中創新航科技集團股份有限公司

CALB Group Co., Ltd.

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

Stock Code: 3931

We have committed to the development, innovation and technological leadership in the new energy field, continued to build the healthy ecosystem of the new energy industry, and effectively fulfilled our responsibilities of energy security and sustainable development for human beings.

2024 ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Liu Jingyu *(Chairwoman of the Board and president)*
Mr. Dai Ying

Non-executive Directors

Ms. HU Jing *(appointed on 31 December 2024)*
Mr. LI Jiancun *(appointed on 31 December 2024)*
Ms. XIE Jieping *(appointed on 31 December 2024)*
Mr. Zhou Sheng *(retired on 31 December 2024)*
Mr. Zhang Guoqing *(retired on 31 December 2024)*
Mr. Li Yunxiang *(resigned on 26 August 2024)*

Independent Non-executive Directors

Mr. Wu Guangquan
Mr. Wang Susheng
Mr. Chen Zetong

AUDIT COMMITTEE

Mr. Wang Susheng *(Chairman)*
Mr. Wu Guangquan
Mr. Chen Zetong

REMUNERATION COMMITTEE

Mr. Wu Guangquan *(Chairman)*
Ms. Liu Jingyu
Mr. Chen Zetong

NOMINATION COMMITTEE

Ms. Liu Jingyu *(Chairwoman)*
Mr. Wu Guangquan
Mr. Chen Zetong

JOINT COMPANY SECRETARIES

Mr. Dai Ying
Mr. Cheung Kai Cheong Willie *(FCCA, CPA)*

AUTHORISED REPRESENTATIVES

Mr. Dai Ying
Mr. Cheung Kai Cheong Willie *(FCCA, CPA)*

AUDITOR

RSM Hong Kong
29/F, Lee Garden Two
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Causeway Bay
Hong Kong

REGISTERED OFFICE

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Jiangsu Province
PRC

HEAD OFFICE AND PRINCIPAL PLACE IN THE PRC

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Jiangdong Avenue
Jintan District
Changzhou City
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East, Wanchai
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

China Construction Bank Corporation
Agricultural Bank of China Limited
China Merchants Bank Co., Ltd.
Industrial Bank Co., Ltd.
Bank of Communications Co., Ltd.
Postal Savings Bank of China Co., Ltd.

STOCK CODE

3931

COMPANY WEBSITE

www.calb-tech.com

Chairwoman's Statement

Dear shareholders:

On behalf of the board of directors of CALB Group Co., Ltd., I hereby present to the shareholders the annual report of the Group for the year ended 31 December 2024.

2024: Starting from the Heart, Gathering Energy for Innovation

As a battery specialist, we maintained cutting-edge technological capabilities while delivering reliable "premium batteries" to market and clients and creating value to the maximum extent. Meanwhile, we deeply integrated ESG concepts into our strategic layout, and injected new growth driver for the sustainable development through green innovation and undertaking of responsibilities.

In 2024, we made new breakthroughs in the fields of passenger vehicles, commercial vehicles, energy storage, marine, and low-altitude economy. The company's shipment volume exceeded 10GWh in a single month, of which, in passenger vehicle market, our solutions were integrated into 25 new vehicle models, supporting strategic customers for debut of all of their models; in commercial vehicle market, the annual number of new vehicles increased by 150% year-on-year with installed capacity achieving substantial growth; in energy storage market, we experienced a high-speed growth by securing orders for the world's largest and Europe's largest energy storage projects in 2024, respectively; in ship market, we secure a number of international large-scale commercial ship projects.

In 2024, insisting on innovation leadership, we have launched innovative technologies and products for all-scenario applications, namely "Top-tier" (頂流), "UltraRange" (至遠), "UltraLife" (至久), and "Boundless" (無界) batteries. 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. Representing new-quality productivity with "leading technologies and products", we achieve high-quality development and continuously lead industry innovation and upgrades, making new contributions to the sector's healthy development, and empowering green travel and low-carbon lifestyle.

At the same time, we have always been guided by the national "carbon peaking and carbon neutrality" strategy and the global sustainable development goals. In 2024, aiming at the goal of "carbon neutrality in core operations by 2030 and carbon neutrality in our value chain by 2040", we established a full-lifecycle carbon management and operation mechanism. We completed the ISO14064 certification, and were awarded the first batch of pilot product carbon footprint mark certification in Jiangsu Province. We strived to promote the coordinated carbon reduction in the entire supply chain in the fields of carbon emissions, recycled materials and traceability, actively participated in the exploratory work of the industry such as the Battery Passport Pilot of the Global Battery Alliance, so as to jointly build a green ecology of the industry and lead the green, low-carbon and sustainable development of the industry.

