CALB Group Co., Ltd.
中創新航科技集團股份有限公司

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

(Stock Code: 3931)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

FINANCIAL SUMMARY

The profit of the Group for the year increased by 93.0% from RMB437.16 million for the year ended 31 December 2023 to RMB843.63 million for the year ended 31 December 2024.

The basic earnings per share of the Group increased by 100.8% from RMB0.1661 for the year ended 31 December 2023 to RMB0.3336 for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Note	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*4*	**27,751,526**	27,005,885
Cost of sales		**(23,341,632)**	(23,494,367)
Gross profit		**4,409,894**	3,511,518
Investment and other income	*5*	**357,560**	200,492
Other losses, net	*6*	**(139,021)**	(877,052)
Selling expenses		**(615,974)**	(343,162)
Administrative expenses		**(1,257,403)**	(675,753)
Research and development expenses		**(1,417,611)**	(991,961)
Impairment losses on trade and bills receivables		**(91,058)**	(60,763)
(Impairment losses)/reversal of impairment losses on prepayments, deposits and other receivables		**(40,987)**	880
Profit from operations		**1,205,400**	764,199
Finance costs	*8*	**(415,116)**	(330,439)
Share of losses of associates		**(85)**	(157)
Profit before tax		**790,199**	433,603
Income tax credit	*9*	**53,427**	3,560
Profit for the year	*10*	**843,626**	437,163
Attributable to:			
Owners of the Company		**591,196**	294,377
Non-controlling interests		**252,430**	142,786
		843,626	437,163
Earnings per share	*12*		
Basic (RMB per share)		**0.3336**	0.1661
Diluted (RMB per share)		**0.3336**	0.1661

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**843,626**	437,163
Other comprehensive (expense)/income:		
Item that will not be reclassified to profit or loss:		
Fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI)	**(76,423)**	(29,366)
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**1,570**	(1,313)
Other comprehensive expense for the year, net of tax	**(74,853)**	(30,679)
Total comprehensive income for the year	**768,773**	406,484
Attributable to:		
Owners of the Company	**516,343**	263,698
Non-controlling interests	**252,430**	142,786
	768,773	406,484

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**81,005,464**	67,694,816
Right-of-use assets		**1,749,505**	1,786,328
Intangible assets		**1,480,521**	1,358,099
Investments in associates		**16,109**	16,194
Other financial assets		**829,152**	639,267
Deposits paid for acquisition of property, plant and equipment		**993,795**	1,255,202
Deferred tax assets		**793,450**	568,099
		86,867,996	73,318,005
Current assets			
Inventories		**5,263,435**	7,125,768
Trade and bills receivables	*13*	**8,414,300**	6,829,306
Prepayments, deposits and other receivables		**7,455,596**	8,536,035
Amounts due from related parties		**201,399**	232,585
Other financial assets		**1,834,516**	143,676
Current tax assets		**185**	27,790
Pledged bank deposits		**3,377,123**	1,381,631
Restricted bank balances		**280**	267
Bank and cash balances		**9,058,553**	7,833,962
		35,605,387	32,111,020
Current liabilities			
Trade and bills payables	*14*	**19,486,536**	19,958,859
Accruals and other payables		**6,779,961**	7,513,703
Contract liabilities		**141,294**	616,955
Amounts due to related parties		**27,250**	425,700
Lease liabilities		**31,463**	17,036
Bank borrowings		**18,960,089**	8,114,805
Provisions		**122,660**	98,678
Financial guarantee		**34,563**	–
Current tax liabilities		**485**	75,725
		45,584,301	36,821,461
Net current liabilities		**(9,978,914)**	(4,710,441)
Total assets less current liabilities		**76,889,082**	68,607,564

	Note	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred income		**297,907**	192,846
Lease liabilities		**69,137**	65,765
Bank borrowings		**27,156,291**	21,055,929
Provisions		**1,303,117**	895,286
Deferred tax liabilities		**8,705**	11,948
		28,835,157	22,221,774
NET ASSETS		**48,053,925**	46,385,790
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		**1,772,302**	1,772,302
Reserves		**33,411,542**	32,873,598
		35,183,844	34,645,900
Non-controlling interests		**12,870,081**	11,739,890
TOTAL EQUITY		**48,053,925**	46,385,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

CALB Group Co., Ltd. (中創新航科技集團股份有限公司) is a joint stock limited company registered in the People's Republic of China (the "**PRC**"). The Company's H-shares have been listed on The Stock Exchange of Hong Kong Limited since 6 October 2022. The address of its registered office and its principal place of business is No. 1 Jiangdong Avenue, Jintan District, Changzhou City, Jiangsu Province, the PRC.

The Company has been engaging in the design, research and development, production and sales of EV batteries and Energy storage system (ESS) products.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"). IFRS Accounting Standards comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

As at 31 December 2024, the Group had net current liabilities of approximately RMB9,979 million. Bank and cash balances totalled approximately RMB9,059 million, while total outstanding bank borrowings amounted to approximately RMB46,116 million, with approximately RMB18,960 million due within one year.

Additionally, the Group has capital commitments of approximately RMB14,620 million at the end of Reporting Period which are mostly expected to be fulfilled within the next 18 months.

Notwithstanding the above events and conditions, the directors of the Company (the "**Directors**") had adopted the going concern basis in the preparation of these consolidated financial statements of the Group on the grounds including but not limited to the following:

(a) The Group's financial budget and production planning project increasing production volume and revenue in upcoming year, thereby anticipating improvements in operating cash inflow;

(b) The Group had sufficient committed banking facilities at the end of Reporting Period available to meet the operating requirements and foreseeable future capital investment requirements;

(c) Management expects the Group will successfully arrange the rolling-over of existing banking facilities and secure additional banking and other facilities, providing sufficient funding for the Group's operating and capital investment needs; and

(d) Taking the above into consideration, the Directors have reviewed a comprehensive cashflow forecast of the Group for not less than twelve months from 31 December 2024 prepared by management for the purpose of assessing the Group's working capital and banking facilities requirements. Based on this assessment, the Directors concluded that there are no material uncertainties related to events and conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

Therefore, the Directors are of the view that it is appropriate to adopt the going concern basis when preparing these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

(a) Application of new and revised IFRS Accounting Standards

The Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

Adoption of Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to IAS 1 "Non-current Liabilities with Covenants" (collectively the "IAS 1 Amendments")

As a result of the adoption of the IAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting IAS 1 Amendments.

Adoption of Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

Except for the above, other amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and revised IFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new standards and amendments to standards, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 21 and IFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The Directors are in the process of making an assessment of what the impacts of these new standards and amendments to standards are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sales of EV batteries	**19,550,893**	22,249,046
Sales of ESS products and others	**8,200,633**	4,756,839
	27,751,526	27,005,885

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	2024	2023
	RMB'000	*RMB'000*
Primary geographical markets		
– Mainland China	**27,111,618**	26,353,028
– Europe	**165,032**	153,015
– Asia	**419,423**	453,359
– America	**50,876**	44,047
– Others	**4,577**	2,436
	27,751,526	27,005,885
Timing of revenue recognition		
–Products transferred at a point in time	**27,678,535**	26,940,219
–Products and services transferred over time	**72,991**	65,666
	27,751,526	27,005,885

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at year end and the expected timing of recognising revenue as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**141,294**	616,955

5. INVESTMENT AND OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income on:		
– Bank deposits	**121,707**	131,672
– Financial assets at FVTOCI	**33,115**	3,775
Total interest income	**154,822**	135,447
Government grants and subsidies	**27,451**	41,808
Value-added tax additional deduction	**160,382**	–
Compensation from suppliers	**11,150**	12,778
Insurance compensation income	**2,829**	1,773
Reversal of provision for litigation	**–**	8,400
Others	**926**	286
	357,560	200,492

6. OTHER LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Fair value change in financial assets at FVTPL	**37,599**	(30,297)
Expense on issuance of financial guarantees to investee companies	**(34,563)**	–
Gain on disposal of associates	**–**	358
Allowance for inventories	**(149,755)**	(864,164)
Net foreign exchange gain	**6,879**	31,559
Net gain on lease modification	**–**	1,561
Net gain/(loss) on disposals of property, plant and equipment	**819**	(16,069)
	(139,021)	(877,052)

7. SEGMENT INFORMATION

The Group is mainly engaged in the design, research and development, production and sales of EV batteries and ESS products in the PRC, and all the assets are substantially located in the PRC. Accordingly, there is only one single business reportable segment which is regularly reviewed by the chief operating decision maker.

