.9 million in the year ended 31 December 2024. Gross profit margin of the nickel product production business increased from 32.8% to 39.0%, mainly due to the increase in sales volume of nickel-cobalt compounds which led to an increase in the gross profit of nickel-cobalt compounds from RMB2,783.0 million for the year ended 31 December 2023, to RMB4,750.5 million for the year ended 31 December 2024. In addition, the increase in sales volume also brought about economies of scale, which further enhanced overall production efficiency, with gross profit margin rising from 38.4% to 42.8%.

Gross profit of other businesses decreased from RMB92.3 million in the year ended 31 December 2023 to RMB52.9 million in the year ended 31 December 2024. Gross profit margin of other businesses decreased from 13.5% to 5.4% in the same period.

Other income and gains increased by 14.9% from RMB184.2 million in the year ended 31 December 2023 to RMB211.6 million in the year ended 31 December 2024, mainly due to the increase in bank interest income.

Selling and Distribution Expenses

Selling and distribution expenses increased by 20.8% from RMB100.2 million in the year ended 31 December 2023 to RMB121.0 million in the year ended 31 December 2024, mainly due to the increase in testing fees and remuneration expenses of marketing staff corresponding to the increase in sales volume.

Administrative Expenses

Administrative expenses increased by 11.4% from RMB928.0 million in the year ended 31 December 2023 to RMB1,033.8 million in the year ended 31 December 2024, mainly due to (i) an increase in staff costs of RMB85.3 million as a result of business expansion; and (ii) an increase in insurance fees of RMB31.3 million.

Other Operating Expenses

Other operating expenses decreased by 24.9% from RMB455.8 million in the year ended 31 December 2023 to RMB342.2 million in the year ended 31 December 2024, mainly due to the fact that the upward trend of USD against RMB during the year ended December 31, 2024 was less pronounced compared to that during the year ended December 31, 2023, resulting in a reduction of net foreign exchange losses by RMB250.0 million. The decline in other operating expenses was offset by the following factors: during the Reporting Period, we conducted assessment on the recoverable value of the customer relationships under intangible assets, and recognized impairments of RMB142.3 million.

Finance Costs

The financing costs increased from RMB534.9 million in the year ended 31 December 2023 to RMB647.5 million in the year ended 31 December 2024, mainly due to the increased bank borrowings and higher interest rates.

Share of Profits of Associates

The share of profits from associates increased significantly from RMB233.2 million for the year ended December 31, 2023, to RMB404.0 million for the year ended December 31, 2024, which was primarily due to the substantial growth in profits generated by HJF after the phase I of the RKEF project, in which the Company holds equity interests, reached full production capacity.

Profit before Tax

As a result of the foregoing, profit before tax increased significantly from RMB1,761.5 million in the year ended 31 December 2023 to RMB3,817.0 million in the year ended 31 December 2024.

Income Tax Expenses

Income tax expense increased significantly from RMB40.0 million in the year ended 31 December 2023 to RMB608.3 million in the year ended 31 December 2024, mainly due to the withholding of income tax based on the profitability of the project companies.

Profit for the Year and Net Profit Margin

As a result of the foregoing, profit for the year increased significantly from RMB1,721.5 million in the year ended 31 December 2023 to RMB3,208.8 million in the year ended 31 December 2024. Net profit margin increased from 8.2% in the year ended 31 December 2023 to 11.0% in the year ended 31 December 2024.

Current Assets, Financial Resources and Current Ratio

To safeguard the Group's ability to continue as a going concern, finance the Group's operations and maximise value for the shareholders, the Group adopted various funding and treasury measures during the year ended 31 December 2024. These include, but are not limited to (i) regularly managing the Company's capital structure by making relevant adjustments in light of both the prevailing economic conditions and any risk characteristics of underlying assets; (ii) using a recurring liquidity planning tool which considers the maturity of its financial instruments and financial assets, and projected cash flows from operations in order to continuously monitor the Company's risks to a potential shortage of funds; (iii) trading only with recognised and creditworthy third parties, who are subject to the Company's credit verification procedures; and (iv) using various financial instruments such as leases and interest-bearing loans as appropriate to maintain a balance between continuity of funding and flexibility. During the year ended 31 December 2024, the Group maintained a stable financial position.