2025: Embrace Challenges, Innovation and Transcendence

In 2025, we will adhere to the innovation-driven, technology-oriented, and long-term development philosophy to achieve continuous innovation breakthroughs under the "energy+" strategy through the two-way empowerment of "hard technology" + "soft power". We will empower the research and development with digital intelligence to build the hard power of "technology + products"; empower the manufacturing with digital intelligence to build large-scale and high-efficiency smart manufacturing standards; and establish a strong service system with digital intelligence to improve the customer satisfaction and achieve high-quality development.

In 2025, with our strategic consideration of "face the future with innovation and leading technologies", we will continue our dedication to the exploration, innovation and technology leadership in the new energy sector, continue to shape a healthy ecosystem for the new energy sector, make our best efforts to help achieve the "carbon peaking and carbon neutrality goals" and the new energy vehicle strategy and substantially perform our responsibilities for energy security and sustainable development.

Appreciation

I would like to express my sincere gratitude to all shareholders and investors, customers, partners and friends from all walks of life for their trust, help, support and companionship to CALB, which gives us confidence, courage and responsibility to go faster, steadfastly and beyond! I am full of expectation and have absolute confidence in the future of CALB!

Liu Jingyu
Chairwoman of the Board

Changzhou, the PRC, 29 April 2025

Management Discussion and Analysis

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 (尋熵研究院), China's newly added grid-connected capacity reached 111.63GWh 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-create, 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 "Zero 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 products: "Top-tier"(頂流), "UltraRange"(至遠), "UltraLife"(至久), and "Boundless"(無界) batteries. 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" 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 100-200kWh 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" battery system for heavy trucks is the industry's first mass-produced product with a single-pack capacity of 100kWh of electricity. It is a leading product developed for the heavy commercial vehicle market and can provide a full coverage of 400-800kWh, and can satisfy the demand of all scenarios in different working conditions and different fields such as traction, mixing, self-unloading, 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 530km, 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" of 600Ah+ large energy storage cells boast 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 100MWh.

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 has 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

	2024		2023	
Items	**Revenue (RMB'000)**	**Percentage of revenue (%)**	Revenue (RMB'000)	Percentage of revenue (%)
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

	2024		2023	
Items	**Revenue (RMB'000)**	**Percentage of revenue (%)**	Revenue (RMB'000)	Percentage of revenue (%)
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 as at 31 December are as follows:

	2024 **RMB'000**	2023 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 shall 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 RMB0.50 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, and currently the claim has been submitted to the Higher People's Court of Zhejiang Province (Case No.: (2025) Zhe Zhi Min Chu No. 1) for further trial. The claim was petitioned by CATL brought 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) in respect of an infringement claim on intellectual property rights of No. ZL202210514746.9 invention patent ("**Patent VIII**"), the salient 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**"), salient 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 RMB'000	**Reasonable expenses claimed by CATL** 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.

Profile of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Ms. Liu Jingyu (劉靜瑜女士), born in April 1970, is the chairwoman of our Board, as well as an executive Director and general manager of our Company. Ms. Liu has been a Director of our Company since 20 July 2018, by election at the Shareholders' meetings of our Company, was appointed as the chairwoman of the Board of our Company on 27 July 2018 and has been the general manager of our Company since 6 August 2018. Ms. Liu was designated as our executive Director on 10 December 2021. Ms. Liu is also the chairwoman of the board or a Director of CALB Technology Co., Ltd.* (中創新航技術研究院(江蘇)有限公司), CALB (Xiamen) Co., Ltd.* (中創新航新能源(廈門)有限公司), CALB (Jiangsu) Co., Ltd.* (中創新航科技(江蘇)有限公司), CALB Technology (Shenzhen) Co., Ltd.* (中創新航技術研究中心(深圳)有限公司), CALB (Wuhan) Co., Ltd.* (中創新航科技(武漢)有限公司), CALB (Hefei) Co., Ltd.* (中創新航科技(合肥)有限公司), CALB (Chengdu) Co., Ltd.* (中創新航科技(成都)有限公司), CALB Materials (Sichuan) Co., Ltd.* (中創新航材料科技(四川)有限公司), CALB Fujian Co., Ltd.* (中創新航科技(福建)有限公司), CALB (Jiangmen) Co., Ltd.* (中創新航科技(江門)有限公司), CALB (Sichuan) Co., Ltd.* (中創新航科技(四川)有限公司), CALB Smart Energy Technology Co., Ltd.* (中創新航智慧能源科技有限公司), CALB (HK) Co., Limited and CALB (EUROPE), S.A. Ms. Liu also serves as the chairwoman of the board of Jiangsu Power and Energy Storage Battery Innovation Center Co., Ltd. (江蘇動力及儲能電池創新中心有限公司), an associate of our Company. Ms. Liu is mainly responsible for overall strategic planning and operational decision of our Company. Ms. Liu is the chairwoman of our Nomination Committee and a member of Remuneration Committee.