Revenue from major customers:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**3,622,311**	4,913,962
Customer B#	**3,470,117**	N/A
Customer C	**2,971,549**	3,026,489
Customer D#	**2,794,586**	N/A
Customer E*	**N/A**	7,770,461

Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year ended 31 December 2023.

* Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year ended 31 December 2024.

8. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	**3,860**	4,691
Interest on bank borrowings and finance charges	**1,227,732**	966,487
Total borrowing costs	**1,231,592**	971,178
Amount capitalised	**(816,476)**	(640,739)
	415,116	330,439

9. INCOME TAX CREDIT

Income tax credit has been recognised in profit or loss as follows:

	2024 *RMB'000*	2023 *RMB'000*
Current tax – the PRC		
Provision for the year	**(485)**	(11,159)
Under provision in prior years	**(159,336)**	(63,375)
	(159,821)	(74,534)
Current tax – Others		
Provision for the year	**(292)**	(116)
Deferred tax	**213,540**	78,210
	53,427	3,560

Under the relevant income tax law, the PRC subsidiaries are subject to Enterprise Income Tax ("**EIT**") at a statutory rate of 25% on their respective taxable income during the year.

The Company and certain subsidiaries operating in Mainland China were approved to be high and new technology enterprises and were entitled to a reduced EIT rate of 15%. The high and new technology enterprises certificates need to be renewed every three years so as to enable the Company and those subsidiaries to enjoy the reduced EIT rate of 15%.

10. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2024 *RMB'000*	2023 *RMB'000*
Allowance for inventories	**149,755**	864,164
Amortisation of intangible assets	**171,850**	160,400
Auditor's remuneration		
– Audit services	**4,114**	3,873
– Non-audit services	**578**	577
Cost of inventories sold	**23,341,632**	23,494,367
Depreciation of property, plant and equipment	**2,242,732**	1,524,605
Depreciation of right-of-use assets	**58,942**	65,219
Net (gain)/loss on disposals of property, plant and equipment	**(819)**	16,069
Net gain on lease modification	**–**	(1,561)
Impairment losses on trade and bills receivables	**91,058**	60,763
Impairment losses/(reversal of impairment losses) on prepayments, deposits and other receivables	**40,987**	(880)

11. DIVIDENDS

No dividend has been paid or proposed during the year (2023: Nil).

12. EARNINGS PER SHARE

The calculation of the basic earnings per share during the year is based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately RMB591,196,000 (2023: RMB294,377,000), and the weighted average number of ordinary shares of approximately 1,772,302,000 (2023: 1,772,302,000) in issue during the year.

(b) Diluted earnings per share

No diluted earnings per share was presented for the years ended 31 December 2024 and 2023 as the Company did not have any dilutive potential ordinary shares.

13. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
Receivables from third parties	**7,172,546**	5,084,887
Due from related parties	**16,564**	74,964
Allowance for doubtful debts	**(179,697)**	(88,639)
	7,009,413	5,071,212
Bills receivables	**1,404,887**	1,758,094
	8,414,300	6,829,306

The credit terms, being granted to independent third parties, are generally within 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
0 to 180 days	**6,345,783**	4,808,770
181 to 365 days	**299,671**	70,292
1 – 2 years	**284,651**	191,698
Over 2 years	**79,308**	452
	7,009,413	5,071,212

Reconciliation of allowance for trade receivables:

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**88,639**	27,876
Allowance for the year, net	**91,058**	60,763
At 31 December	**179,697**	88,639

The fair values of trade and bills receivables of the Group approximated to their carrying amounts.

Bills receivables mainly represent short-term bank acceptance bills receivables that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivables. The Group from time to time endorses bank acceptance bills to suppliers in order to settle trade payables and discounts bank acceptance bills to banks in order to obtain working capital.

The Group endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than 6 months from the end of the Reporting Period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivables under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is remote. The Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, is amounted to RMB1,831,848,000 (2023: RMB1,485,431,000).

The Group discounted certain bank acceptance bills to banks for obtaining working capital and has derecognised these bank acceptance bills in their entirety. These discounted bank acceptance bills had a maturity date of less than 6 months from the end of the Reporting Period. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and the Group has minimum exposure in respect of the settlement obligation of these bills under the commercial practice in the PRC, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and chance of non-settlement of these bills by the issuing banks on maturity date is remote. The Group's maximum exposure to loss and undiscounted cash outflow, should the issuing banks fail to settle the bills on maturity date, is amounted to RMB8,981,927,000 (2023: RMB6,784,377,000).

The Group discounted certain bank acceptance bills with recourse to banks. Since the risks and rewards of ownership had not been substantially transferred respectively, the discounted bills of RMB100,000,000 (2023: RMB658,426,000) were not derecognised.

The Group entered into a trade receivable factoring arrangement and transferred certain trade receivables of RMB1,200,000,000 (2023: RMB1,700,000,000) to a bank without recourse. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these receivables and the Group has minimum exposure in respect of the settlement obligation of these receivables under the commercial practice in the PRC. Thus, the Group derecognised these receivables subsequent to the transfer and the funds received.

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2024	2023
	RMB'000	*RMB'000*
RMB	**8,298,076**	6,787,864
USD	**98,828**	30,011
THB	**15,172**	–
EUR	**2,224**	3,374
HKD	**–**	8,057
	8,414,300	6,829,306

14. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables		
Payables to third parties	**7,947,258**	8,233,408
Due to related parties	**1,607**	230
Bills payables	**11,537,671**	11,725,221
	19,486,536	19,958,859

Bills payables were secured by bills receivables of RMB14,000 (2023: RMB295,713,000) and pledged bank deposits of RMB3,315,497,000 (2023: RMB938,539,000).

The aging analysis of trade payables, based on the date of receipt of goods is as follows:

	2024	2023
	RMB'000	*RMB'000*
0 to 180 days	**7,922,962**	8,215,702
181 – 365 days	**22,907**	17,928
1 – 2 years	**2,996**	8
	7,948,865	8,233,638

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2024	2023
	RMB'000	*RMB'000*
RMB	**19,485,130**	19,955,742
EUR	**1,406**	3,110
USD	**–**	7
	19,486,536	19,958,859

MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Landscape

In recent years, the global ecological environment and climate warming issues have become increasingly prominent. Major countries have successively announced carbon emission reduction targets while promoting the accelerated transition of energy structures towards clean energy. Technological innovation has become the core driver of energy transition, injecting new vitality into economic growth through the green economy and low-carbon transition.

1. EV battery market

The vigorous development of the new energy vehicle industry has injected strong momentum into the EV battery market, and the global EV battery market size continues to expand. According to SNE Research, global sales of new energy vehicles in 2024 reached 17.633 million units, representing a year-on-year increase of 26.1%; the growth in new energy vehicle sales drove a rapid increase in demand for EV batteries, with global EV battery installations reaching 894.4GWh in 2024, representing a year-on-year growth rate of 27.2%.

China, as the world's largest new energy vehicle market, is witnessing a rapid expansion in the scale of the EV battery industry alongside the continued high-speed growth of the new energy vehicle market. According to the data from China Association of Automobile Manufacturers, the sales of new energy vehicles in China reached 12.866 million units in 2024, representing a year-on-year increase of 35.5%, with a penetration rate of 40.9% for new energy vehicles, with the monthly penetration rate in October 2024 exceeding 47%.

In the European market, according to the data from European Automobile Manufacturers' Association (ACEA), the sales of pure electric vehicles in EU countries in 2024 were approximately 1.448 million units, representing a decrease of 5.9% compared to 2023, mainly due to the reduction of subsidies in some European countries and the imposition of additional tariffs. As carbon emission regulations become stricter and the localization of batteries and related supply chains progresses, the penetration rate of new energy vehicles in Europe will gradually improve. In the U.S. market, driven by policy incentives and the transformation of the automotive industry, the potential of the EV battery market is gradually being unleashed, with the penetration rate of new energy vehicles increasing to 12%. According to MarkLines, the cumulative sales of new energy vehicles in the U.S. in 2024 reached 1.582 million units, representing a year-on-year increase of 8.0%. The overall development trend of electrification in the U.S. new energy market continues to improve.

2. Energy storage market

The year 2024 marks a critical period of rapid development for the global energy storage market, with the market size demonstrating a strong trend of ongoing expansion. According to InfoLink, the global energy storage market added 175.4GWh of new installed capacity in 2024, and the expected global increase will reach 221.9GWh in 2025, representing a year-on-year growth of 26.5%. From a regional perspective, the energy storage market exhibited vibrant increase across multiple regions. The three major energy storage markets of China, the United States, and Europe continued to maintain a substantial market size, with installed capacity accounting for more than 90% of the global share, thereby occupying a dominant position in the global energy storage market and becoming an important driving force for energy storage market growth.