As at 31 December 2024, current assets amounted to RMB12,599.3 million, representing an increase of 22.6% from RMB10,278.9 million as at 31 December 2023. As at 31 December 2024, cash and cash equivalents of the Group amounted to RMB5,032.4 million, which increased by 9.0% as compared with that of RMB4,616.8 million as at 31 December 2023.

The Group's current ratio (current assets divided by current liabilities) decreased from 1.1 times as at 31 December 2023 to 0.9 times as at 31 December 2024.

Capital Expenditures

The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	*(%)*	*RMB'000*	*(%)*
Prepayments for property, plant and equipment	**5,678,955**	**99.2**	6,202,403	82.4
Land use right	**28,697**	**0.5**	557,517	7.4
Interest in an associate	**18,148**	**0.3**	770,000	10.2
Total	**5,725,800**	**100.0**	7,529,920	100.0

Commitments

The following table sets forth a breakdown of our capital commitments as at the dates indicated:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**6,498,669**	8,758,705

Indebtedness

We recognised debts of RMB13,852.3 million as at 31 December 2024 (as at 31 December 2023: RMB11,532.3 million), which included interest-bearing bank and other borrowings denominated in RMB and USD that amounted to RMB6,022.6 million with fixed interest rates (as at 31 December 2023: RMB3,976.4 million) and RMB7,810.1 million with floating interest rates (as at 31 December 2023: RMB7,489.2 million) and lease liabilities of RMB19.6 million (as at 31 December 2023: RMB66.7 million).

Contingent liabilities

As at 31 December 2024, we had no material contingent liabilities.

Gearing ratio

Gearing ratio equals total interest-bearing bank borrowings divided by total equity. As at 31 December 2024, the gearing ratio was 0.8, a slight decrease from the gearing ratio of 0.9 as at 31 December 2023.

Significant Investments Held and Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 14 June 2024, Hong Kong Blue Whale International Ltd, a wholly-owned subsidiary of the Company, entered into a shareholders agreement with PT. Trimegah Bangun Persada Tbk in relation to, among other things, the establishment of a joint venture company, PT. Cipta Kemakmuran Mitra, to engage in lime production business. Please refer to the announcement of the Company dated 17 June 2024 for details.

On 28 October 2024, Baoxin Special Steel, a wholly-owned subsidiary of the Company, and PT Halmahera Persada Lygend, a non-wholly owned subsidiary of the Company entered into a shareholders agreement in relation to, among others, the establishment of a joint venture company, PT Bhakti Bumi Sentosa to engage in the business of smelting slag treatment plant. For further details, please refer to the announcement of the Company dated 28 October 2024.

Save as disclosed above, during the year ended 31 December 2024, the Group did not hold any significant investments or carry out any material acquisitions or disposals in subsidiaries, joint ventures or associates.

Financial Risks

Foreign Exchange Risk

Our financial statements are presented in RMB. Fluctuations in exchange rates between other currencies in which the Group conducts its business may affect the Group's financial position and operation results. We currently do not have a foreign currency hedging policy. However, our management will manage foreign currency risk through regular reviews and consider hedging significant foreign currency risk exposures when necessary.

Pledge of Assets

As at 31 December 2024, a portion of our loans are secured by (i) pledges of buildings located in the PRC with a carrying value of RMB23.2 million (as at 31 December 2023: pledges of buildings and land located in the PRC and Indonesia with a carrying value of RMB1,535.9 million); (ii) pledges of land use rights located in the PRC with a carrying value of RMB380.8 million (as at 31 December 2023: RMB557.2 million); (iii) pledges of plant and machinery, electronic and office equipment, motor vehicles and buildings under construction located in Indonesia with a carrying value of RMB2,698.2 million (as at 31 December 2023: RMB4,822.1 million); (iv) pledges of investment properties located in the PRC, with a carrying value of RMB65.7 million (as at 31 December 2023: Nil); and (v) pledge of deposits with a carrying value of RMB848.6 million (as at 31 December 2023: RMB480.6 million).

