

8 February 2024
National Stock Exchange of Australia
1 Bligh Street
Sydney NSW 2000

Market Update

Aobo Environmental Technology Limited (Aobo or Company) wishes to provide an update on its business operations for the year ended 31 December 2023.

2023 was a challenging year for the Company. As has been widely reported, Chinese economic growth had slowed down throughout the year and the Company's major market, the lithium battery manufacturing industry, was in a structural overcapacity stage, under which industry capacity expansions and new fixed assets investments were either cancelled or postponed. That in turn negatively impacted purchase of the Company's products from customers in the lithium battery industry.

Despite the market challenges, the Company has managed to maintain its strong position in the lithium battery production market and continued to win tenders in its core market segment. However, due to subdued selling prices, the Company did experience tighter margins.

To improve the Company's business operations in 2024, Aobo will seek to:

- penetrate other industrial and commercial end markets outside the lithium battery sector, and pursue growth opportunities in those new niche segments.
- focus on reducing costs by further integrating its supply chain and
- optimising efficiencies in its production processes.

Furthermore, the Company will continue to invest in R&D activities in order to keep pace with materials changes and technology improvements in the battery industry.

The Company is experiencing further delays in completion of its 2022 audit financial statements. The Company is making every effort to have its audit completed as early as possible. At this point of time, the Company expects to complete it in the 2nd quarter of 2024..

This announcement has been authorised by the Chairman.

Andrew Smith



Chairman
Aobo Environmental Technology Limited