In 2024, China's energy storage market benefited from an enhanced policy environment, providing comprehensive support for the healthy development of the energy storage industry. Innovations and breakthroughs were made continuously in energy storage technologies, with accelerated development and mass production of high-capacity energy storage cells. According to statistics from the XunEntropy Research Institute, China's newly added grid-connected capacity reached 111.63 GWh in 2024, representing a year-on-year increase of 113%; in the baseline scenario, the newly added grid-connected capacity in 2025 will reach 177.2GWh, representing a growth of 59% in terms of energy capacity, and in the optimistic scenario, it may reach 214.3GWh, representing a growth rate of 92%. According to the statistics from the China Energy Storage Alliance, as of the end of 2024, China's newly added operational capacity of new energy storage reached 43.7GW, representing a year-on-year increase of 103%. It is expected that by 2025, the cumulative installed capacity of new energy storage in China will reach 131.3GW, with a compound annual growth rate of 28.7% over the next five years.

In the European market, the large-scale energy storage market has experienced significant growth, with installed capacity surpassing residential storage for the first time; with the projects gradually showing their cost effectiveness, there is a notable uptick in the growth of commercial and industrial storage. In the U.S. market, its tax policies have significantly enhanced the economic benefits of energy storage projects, while adjustments in regulatory policies have simplified the grid connection process for energy storage projects. The combined effects of these policies provide a solid foundation for the development of the U.S. energy storage market. Apart from the traditional energy storage market, the demand for energy storage installations in emerging markets such as the Middle East, Southeast Asia, Latin America, and South Africa is also rapidly rising, demonstrating significant growth potential.

II. Business Review

As a leading international new energy technology company, the Group is committed to becoming a creator of energy value. Adhering to the mission of "transcend commerce to benefit humanity" and the vision of "co-creat, win together, achieve excellence", the Group will continue to shape a healthy ecosystem for the new energy sector by pioneering innovation and technology leadership, and strive to take on the greatest responsibility in achieving the goals of "carbon peaking and carbon neutrality" and the strategic advancement of new energy vehicle and fulfill its responsibilities for energy security and sustainable development for humanity.

The Group remains committed to technological innovation, sustaining product leadership through our development philosophy of "the ultimate balance of energy and resources, the ultimate balance of energy and safety, and the high integration of design and manufacturing." As a battery specialist, the Group maintains cutting-edge technological capabilities while staying deeply attuned to market needs, consistently delivering reliable "premium batteries" to market and clients. Meanwhile, through continuous innovation in mindset, processes, and management systems, we build agile organizations with efficient operational competencies, driving the successful execution of our corporate strategy, positioning us to emerge as a global benchmark for value creation.

In 2024, the Group achieved sustained rapid growth through comprehensive advancements across all business sectors. According to the latest statistics from SNE Research, the Group's installed capacity of EV batteries increased by 16.6% year-on-year in 2024, ranking fourth globally and third domestically in this category. According to InfoLink, the Group's energy storage cell shipments ranked fifth globally in 2024.

- Passenger vehicle market: We deepened collaboration in domestic markets, achieving steady growth in installed capacity with a monthly milestone surpassing 4GWh. Our solutions were integrated into 25 new vehicle models, cumulatively equipping over 2 million units nationwide. In the hybrid vehicle market, the year-on-year growth reached nearly 200%. Due to our efforts to accelerate our global layout, our overseas installed capacity increased by 105% year-on-year, hitting another record high.

- Commercial vehicle market: Annual New Vehicle increased by 150% year-on-year, while our domestic installed capacity grew by 85.2% compared to the same period last year. Additionally, we were selected as the power solution provider for vehicles operating within the 2024 Paris Olympic Games Park;

- Energy storage market: In a single month, our energy storage cell shipments surpassed 5GWh, achieving sustained substantial growth. We secured and delivered the entire 7.8GWh order for the world's largest energy storage project in 2024. Additionally, we successfully launched our first self-invested power station project, establishing an innovative business model, and delivered our first overseas AC-side project; and

- Ship market: We secured the first electric vessel project from the world's largest oil company. Additionally, we won our first international order for a megawatt-level marine battery system, achieving a breakthrough in the "offshore engineering vessel" sector. Our electric vessels also gained traction with batch orders at Singapore's port, while successfully penetrating the high-end yacht market in the United States.

Simultaneously, our Group was constantly committed to innovation and has successfully launched new product series: "Top-tier"(頂流), "UltraRange"(至遠), "UltraLife"(至久), and "Boundless"(無界). These products feature comprehensive innovations and advancements in high energy density, enhanced safety, extended lifespan, ultra-fast charging, and all-weather performance, providing comprehensive and valuable full-scenario product solutions to the market and our customers. Our key energy storage technology and application project received the "National Science and Technology Progress Award." Furthermore, our patent "Battery Module and Battery Pack" (Patent No.: ZL202011563209.0) was honored with an Excellent Award at the China Patent Awards. The Group maintains its industry leadership through advanced technology, contributing to the healthy development of the sector's ecosystem.

1. Further breakthrough in technology

Adhering to the technology innovation as the driving force, the Group created top-notch technologies and products through continuous innovation to achieve its breakthrough in technological development, continuously boosting the core competitiveness of the Group.

(1) In terms of advanced materials, the Group focused on key materials such as 5V high-voltage lithium nickel manganese oxide materials, lithium supplementation materials, new functional additives for electrolytes, and novel all-solid-state electrolyte materials, and leveraged high-throughput experimental platforms and other digital tools, achieving a series of significant technological breakthroughs, resulting in notable improvements in critical performance metrics;

(2) In terms of high-performance battery technology, the Group achieved mass production of a 5C ultra-fast charging LFP battery, which is characterized by both high-energy and ultra-fast charging; completed the development phase of high-energy 6C ultra-fast charging high-nickel cylindrical technology and products, with performance metrics leading the industry. The Group focused on high-manganese iron lithium batteries, overcoming multiple industrialization bottlenecks such as low-temperature performance and lifespan, and successfully implemented them in vehicle applications. Additionally, the Group developed high-efficiency, ultra-long-life energy storage battery technology and products, setting new industry benchmarks;

(3) In terms of new battery technology, the Group focused on high-performance battery sensing technology and data utilization, achieving several key breakthroughs in intelligent battery technology. This positions us to lead the industry's intelligent upgrade. The Group was the first in the industry to launch high-energy, wide-temperature-range lithium nickel manganese oxide battery technology, which delivers exceptional low-temperature performance with zero capacity degradation. Additionally, the Group concentrated on breakthroughs in key technologies for all-solid-state batteries, such as high specific energy electrode materials;

(4) In terms of advanced manufacturing, 1) the Group completed the development of thick electrode manufacturing technology and successfully applied it to high-speed mass production; 2) the Group completed the development of fast-charging and core-making technology, and realized the mass production application of core manufacturing technologies such as fast-charging material electrode processing and completed the development of long-life energy storage cell manufacturing technology and the application of lithium supplementation techniques based on the application scenarios of 5C super-charged LFP, 6C high-nickel and other products; 3) the Group achieved small-batch mass production of "Top-tier" cylindrical lithium iron phosphate and high-nickel batteries, completing the mass production application of key cell and formation capacity manufacturing technology, with equipment utilization and manufacturing efficiency improving by over 50%; 4) the Group built an AI-based big data platform to enable virtual commissioning and optimization of process parameters by integrating visual AI with physical models, enhancing detection efficiency and accuracy by 50%, and achieving quality control at the parts-per-billion (ppb) level of the process and ensuring high-reliability batch delivery; and

(5) In terms of battery full life cycle management, the Group adopted manufacturing big data and virtual measurement technology to optimize the battery manufacturing process, which improved the manufacturing efficiency of key processes by more than 30% and reduced energy consumption by more than 50%.

The Group followed the high-quality intellectual property rights development strategy which was deeply integrated with the strategy of "consolidating its leadership in product and technology", focused on the high-quality patent portfolio to constantly forge an innovative brand power. It has established a patent portfolio in the entire battery industry chain covering battery materials, battery structure, system integration, electrical circuits, BMS, manufacturing process equipment and battery recycling. As of 31 December 2024, the Group had been granted 3,531 patents and has applied for 1,011 patents pending authorization.