As at 31 December 2024, the Group had no other assets pledged to financial institutions other than those disclosed above.

Future Plans for Material Investments and Capital Assets

As at 31 December 2024, we did not have plans for material investments and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

On 10 January 2025, PT Bangunan Teknik Grup ("**BTG**"), an associate of Lygend Investment as service provider, had entered into an agreement with PT OBI Nickel Cobalt, a non-wholly owned subsidiary of the Company as service recipient, in relation to construction services for hydrometallurgical slag intermediate test production line and washing equipment on the Obi Island. On the same day, BTG, as service provider, had also entered into an agreement with KPS, a non-wholly owned subsidiary of the Company as service recipient, in relation to earthwork services at the backfield area of M5-M7 terminal in central zone of the Obi Island. For details, please refer to the announcement of the Company dated 10 January 2025.

On 16 January 2025, the conversion of 47,077,941 unlisted shares of the Company into H shares (the "**Converted H Shares**") of the Company was completed, and such Converted H Shares commenced trading at 9:00 a.m. on 17 January 2025 on the Stock Exchange. For details, please refer to the Company's announcement dated 16 January 2025.

On 27 February 2025, the Company completed the change of its general manager, with Dr. HU Zhichun appointed as the general manager of the Company ("**General Manager**"). For details, please refer to the announcement of the Company dated 27 February 2025.

On 28 March 2025, KPS, a non-wholly owned subsidiary of the Company, has entered into the Equipment Purchase Agreement with Ningbo Lihua Port Machinery Heavy Industry Co., Ltd. ("**Ningbo Lihua**"), pursuant to which KPS has agreed to purchase and Ningbo Lihua agreed to sell certain equipment at a consideration of US$10,749,918. For details, please refer to the announcement of the Company dated 28 March 2025.

Save as disclosed above, as at the date of this announcement, the Group had no other material events after the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 11,969 employees (as at 31 December 2023: 9,176).

We recruit primarily through job search websites, employee referrals and campus recruiting programs for our recruitment needs. Our employees typically enter into standard employment contracts with us. The remuneration packages for our employees include base salary, bonuses and allowances. We set performance targets for our employees based on their position and periodically review their performance. We provide orientation programs for new employees and continuous trainings to enhance our employees' industry, technical and product knowledge, as well as their familiarity with industry quality standards and work safety standards.

As required by PRC laws and regulations, we participate in social insurance schemes operated by the relevant local government authorities and maintain mandatory pension contribution plans and medical and work-related injury insurance schemes for our employees. We also contribute to unemployment insurance plans as well as housing accumulation funds for our employees.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2024, the Company had not entered into any off-balance sheet arrangements.

FINAL DIVIDEND

The Board has resolved to recommend the distribution of a final dividend for the year ended 31 December 2024 of RMB0.35 per share (before tax) (for the year ended 31 December 2023: a final dividend of RMB0.20 per share (before tax)), subject to the approval at the AGM (as defined below), and payment will be made on or around Friday, 13 June 2025.

USE OF PROCEEDS

Use of proceeds from the Global Offering

Our H Shares were listed on the Main Board of the Stock Exchange on 1 December 2022 (the "**Listing Date**"). The net proceeds from the Global Offering were approximately HK$3,600.4 million (including the additional net proceeds received by the Company from the partial exercise of the Over-allotment Option) after deducting underwriting commissions and offering expenses paid or payable. As of 31 December 2024, the aforementioned net proceeds have been allocated for use in accordance with the purposes and proportions disclosed in the Prospectus. See the table below for details:

Purpose	Net proceeds available from the Listing *(HK$ million)*	Actual net amount utilised as at 31 December 2023 *(HK$ million)*	Actual net amount utilised during the Reporting Period *(HK$ million)*	Actual net amount utilised up to 31 December 2024 *(HK$ million)*	Unused net proceeds up to 31 December 2024 *(HK$ million)*
Development and construction of our nickel product production projects on the Obi Island	2,030.7	2,030.7	0	2,030.7	0
Contribute additional capital to CBL	864.1	864.1	0	864.1	0
Making potential minority investments in nickel mines in Indonesia	345.6	0	0	0	345.6
Working capital and general corporate purposes	360.0	360.0	0	360.0	0
Total	3,600.4	3,254.8	0	3,254.8	345.6

Since the Listing Date and as at 31 December 2024, the Group has utilised approximately HK$3,254.8 million of the proceeds for the intended purposes set out in the Prospectus, accounting for 90.4% of all raised funds, and the remaining unutilised proceeds is approximately HK$345.6 million (the "**Unutilised Net Proceeds**"). After due consideration, the Board has come to the decision to revise the use of the Unutilised Net Proceeds, which shall instead be used for working capital and general corporate purposes of the Group, and is expected to be fully utilised by 31 December 2025.

Reasons for the change in use of proceeds from the Global Offering

The planned use of proceeds from the Global Offering as disclosed in the Prospectus was based on the best estimation made by the Group, in relation to the then prevailing and future market conditions as at the latest practicable date of the Prospectus. In this regard, the Board evaluates market conditions and the Group's business strategies and operations from time to time, to determine the most effective and efficient use of the net proceeds.

The Company originally intended to use the Unutilized Net Proceeds for making potential minority investments in nickel mines in Indonesia and after the listing of its H Shares on the Stock Exchange, it has been seeking to identify suitable investment targets. Despite the Company's efforts to evaluate potential investment targets and engage in negotiations, it has not been able to reach mutually agreeable commercial terms, particularly in terms of pricing, and has not made any such minority investment as of the date of this announcement. This was primarily due to practical difficulties encountered by the Company in obtaining reports prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Report**"), detailing the resources, reserves grades and other characteristics of the relevant mines. The Company considers it necessary to obtain a JORC Report on the relevant nickel mine to have a precise estimate of its resources and reserves, which would be essential for assessing the value of the mine and negotiating a fair and reasonable price for the investment. However, in the course of its due diligence, the Company discovered that a JORC Report was not readily available for various potential investment targets. Considering the foregoing and local regulatory changes which has made foreign investment into the nickel mining industry in Indonesia increasingly challenging, the Board has resolved to reallocate the Unutilized Net Proceeds for working capital and general corporate purposes of the Group. Specifically, these proceeds are intended to be used for settlement in the Company's nickel products trading business. As the production lines of the Obi projects are being put into operation, the resulting increase in the Group's trading of nickel products leads to a higher need for bank credit facilities and trade financing that add to the Group's short-term liabilities. The Company considers that the proposed redeployment of the Unutilized Net Proceeds to working capital and general corporate purposes will reduce the incurrence of the aforementioned short-term liabilities and benefit the Company as a whole, as the resources can be deployed in a more efficient and effective way. It will strengthen the financial health of the Group, further enhance the Company's operating capabilities, and create long term value to the shareholders.

The Board considers that the above change in use of the Unutilised Net Proceeds is in the best interests of the Company and its shareholders as a whole.

Other matters

According to the articles of association of the Company, the proposed change in use of proceeds from the Global Offering is subject to approval of the shareholders of the Company by way of an ordinary resolution at the general meeting of the Company. The Board has resolved at the meeting of the Board convened on 28 March 2025 that an ordinary resolution to consider and approve the change in use of the Unutilised Net Proceeds be proposed at the forthcoming AGM (as defined below). A circular containing, among other things, details of the resolution in respect of the change in use of the Unutilised Net Proceeds and a notice of AGM will be published on the websites of the Company and the Stock Exchange in the manner required by the Listing Rules in due course.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strengthen accountability to all shareholders. The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Group has complied with the applicable code provisions contained in the CG Code during the Reporting Period, save for code provision C.2.1 and C.1.6 as set out below.