2. *Regaining a leading position in terms of products*

Putting together its own technical capabilities and industrialization strength, the Group constantly pursued the high energy density and stable safety performance of EV batteries, launching more competitive new products of ternary series and phosphate series. The Group continued to maintain its product leadership by devoting its efforts in power energy storage (new energy power generation and power grid), industrial and commercial energy storage, household energy storage and other application scenarios.

Products for passenger vehicle market

(1) Ternary EV batteries

1) 800V 5C medium-nickel high-voltage battery: it can attain 10%-80% charging within 12 minutes, and has already achieved delivery in batches;

2) "Top-tier" cylindrical battery: through innovative technologies such as multi-doped cathode, high-safety electrolyte, and self-healing interface, the Group has developed the high-nickel R46 large cylinder battery which can achieve a cell energy density of 306Wh/kg and 350Wh/kg, respectively, and will be delivered in batches to the industry's leading eVTOL customers in 2025 and 2026, respectively;

3) High energy density semi-solid battery: it focuses on the intrinsic safety requirements of high energy batteries, through the combination of the advantages of new liquid safety electrolyte and solid-state safety technology, the cycle life is close to 1,000 times while the energy density of the battery cells exceeds 400Wh/kg, achieving the ultimate balance of energy, performance and safety, with mass deliveries scheduled for 2025; and

4) High-energy density and high-safety "Boundless" all-solid-state battery: it features low pressure, long service life and high power output, achieving a high energy density of 430Wh/kg and a capacity of more than 50Ah, which will be produced in small batches in 2027.

(2) Phosphate series EV batteries

1) "Top-tier" cylindrical battery: the high-power LFP R46 large cylinder battery developed by the Group is a new generation product developed for the hybrid electronic market, with leading advantages such as minimizing cost and maximizing performance. It has been delivered in batches;

2) 800V 5C super-charged LFP battery: it can attain 10%-80% charging within 12 minutes and is compatible with both pure electric and hybrid vehicle applications. It has entered mass production and delivery; and

3) Next-generation lithium manganese iron phosphate battery product: this battery achieves an energy density exceeding 210Wh/kg and can attain 10%-80% charging within 15 minutes. It has been validated in vehicles and is scheduled for delivery in batches in 2025.

Products for commercial vehicle market

(1) In terms of light commercial vehicle: the mass-produced TEU can cover 30-100kWh of electricity and feature a comprehensive upgrade to 2C charging capability, leading the markets in mini vans, medium vans, large vans, mini trucks, small trucks and light trucks, with their exceptional quality and performance earning high customer recognition; the industry's "UltraRange" series battery system featuring single pack and large capacity for light trucks can significantly enhance the energy density of the battery system and effectively improve the space utilization of the entire vehicle, with a single pack covering 100-200 kWh of electricity, has completed the actual measurement of 600 kilometers of full-load range to meet the long driving range needs of intra-city and inter-city logistics, and has already achieved delivery in batches; and

(2) In terms of heavy commercial vehicle: our "UltraRange" series battery system for heavy trucks is the industry's first mass-produced product with a single-pack capacity of 100 kWh of electricity. It is a leading product developed for the heavy commercial vehicle market and can provide a full coverage of 400-800 kWh, and can satisfy the demand of all scenarios in different working conditions and different fields such as traction, mixing, selfunloading, special-purpose and engineering machinery. It can achieve a full-package energy density of up to 167Wh/kg, delivers a full-load driving range of up to 530 km, and offers a cycle life exceeding 4,500 cycles, meeting 8-year warranty requirements, and has already achieved delivery in batches.

Products for energy storage market

(1) For power energy storage application scenario: our 314Ah battery cells products are the first in the industry to pass certification and the first to achieve large-scale and stable delivery in batches, earning high customer recognition for both product quality and delivery capabilities. The second-generation 314Ah long-cycle energy storage cell delivers an ultra-long lifespan of 15,000 cycles, maintains energy efficiency above 96%, and achieves zero degradation during the first 1,000 cycles, reducing the levelized cost of energy during the life cycle by over 25% compared to existing products. The newly launched 392Ah energy storage cell is the industry's best solution for 6.25MWh containers, which can be fully compatible with existing 5MWh container production lines in terms of related component technologies of containers. The next-generation "UltraLife" series of 600Ah+ large energy storage cells boasts an energy density exceeding 440Wh/L, enabling a discharge capacity of 6.8MWh or above for a standard 20ft container and supporting 2,000V high-voltage systems, significantly enhancing the overall revenue of power stations;

(2) For industrial and commercial energy storage application scenario: the Group has launched standardized outdoor integrated cabinet products and comprehensive solutions featuring modular design, flexible building-block configurations, active safety systems with protective installations, and compact intelligent power distribution technology. Leveraging their safety, reliability, and economic efficiency, these products are adaptable to diverse application scenarios, offering AC-side and DC-side coupled solutions ranging from hundreds of kWh to tens of MWh. With the capability to deliver products and services spanning from DC-side to medium-voltage AC-side, they address large-scale energy storage scenarios where container products are unadaptable. Additionally, multiple outdoor integrated cabinets can be arranged in matrix configurations to achieve large-scale energy storage stations of tens of MWh, making them ideal for commercial and industrial energy storage markets in regions such as the United States, Europe, and Japan, across various scales and applications; and

(3) For household energy storage application scenario: the long-life prismatic battery and intelligent management system are equipped with multiple protection mechanisms when facing situations such as over-charge, over-discharge, over-temperature, over-current, and short circuit, the products have successively passed a series of overseas certifications such as UL/IEC/CE, and the product performance, cost and safety performance are widely recognized by customers. Household energy storage products are applied in different system architectures, including low-voltage DC systems, high-voltage DC systems and DC-AC integrated systems. The Group has established strategic partnerships with numerous domestic and international clients, with product shipments exceeding 100 MWh.

3. Business achievements

During the Reporting Period, the total assets of the Group amounted to RMB122,473 million, representing an increase of 16.2% as compared with the beginning of the year, and the net assets amounted to RMB48,054 million, representing an increase of 3.6% as compared with the beginning of the year. The Group achieved a revenue of RMB27,752 million, representing an increase of 2.8% as compared with the corresponding period of last year, which was mainly attributable to the gradual release of the Group's production capacity and increased customer demand, resulting in a sustained and significant growth in ESS product business.

Passenger vehicle market: the total accumulated number of supporting new energy vehicles over 2 million units, with an accumulated delivery volume exceeding 100GWh.

(1) In the field of pure electric vehicle: while maintaining our leading position in the economy vehicle market, the Group achieved significant growth in the installed capacity in the mid-to-high-end market, further solidifying our position among the top three players. The Group secured the nomination of a best-selling emerging project, and secured batch delivery agreements for new models, including those from Luxeed. Additionally, the Group successfully supported the upgrade, iteration, and mass production of flagship models for customers such as XPeng, Geely, Changan and GAC. Furthermore, the Group realized delivery in batches of new models for multiple joint venture brand, advancing the construction of a multi-dimensional market system;

(2) In the hybrid electronic field: our installed capacity continued to experience rapid growth, with a year-on-year increase of nearly 200%. The Group accelerated collaboration on new hybrid projects with Geely and Leapmotor, further enhancing our market penetration. Additionally, the Group successfully supported the mass production of multiple hybrid models for customers such as Chery, Dongfeng, and BAIC, while securing supply agreements for 12 new hybrid models; and

(3) International market: the Group secured nominations from international brands such as Toyota, Honda, Volkswagen, and Audi, while continuously expanding our customer base in Europe and Southeast Asia. The delivery volume steadily increased, with a growing variety of product types delivered. Our overseas installed capacity grew by 105% year-on-year, further advancing our globalization progress.

Commercial vehicle market: our domestic installed capacity grew by 85.2% as compared with the same period last year, achieving comprehensive coverage of mainstream products and full-scenario empowerment. The Group has successfully penetrated all strategic customer accounts, provided full vehicle model support, and achieved batch deliveries. Our international delivery volume has shown steady growth.

(1) In the light commercial vehicle field, the Group has established in-depth collaborations with customers such as Chery, Geely, Ruichi, Foton, Dongfeng, Changan, and King Long, providing comprehensive support and delivery for the industry's mainstream models. Our products have been applied to key clients from business-end, including DST, JD.com, and Lalamove. In the heavy commercial vehicle field, the Group has partnered with customers such as Sinotruk, XCMG, SANY, Shaanxi Automobile, Jiefang, Dongfeng, and Lingong in terms of tractors, dump trucks, mixer trucks, loaders, and specialized vehicles, achieving full-spectrum collaboration; and

(2) In terms of international market, customers in the European market continued to expand. The delivery volume steadily increased and the delivered products became increasingly diversified. For example, our market share of British electric buses exceeded 50%, our ternary VDA products ranked first in terms of the supply volume in the market of British electric bus and the Group has awarded as "Preferred Supplier" by customers. Additionally, the Group secured a nomination for the Daimler project. The Group has obtained AIS038 and AIS-004 certification respectively in the Indian market and became the first enterprise in the electric heavy truck sector in India to obtain the above certification, and have also accomplished whole set of delivery at the system level, laying a solid foundation for the subsequent in-depth development in the Indian market.

Energy storage market: the business results in terms of shipments achieved a sustained substantial growth. The Group's 314Ah battery cells products were the first in the industry to achieve stable delivery in batches, earning high recognition from strategic customers for its products and delivery capabilities. The Group secured the world's largest energy storage battery order in 2024.

(1) The Group established direct cooperation with power groups such as the five leading government-run power enterprises, six major power industry players (the "Five Leading and Six Major"), and achieved strategic cooperation with SPIC, CNNP Rich Energy, China Energy Construction, China Three Gorges Renewables, China Electrical Equipment Group, China Energy Group, and China Resources Group. The Group's products were adopted by a number of energy storage power station projects, and they have realized the operation and grid connection;

(2) The Group entered into strategic cooperation with leading customers in various fields such as system integrators, wind power and photovoltaic enterprises, and was shortlisted for framework procurement of energy storage systems by multiple power companies, establishing long-term stable supply relationships; and our market share and ranking further improved, making us a core supplier and partner of the leading enterprises in the industry and the Group has highly recognized by the customers;

(3) While continuing to maintain the influence in the power storage market segment, the Group completed its market layout in the industrial and commercial energy storage, household energy storage market segment through the launch of full-scenario standardized energy storage products and solutions, which laid a solid foundation for the follow-up rapid growth in the energy storage market; and

(4) The Group achieved major breakthroughs in the international market, completed the admission process with a number of international top energy storage owners, EPCs, integrators and suppliers, enlisted in the whitelist of these customers, achieved the delivery in batches. As a supplier of high-performance energy storage cells, the Group secured the world's largest energy storage battery order. At the same time, as the mainstream products in the market, system products such as 5MWh liquid-cooled containers and outdoor energy storage cabinets were delivered in batches, with industry-leading product performance.

III. Future Prospects

Steering rapid development by innovation, the Group adheres unwaveringly to the strategy of consolidating its leadership in products and technologies. Propelled by a future-oriented R&D layout, the Group pushes forward the constant advancement of battery technology from multiple dimensions such as innovations in materials, structures, manufacturing as well as systems, whereby the Group possesses a number of leading technologies and products worldwide, and builds on hard-core product capabilities in all scenarios, thus bringing the development of the industry to a new height. Revolving around the business strategy of "dual-driven force of power and energy storage" and regional strategy of "paradigm featuring dual circulation (國內國際雙循環)", the Group is dedicated to serving the high-quality development of new energy with its leading technology and product capabilities and insisting on taking the needs of end users and customers and social sustainable development as the fundamental pursuit of technological development. Focusing on solving pain points in the industry, the Group is committed to providing users with products featuring high safety, high reliability, high performance and cost effectiveness.

1. Innovation in technologies and products

The Group is committed to continuing its technological innovation in multiple dimensions and maintaining its leadership in advanced materials, high-performance battery technology, new batteries technology, advanced manufacturing technologies, and battery full life cycle management, etc. to ensure the competitive advantage of its products in the application field.

(1) In terms of advanced materials, the Group will seek to make breakthroughs in key materials such as 5V high-voltage lithium nickel-manganate materials, lithium supplementation materials, new electrolyte functional additives and new all-solid-state electrolyte materials;

(2) In terms of high-performance battery technology, the Group will continue to pursue breakthroughs in battery technologies, focusing on high energy density, extended lifespan, enhanced safety, superior power output, and all-climate adaptability. It will solidify its comprehensive leadership by developing products with cutting-edge performance and cost competitiveness. The Group will achieve technological innovations in high-specific-energy 6C ultra-fast-charging LFP batteries and ultra-high-energy 6C high nickel cylinder batteries. It will also commercialize high-manganese iron phosphate batteries to spearhead industry-wide technological advancements. Additionally, the Group will persistently advance critical technologies for improving efficiency and longevity in energy storage cells, ensuring its products maintain a market-leading position;

(3) In terms of new battery technology, the Group will continue to achieve key technological breakthroughs such as 5V high-voltage lithium nickel-manganese oxide batteries and high-performance "Boundless" all-solid-state batteries. The Group will overcome performance design and industrialization bottlenecks, thereby facilitating innovation and upgrades within the industry;

(4) In terms of advanced manufacturing technologies, the Group will 1) further enhance product competitiveness by focusing on manufacturing cost reduction and next-generation all-solid-state batteries, and 2) leverage second-generation cylindrical cell manufacturing technology and equipment capabilities to create the next generation of high-speed cylinder battery product with more competitiveness; and

(5) In terms of battery full life cycle management, the Group will effectively identify battery consistency and potential risks to prevent defects from occurring and spreading. The Group will dynamically identify key parameters within the batteries to enhance battery management efficiency, and identify battery health status in advance so as to maximise the battery's safety, reliability and energy throughput value throughout the entire battery lifecycle.

2. *Market and customer development*

The Group aims to maintain its product leadership and competitive advantage based on continuous technological innovation.

With its strategic goal of global leadership, the Group will pool its efforts and resources to provide comprehensive product solutions and life-cycle management for the new energy full-scenario application market represented by EV batteries and ESS products.

In terms of the passenger vehicle market, the Group will adjust its strategic direction based on evolving market demands, iteratively upgrade high-quality production capacity, optimize resource investment, and continuously deepen its global layout guided by leading technology. In the domestic market, the Group will maintain stable cooperation with existing clients, explore innovative business models, and actively seek new clients and projects in both pure electric and hybrid vehicle sectors, so as to push its coverage ratio of models of OEM customers to another record high, and in the international market, the Group will ensure steady growth in project deliveries, fully advance the progress of already secured projects, and accelerate the construction of production capacity in Europe and Southeast Asia to achieve significant growth in overseas delivery in batches.

In terms of the commercial vehicle market, the Group will further deepen its comprehensive layout under the influence of policy guidance, technological innovation, and market demand, continuously focus on niche markets such as light commercial vehicles, new energy heavy trucks, and buses, and enhance cooperation depth with leading commercial vehicle manufacturers. The Group will seize the rapidly growing market demand for new energy commercial vehicles, accelerate product iteration and upgrades to meet the needs of commercial vehicle electrification and intelligence, and comprehensively promote terminal and regional strategies to increase market share.

In terms of the energy storage market, for the domestic business, the Group will continue to build deeper and long-term strategic cooperation with the "Five Leading and Six Major", system integrators, and leading enterprises in wind power, photovoltaic and other segments, so as to ensure that the shipments of energy storage products will achieve sustained significant growth. The Group will tap deeper into the business chain of new energy power stations and further leverage its advantages in performance, service and cost to build its brand advantage among the "Five Leading and Six Major", and turn it into business increments. In addition, the Group will accurately match the market expansion process and product needs of system integrators, so as to further increase our share in the leading system integrator customers and double our deliveries to them. On the basis of our established power station business capabilities, we will participate in the competitive distribution business of independent power stations to increase our shipments of energy storage products through the power station business. In terms of industrial and commercial energy storage, we will explore diversified business models to achieve a rapid growth in shipments.

In terms of the ship market, the Group will continue to drive technological innovation and deepen cooperation with domestic mainstream customers. We will accelerate the electrification process in application scenarios such as sightseeing tourism, inland waterway shipping, and port tugboats. This effort aims to promote the green transformation of the domestic ship industry while further expanding into international markets to keep up with the global trend of ship electrification. The Group will provide customized battery system solutions to support the sustainable development of the global shipping industry.

At the same time, the Group will continuously explore emerging markets such as rail transit, mining, and low-altitude economy by offering high-safety, high-reliability, and high-performance product solutions. The Group will leverage leading technology, superior quality, and exceptional service to earn high recognition from clients. Additionally, the Group will collaborate with strategic clients on forward product development to create all-scenario applications, leading the new energy development in the commercial industry.