Code provision C.2.1 of the CG Code provides that the roles of the Chairman and the chief executive should be separate and should not be performed by the same individual. During the Reporting Period, the Chairman was Mr. CAI Jianyong and the General Manager was Mr. JIANG Xinfang who resigned on 28 March 2024. Mr. CAI Jianyong, was appointed as the General Manager in place of Mr. JIANG Xinfang. As the founder of the Group, Mr. CAI Jianyong has extensive experience in international commodity trading and is responsible for the overall management of the Company's business strategies and operations. He has played a key role in the growth and business expansion of the Group and the Board believes that vesting both roles of Chairman and General Manager in Mr. CAI Jianyong had been beneficial to the management of the Company.

In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of five executive Directors (including Mr. CAI Jianyong), one non-executive Director and three independent non-executive Directors. Therefore, the Group believes that the composition of the senior management and the Board has a fairly strong independence element.

After the Reporting Period, Mr. CAI Jianyong resigned as the General Manager with effect from 27 February 2025 due to job change. He continues to serve as, among others, the Chairman of the Board and an executive Director. Dr. HU Zhichun has been appointed as the General Manager with effect from 27 February 2025. For details, please refer to the announcement of the Company dated 27 February 2025. Accordingly, the Company has complied with the requirements as set out in code provision C.2.1 of the CG Code.

The Board shall review its structure from time to time to ensure that the structure facilitates the execution of the business strategies of the Group and maximizes the effectiveness of its operation.

Code provision C.1.6 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a comprehensive and balanced understanding of the views of shareholders. Mr. Lawrence LUA Gek Pong was unable to attend the extraordinary general meeting of the Company held on 24 July 2024 due to his other business engagements.

Compliance with the Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiries with all the Directors of the Group, all the Directors confirmed that they had strictly complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on the Stock Exchange. As at 31 December 2024, the Company did not hold any treasury shares.

Sufficiency of Public Float

The Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) of the Listing Rules, such that the minimum percentage of the Shares from time to time held by the public will be the higher of (a) 15% and (b) such percentage of H Shares to be held by the public upon any exercise of the Over-allotment Option of the enlarged issued share capital of the Company. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date.

Audit Committee and Review of Financial Information

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and the CG Code to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee comprises three members, namely Ms. ZHANG Zhengping, Dr. HE Wanpeng and Dr. WANG James Jixian, with Ms. ZHANG Zhengping (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and Ernst & Young, the auditor of the Company (the "**Auditor**").

Scope of Work of Auditor

The financial information set out in this announcement does not constitute our Group's audited accounts for the year ended 31 December 2024, but represents an extract from the consolidated financial statements for the year ended 31 December 2024 which have been audited by the Auditor, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

Annual General Meeting

The annual general meeting is scheduled to be held on Wednesday, 21 May 2025 (the "**AGM**"). A notice convening the AGM will be published on the websites of the Company and the Stock Exchange in the manner required by the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 16 May 2025 to Wednesday, 21 May 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Thursday, 15 May 2025.

For determining the entitlement to the final dividend, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive. Shareholders whose name appear on the register of members of the Company on Friday, 30 May 2025 will be entitled to the final dividend. In order to be entitled to the final dividend, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Monday, 26 May 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.lygend.com. The annual report of the Group for the year ended 31 December 2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched (if requested) to the Company's shareholders in due course.

APPRECIATION

The Board would like to express its gratitude to all of our customers, suppliers and partners, and all shareholders for their understanding, support and trust, with which all employees of the Group will continue to work diligently as one in the long run.

By order of the Board
Lygend Resources & Technology Co., Ltd.
CAI Jianyong
Chairman and Executive Director

The PRC, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. CAI Jianyong, Ms. FEI Feng, Mr. CAI Jianwei, Mr. YU Weijun and Mr. WANG Ling; the non-executive Director is Mr. Lawrence LUA Gek Pong; the independent non-executive Directors are Dr. HE Wanpeng, Ms. ZHANG Zhengping and Dr. WANG James Jixian.