3. Internationalization

With its strategic goal of internationalization, the Group will continue to accelerate its strategic internationalization process from multiple aspects including production capacity, market and supply chain.

In terms of production capacity, the Group's Portugal project has been successfully approved and included into the Portugal National Interest Project (PIN) and obtained environmental impact assessment (EIA) approval in 2024. Construction will officially commence in the first quarter of 2025. Meanwhile, the Group established its Thailand base in 2024, implementing its industrial layout in the ASEAN region. In the future, the Group will continue to efficiently advance project construction and mass production with industry-leading standards and quality to comprehensively enhance international supporting delivery efficiency and capabilities.

In terms of the market, with the smooth advancement of industrial layout in Europe and ASEAN, the Group will leverage new overseas platforms to build outstanding market competitiveness and international recognition, aiding the Group's further expansion in overseas markets.

In terms of supply chain, the Group worked closely with its existing partners to make innovation, improve efficiency and reduce costs, and continued to develop new global cooperation; at the same time, in view of the regional distribution of its global partners, the Group actively developed and expanded local industrial chain system, striving to build a diversified regional industrial synergy to make contributions to the development of the regional economy.

IV. Financial Review

Overview

During the Reporting Period, the revenue of the Group increased from RMB27,005.89 million for the year ended 31 December 2023 to RMB27,751.53 million for the year ended 31 December 2024, representing an increase of 2.8%; the Group's profit for the year increased from RMB437.16 million for the year ended 31 December 2023 to RMB843.63 million for the year ended 31 December 2024, representing an increase of 93.0%. The basic earnings per share of the Group increased from RMB0.1661 for the year ended 31 December 2023 to RMB0.3336 for the year ended 31 December 2024, representing an increase of 100.8%.

Financial indicators

The key financial indicators of the Group are set out as follows:

Financial indicators	**2024**	2023
Gross profit margin (%)	**15.9%**	13.0%
Net sales margin (%)	**3.0%**	1.6%

The gross profit margin of the Group increased by 2.9 percentage points from 13.0% for the year ended 31 December 2023 to 15.9% for the year ended 31 December 2024. The growth was primarily due to, on one hand, increasing economies of scale resulting from the Group's business expansion and sustained growth, and on the other hand, the continuous improvement in product performance coupled with cost reductions, enabled by the Group's leading technology and product capabilities, which collectively contributed to a year-on-year increase in gross profit margin.

The net sales margin of the Group increased by 1.4 percentage points from 1.6% for the year ended 31 December 2023 to 3.0% for the year ended 31 December 2024, primarily due to the year-on-year increase in the gross profit margin of the Group.

Revenue structure

During the Reporting Period, the Group generated revenue from the sales of EV batteries, ESS products and others. The revenue of the Group increased from RMB27,005.89 million for the year ended 31 December 2023 to RMB27,751.53 million for the year ended 31 December 2024, representing an increase of 2.8%. The increase was mainly due to the gradual release of the Group's production capacity, the increase in customer demands and sustained significant growth of the ESS products business.

1) Revenue by product

Items	**2024**		2023	
	Revenue	**Percentage of revenue**	Revenue	Percentage of revenue
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
EV batteries	**19,550,893**	**70.4**	22,249,046	82.4
ESS products and others	**8,200,633**	**29.6**	4,756,839	17.6
Total	**27,751,526**	**100.0**	27,005,885	100.0

During the Reporting Period, the revenue generated from the sales of EV batteries of the Group decreased by 12.1% from RMB22,249.05 million for the year ended 31 December 2023 to RMB19,550.89 million for the year ended 31 December 2024. The year-on-year decrease in the revenue generated from the sales of EV batteries was mainly attributable to the growth in sales volume coupled with the decline in battery prices.

During the Reporting Period, the revenue generated from the ESS products and others of the Group increased by 72.4% from RMB4,756.84 million for the year ended 31 December 2023 to RMB8,200.63 million for the year ended 31 December 2024. The strong increase was mainly because the ESS products business achieved sustained significant growth attributable to the Group's continuous efforts to explore the ESS segment.

2) Revenue by geographical location of product delivery

Items	**2024**		2023	
	Revenue	**Percentage of revenue**	Revenue	Percentage of revenue
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
Mainland China	**27,111,618**	**97.7**	26,353,028	97.6
Overseas regions	**639,908**	**2.3**	652,857	2.4
Total	**27,751,526**	**100.0**	27,005,885	100.0

During the Reporting Period, the Group's revenue from Mainland China increased by 2.9% from RMB26,353.03 million for the year ended 31 December 2023 to RMB27,111.62 million for the year ended 31 December 2024. The increase was mainly attributable to the continuous improvement and release of the Group's production capacity and the increase in the demands for batteries of the Group's key customers from Mainland China.

During the Reporting Period, the Group's revenue from overseas regions decreased by 2.0% from RMB652.86 million for the year ended 31 December 2023 to RMB639.91 million for the year ended 31 December 2024. The decrease was mainly attributable to the growth in sales volume coupled with the decline in battery prices.

Financial position

1) Assets

The total assets of the Group increased from RMB105,429.03 million as at 31 December 2023 to RMB122,473.38 million as at 31 December 2024, representing an increase of 16.2%, among which, non-current assets increased from RMB73,318.01 million as at 31 December 2023 to RMB86,868.00 million as at 31 December 2024, representing an increase of 18.5%. Such increase was mainly due to the addition of property, plant and equipment as the Group continued to invest in the projects under construction in existing production bases. Current assets increased from RMB32,111.02 million as at 31 December 2023 to RMB35,605.39 million as at 31 December 2024, representing an increase of 10.9%. Such growth was mainly due to an increase in bank deposits and balance of deposit products.

2) Liabilities

The total liabilities of the Group increased from RMB59,043.24 million as at 31 December 2023 to RMB74,419.46 million as at 31 December 2024, representing an increase of 26.0%, among which, current liabilities increased from RMB36,821.46 million as at 31 December 2023 to RMB45,584.30 million as at 31 December 2024, representing an increase of 23.8%. Non-current liabilities increased from RMB22,221.78 million as at 31 December 2023 to RMB28,835.16 million as at 31 December 2024, representing an increase of 29.8%. The primary reason for such increase in liabilities was the rise in project syndicated loans and working capital loans to meet the funding needs for the Group's sustainable business growth and investment in significant projects.

Liquidity and financial resources

The operating cash inflow of the Group for the year ended 31 December 2024 amounted to RMB3,113.10 million, representing an increase of 7.3% as compared to RMB2,900.17 million for the year ended 31 December 2023, which was mainly attributable to the sustained business growth and increase in profit of the Group.

The bank and cash balances (including pledged and restricted bank deposits) of the Group as at 31 December 2024 were approximately RMB12,435.96 million (31 December 2023: RMB9,215.86 million).

The total borrowings of the Group as at 31 December 2024, including all bank loans, amounted to approximately RMB46,116.38 million (31 December 2023: RMB29,170.73 million). The repayment terms of the bank loans are as follows: approximately RMB18,960.09 million are due within one year and approximately RMB27,156.29 million are due after one year.

The Group had sufficient liquidity to meet the requirements of its daily liquidity management and capital expenditure, and to control internal operating cash flows.

Capital structure

The financial management department under the Group is responsible for its financial risk management, aiming to ensure that the liquidity structure of the assets, liabilities and other commitments of the Group could meet its funding needs on an ongoing basis.

The borrowings of the Group were mainly settled in Renminbi, while its cash and cash equivalents were mainly held in Renminbi, U.S. dollars, Euro and Hong Kong dollars. The Group planned to maintain an appropriate portfolio of equity and debt during the period to ensure an effective capital structure. As at 31 December 2024, the outstanding loans of the Group were RMB-denominated loans with approximately 3.7% of these outstanding loans bearing interest at fixed rates and the remainder at floating rates.

The Group monitored the capital structure by using the liability-to-asset ratio (i.e. total liabilities divided by total assets) and the debt-to-equity ratio (i.e. net debt divided by equity), with its policies to maintain financial stability and support the sustainable, healthy and rapid development of the Group's business. Net debt includes lease liabilities, interest-bearing bank and other borrowings and financial guarantee and is net of cash and cash equivalents, with equity being total equity. The liability-to-asset ratio of the Group as at 31 December 2024 was 60.8% (31 December 2023: 56.0%), and the debt-to-equity ratio was 77.5% (31 December 2023: 47.1%). The increase in the liability-to-asset ratio and the debt-to-equity ratio was mainly due to the increased borrowings for project construction. The Group maintained its financial stability amidst rapid business development.

Foreign exchange risk

The business operations of our Group are principally located in Mainland China and most of its transactions are conducted in Renminbi. Except for certain bank balances which are denominated in U.S. dollars, Euro, Hong Kong dollars and other foreign currencies, most of the assets and liabilities are denominated in Renminbi. During the Reporting Period, the Group did not experience any material difficulties or impact on its operations or liquidity as a result of fluctuations in currency exchange rates. The Group believes that the Group will have sufficient foreign currencies to meet its foreign exchange needs and will take effective measures to prevent foreign exchange risks.

Capital expenditure

During the Reporting Period, the capital expenditures of the Group for the year ended 31 December 2024 amounted to RMB16,606.58 million (2023: RMB20,129.02 million) which were mainly used for the construction of production facilities and the upgrade of existing machinery and equipment. The capital expenditures of the Group were mainly funded by the Group's own funds, bank borrowings, funds contributed by local shareholders as well as cash inflow from the operating activities of the Group.

Capital commitments

During the Reporting Period, the capital commitments of the Group were mainly related to the acquisition of property, plant and equipment. The total of capital expenditures contracted but not incurred as at 31 December 2024 was RMB14,620.08 million (31 December 2023: RMB19,828.09 million).

Restricted assets

As at 31 December 2024, the Group had restricted assets with a total carrying amount of RMB13,981.92 million for obtaining bank loans and other bank facilities. These assets include pledged and restricted bank deposits of RMB3,377.40 million, bills receivables of RMB0.01 million, other financial assets of RMB170.00 million, property, plant and equipment of RMB9,614.62 million and right-of-use assets of RMB819.88 million.

Significant investments held

As at 31 December 2024, the Group did not hold any significant investments.

Future plans for significant investments and capital assets

As at 31 December 2024, the Group did not have any plans for significant external investments and capital assets.

Material acquisitions and disposals of subsidiaries and associates

During the Reporting Period, the Group had no material acquisitions or disposals of subsidiaries and associates.

Contingent liabilities

(a) The Group endorsed certain bank acceptance bills for the settlement of trade and other payables, discounted certain bank acceptance bills to banks for obtaining working capital and entered into factoring arrangement to transfer trade receivables to a bank without recourse. These outstanding endorsed bank acceptance bills, discounted bank acceptance bills and factored trade receivables are generally with maturities no more than 6 months. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards relating to these instruments; the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of default in payment of these instruments was low because they were issued or guaranteed by reputable PRC banks or enterprises. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed, discounted and factored instruments at 31 December are as follows:

	2024	2023
	RMB'000	*RMB'000*
Endorsed or discounted bills	**10,813,775**	8,269,808
Factored trade receivables	**1,200,000**	1,700,000
	12,013,775	9,969,808

(b) During 2021, Contemporary Amperex Technology Co., Limited ("**CATL**") has brought four intellectual property infringement claims (for Patent I, Patent II, Patent III and Patent IV, as defined in the Prospectus of the Company dated 23 September 2022) against the Company (each a "**Claim**" and together, the "**Claims**"). China Lithium Battery Technology (Luoyang) Co., Ltd. ("**Luoyang Company**") is also a joint defendant in the Claim related to Patent II.

During August 2022, CATL has brought another intellectual property infringement claim related to Patent VI (as defined in the Prospectus of the Company dated 23 September 2022) against the Company. Luoyang Company is also a joint defendant in such Claim related to Patent VI.

The Company received the respective first-instance judgments for the claims of Patent I, Patent III and Patent IV delivered by Fuzhou Intermediate Court between November 2022 and February 2023. After due consideration, the Company made a total provision of RMB8.64 million for the claims of Patent I, Patent III and Patent IV based on the assessment result of the compensation amounts of the internal legal counsel and external legal counsel by the end of 2022.

In December 2023, the Supreme Court has revoked the civil indictments from Fuzhou Intermediate Court regarding claims of Patent I and Patent IV. As a result, the Company has reversed the provision of RMB8.40 million related to claims of Patent I and Patent IV by the end of 2023.

Regarding Claim of Patent III, the Company received a civil judgment from the Fuzhou Intermediate Court in November 2022 and the salient contents of which are: (1) the Company shall immediately cease selling products infringing the relevant patent from the date on which the judgment takes effect, (2) the Company shall compensate CATL for its economic loss of RMB2.63 million and reasonable costs of RMB0.20 million within 15 days from the date on which the judgment takes effect, (3) the Company to pay RMB0.13 million fees for the temporary protection period for the relevant patent within 15 days from the date on which the judgment takes effect, and (4) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 30 November 2022. The litigation has no significant progress during the year ended 31 December 2024, hence the Directors determined to maintain the provision of RMB0.24 million for Claim of Patent III as at 31 December 2024.

During May 2024, the Company received a civil judgment from the Higher People's Court of Fujian Province regarding the Claim related to Patent II and the salient contents of which are: (1) the Company and Luoyang Company shall immediately cease using, selling or offering to sell products infringing the relevant patent from the date on which the judgment takes effect; (2) the Company and Luoyang Company shall jointly and severally compensate CATL for its economic loss of RMB40.56 million and reasonable costs of RMB1.02 million incurred for stopping the infringement within 15 days from the date on which the judgment takes effect; and (3) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 20 May 2024. The Company has appealed the first-instance judgment to the Supreme People's Court within the appeal period. After careful consideration, the Company made a provision of a total of RMB3.24 million for these claims based on the assessment results of the compensation amount by internal legal counsel and external legal counsel.

In July 2024, the Company received a civil indictment (Case No.: (2024) Min 01 Min Chu No.543) served by the Fuzhou Intermediate Court. The claim was petitioned by CATL brought against the Company and Fuzhou Cangshan Aion Automobile Sales Service Co., Ltd. (福州倉山埃安汽車銷售服務有限公司) ("**Fuzhou Cangshan Aion**") (an automobile seller independent of the Company) in respect of an infringement claim on intellectual property rights of No. ZL201720968992.6 utility model patent ("**Patent VII**") and the salient contents of which are: (1) the Company shall immediately cease manufacturing, selling and offering to sell products infringing the relevant patent; (2) Fuzhou Cangshan Aion shall immediately cease selling products infringing the relevant patent; and (3) the Company shall compensate CATL for its economic loss of RMB92.00 million and reasonable costs of RMB0.30 million incurred for stopping the infringement. Details are set out in the Company's announcement dated 26 July 2024.

In October 2024, the Company received a civil judgment from Higher People's Court of Fujian Province regarding the Claim related to Patent VI, the salient contents of which are: (1) the Company and Luoyang Company shall immediately cease selling or offering to sell products manufactured as of 18 July 2022 and infringing the relevant patent from the date on which the judgment takes effect; (2) the Company and Luoyang Company shall severally and jointly compensate CATL for economic losses RMB58.05 million and reasonable costs of RMB0.5 million incurred for stopping the infringement within 15 days from the date on which the judgment takes effect; and (3) other claims filed by CATL were rejected. Details are set out in the announcement of the Company dated 18 October 2024. The Company has appealed the first-instance judgment to the Supreme People's Court within the appeal period. After careful consideration, the Company made a provision of a total of RMB4.68 million for these claims based on the assessment results of the compensation amount by internal legal counsel and external legal counsel.

In January 2025, the Company received a civil indictment (Case No.: (2024) Zhe 01 Zhi Min Chu No. 138) from the Intermediate People's Court of Hangzhou City. CATL has filed intellectual property infringement claims against the Company and Hangzhou Pengxing Automobile Sales and Service Co., Ltd. (杭州鵬行汽車銷售服務有限公司) ("**Hangzhou Pengxing**", an automobile seller independent of the Company) regarding invention patent number ZL202210514746.9 ("**Patent VIII**"), the sailent contents of which are: (1) the Company shall immediately cease manufacturing, selling, and offering to sell products infringing the relevant patent; and (2) the Company shall compensate CATL for economic losses and the reasonable royalty for using the patent during the period from its application publication date to the grant date of RMB90.00 million in total and reasonable costs of RMB1.00 million incurred for stopping the infringement. Details are set out in the Company's announcement dated 3 January 2025.

In January 2025, the Company received a civil indictment (Case No.: (2025) Min 05 Min Chu No. 2) from the Intermediate People's Court of Quanzhou City. CATL has filed intellectual property infringement claims against the Company and other defendants (third parties independent of the Company and its connected persons) regarding the utility model patent No. ZL201621122034.9 ("**Patent IX**"), salient contents of which are: (1) the Company should immediately cease manufacturing, selling, and offering to sell products infringing the relevant patent; and (2) the Company should compensate CATL for economic losses of RMB60.00 million and reasonable costs of RMB1.00 million incurred for stopping the infringement. Details are set out in the Company's announcement dated 17 January 2025.

In January 2025, the Company received a civil indictment (Case No.: (2024) Xiang Zhi Min Chu No. 1) from the Higher People's Court of Hunan Province. Intellectual property infringement claims were filed by CATL against the Company and other defendants (third parties independent of the Company and its connected persons) in respect of invention patent number ZL202011086325.8 ("**Patent X**"), sailent contents of which are: (1) the Company shall immediately cease manufacturing, selling, and offering to sell products infringing the relevant patents; (2) the Company shall compensate CATL for economic losses of RMB110.00 million and reasonable costs of RMB1.00 million incurred for stopping the infringement. Details are set out in the Company's announcement dated 28 January 2025.

After assessing the analysis and views of the Company's internal legal counsel and external legal counsel, the Directors are of the view that the claims relating to Patent VII, Patent VIII, Patent IX, and Patent X are lacking in merit, and it is not probable that an outflow of economic benefits will be required to settle the claims related to them.

Accordingly, as at 31 December 2024, the contingent liabilities of the Group were as follows:

	Damages claimed by CATL	**Reasonable expenses claimed by CATL**
	RMB'000	*RMB'000*
Claims related to:		
Patent VII		
relates to injection structure of a secondary battery	92,000	300
Patent VIII		
relates to top cover component of secondary battery and secondary battery	90,000	1,000
Patent IX		
relates to a battery module	60,000	1,000
Patent X		
relates to top cover component of secondary battery and secondary battery	110,000	1,000

Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2024.

USE OF PROCEEDS FROM LISTING

The H Shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 October 2022 (the "**Listing Date**"), with the total net proceeds from the listing, after deducting the underwriting fees, commissions, and estimated expenses, amounting to approximately HK$9,980.10 million. In accordance with the plans for use of proceeds disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 23 September 2022 (the "**Prospectus**"), approximately 80% of the net proceeds were used to fund part of the expenditure for the construction of new production facilities of the Company in Chengdu Phase I Project, Wuhan Phase II Project, Hefei Phase I and II Project, Guangdong Jiangmen Phase I Project and Sichuan Meishan Project, totalling 95GWh of EV batteries and energy storage system production lines; approximately 10% of the net proceeds were used for advanced technology research and development; and approximately 10% of the net proceeds were used for working capital and general corporate purposes.

As disclosed in the announcement of the Company dated 6 December 2024 (the "**Announcement**"), as of 31 October 2024, the balance of unutilized net proceeds was HK$529.96 million. After taking into account the changes in market demand, making adjustments to the structure of production capacity, and improving the utilization efficiency of the proceeds, and as approval by the Board and shareholders at the general meeting, the net proceeds of HK$529.96 million originally allocated for the construction of production lines for the Sichuan Meishan Project was changed to replenish working capital. As of 31 December 2024, the net proceeds have been fully utilized. Details are set out in the table below:

Item	Percentage of expected use of proceeds as disclosed in the Prospectus	Net proceeds from the listing available for use	Amount used for the ten months ended 31 October 2024	Net unutilized as at 31 October 2024	Revised allocation of unutilized net proceeds	Net unutilized amount as at 31 December 2024
	(%)	*(in HK$ million)*	*(in HK$ million)*	*(in HK$ million)*	*(in HK$ million)*	*(in HK$ million)*
To fund part of the expenditure for the construction of new production facilities of the Company in Chengdu Phase I Project, Wuhan Phase II Project, Hefei Phase I and II Project, Guangdong Jiangmen Phase I Project and Sichuan Meishan Project, totalling 95GWh of EV batteries and energy storage system production lines	80.0	7,984.08	307.13	529.96	–	–
For advanced technology research and development	10.0	998.01	–	–	–	–
For working capital and general corporate purposes	10.0	998.01	–	–	529.96	–
Total	**100.0**	**9,980.10**	**307.13**	**529.96**	**529.96**	**–**

Save as disclosed above, the Group has not utilized any other listing proceeds during the Reporting Period. The net proceeds have been fully utilized in accordance with the intended use as set out in the Prospectus and the Announcement.

OTHER INFORMATION

Employees and Remuneration Policy

The Company has established and continuously improved the remuneration and benefit management system, optimized the salary structure, and actively built a remuneration and benefit system of "determining salary based on position and determining bonus based on contribution" with both external competitiveness and internal fairness. The Company establishes a systematic training mechanism, builds a fair and transparent promotion and development platform for employees, comprehensively evaluates and analyzes employees' potential for promotion, competency, performance and values, and analyzes employees' comprehensive capabilities and potentials. The Company has established a salary adjustment system that is externally competitive, internally fair, and individually balanced to maximize the potential of the team and individuals. The Company promotes the optimization of tiered and categorized incentive systems and performance-oriented incentive schemes, comprehensively evaluates the achievement of the targets on the company level as well as of each system, then distributes the bonuses according to the performance contributions. The Company continues to optimize and promote the talent incentive plan, and establishes a hierarchical and classified incentive system for different employee categories to stimulate and motivate their enthusiasm, further enhancing their sense of belonging, accomplishment and honor. In line with the philosophy of caring for and respecting people, the Company stimulates and mobilizes employees' enthusiasm through a combination of material and spiritual incentives, allowing employees to showcase their talents in an open and equal environment, fully unleashing their potential and maximizing their enthusiasm. As at 31 December 2024, the total number of employees of the Group was 10,534.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Group nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")). As of the end of the Reporting Period, the Company did not hold treasury shares.

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

Annual General Meeting

The Company will notify the shareholders of the Company (the "**Shareholders**") at a later date regarding the date of the forthcoming annual general meeting and the corresponding arrangements for the closure of register of members.

Events after the Reporting Period

Save as the events disclosed in contingent liabilities, the Group had no significant events after the Reporting Period as at 31 December 2024.

Compliance with the Corporate Governance Code

The Group is committed to maintaining a high standard of corporate governance and strives to comply with the code provisions (the "**Code Provisions**") as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules.

During the Reporting Period, the Company had complied with all applicable Code Provisions of the CG Code, save for the deviation from Code Provisions C.2.1 of the CG Code, which stipulates that the roles of chairwoman and general manager should be separate and should not be performed by the same individual.

Ms. Liu Jingyu is the chairwoman and general manager of the Company. The Directors believe that the roles of chairwoman and general manager in the same person are beneficial to ensure consistent leadership within the Group and enable the Group to formulate overall strategic planning more effectively and efficiently. The Directors also believe that the current arrangement will not impair the balance of duties and authorities and the structure will enable the Company to make decisions and implement them in a timely and effective manner. Under the leadership of Ms. Liu Jingyu, the Board functions effectively and discharges its responsibilities to discuss all important and appropriate issues in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and the relevant Board committees, and the Board has three independent non-executive Directors to provide independent views, the Board considers that there are adequate safeguards to ensure an adequate balance of powers of the Board. However, the Board will review the structure and composition of the Board from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

The Board will continue to review the effectiveness of the Company's governance structure to assess whether it is necessary to separate the responsibilities of the chairwoman and general manager.

Model Code for Securities Transactions by Directors

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

Audit Committee Reviews Annual Results

The Company has established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and Code Provisions D.3.3 of the CG Code. The Audit Committee consists of 3 independent non-executive Directors including Mr. Wang Susheng, Mr. Wu Guangquan and Mr. Chen Zetong, and is currently chaired by Mr. Wang Susheng with appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024, and confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has also discussed auditing and financial reporting matters.

Scope of Work of RSM Hong Kong

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.calb-tech.com). The annual report of the Company for the year ended 31 December 2024, containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

By order of the Board
CALB Group Co., Ltd.
Liu Jingyu
Chairwoman of the Board, executive Director and general manager of the Company

Changzhou, PRC
26 March 2025

As at the date of this announcement, the Board comprises Ms. Liu Jingyu and Mr. Dai Ying as executive Directors, Ms. Hu Jing, Mr. Li Jiancun and Ms. Xie Jieping as non-executive Directors, Mr. Wu Guangquan, Mr. Wang Susheng and Mr. Chen Zetong as independent non-executive Directors.