Ms. Liu has received many honors including:

- in March 2024, she was awarded the honorary title of "Jiangsu Top Ten Economic News Figures 2023"(2023年度江蘇十大經濟新聞人物稱號) by Xinhua Daily Media Group;

- in February 2024, she was awarded the honorary title of "Star Entrepreneur" (明星企業家) by the Changzhou Municipal People's Government, and the honorary titles of "Ziwei Medal" (紫薇獎章), "Outstanding Contribution Award 2023" (2023年度傑出貢獻獎) and "Outstanding Entrepreneur 2023" (2023年度優秀企業家) by the People's Government of Jintan District, Changzhou City;

- in March 2023, she was awarded the honorary title of "Jiangsu Outstanding Entrepreneur of Social Responsibility 2022" (2022年度江蘇社會責任杰出企業家) by Xinhua Daily Media Group;

- in January 2023, she was elected as a "representative of the 14th National People's Congress of China";

- in January 2023, she was awarded the honorary title of "Industrial Star Entrepreneur" (工業明星企業家) by Changzhou Municipal People's Government;
- in July 2022, she was awarded the honorary titles of "the Top Ten Women in Science and Technology Innovation in Jiangsu Province" (江蘇省科技創新十大女傑) and "the Outstanding Female Talent of Jiangsu Province" (江蘇省巾幗智造之星) by three major departments including the Women's Federation of Jiangsu Province;
- in July 2022, she was awarded the honorary title of "2020-2021 Integrity Model and Integrity Star" (常州市2020-2021年度"誠信標兵""誠信之星") by 7 major departments including the Propaganda Department of the CPC Changzhou Municipal Committee, and was awarded as "Changzhou Advanced Individual in Promoting High-quality Development 2022" (2022常州市推動高質量發展先進個人);
- in February 2022, she was awarded the honorary title of "Outstanding Entrepreneur of Jintan District of Changzhou City" (常州市金壇區優秀企業家) by the CPC Changzhou Jintan District Committee and Changzhou Jintan District People's Government;
- in April 2021, she was awarded the honorary title of "Model Worker in Jintan District of Changzhou City" (常州市金壇區勞動模範) by Changzhou Jintan District People's Government;
- in February 2021, she was awarded the honorary title of "Advanced Person Contributing to Jintan District" (貢獻金壇先進人物) by Changzhou Jintan District People's Government;
- in November 2020, she was awarded the honorary title of "Women Achievement Model" (巾幗建功標兵) in Jintan District of Changzhou City;
- in February 2020, she was awarded the title of "Excellent Entrepreneur" (優秀企業家) by Changzhou Jintan District People's Government;
- in November 2019, she won the award of "LiXiang Person of the Year 2019" (鋰想2019年度人物獎) at the 4th International Summit on EV Battery Application* (第四屆動力電池應用國際峰會); and
- in June 2019, she was elected as the chairwoman of the first session of Jiangsu Power and Energy Storage Battery Industry Innovation Alliance* (江蘇省動力及儲能電池產業創新聯盟).

Ms. Liu has been a recognized senior accountant since December 2005 and a certified public accountant recognized by the Shenzhen Institute of Certified Public Accountants since March 2007. Ms. Liu was recognized as a registered valuer by the Shenzhen Association of Registered Asset Appraisers in 2001 and was recognized as a certified tax agent by the Shenzhen Registered Tax Agent Management Center in 2001.

Ms. Liu obtained a master's degree in management majoring in accounting from Dongbei University of Finance and Economics (東北財經大學) in April 2005.

Mr. Dai Ying (戴穎先生), born in June 1978, is the executive Director, deputy general manager and joint company secretary of our Company. Mr. Dai has been the deputy general manager of our Company since 3 April 2019 and was appointed as our Director on 2 December 2020 and as our company secretary on 6 January 2022 (effective upon Listing). Mr. Dai was designated as our executive Director on 10 December 2021. Mr. Dai also acts as a director of CALB (Fujian) Co., Ltd.* (中創新航科技(福建)有限公司), CALB (Chengdu) Co., Ltd.* (中創新航科技(成都)有限公司), CALB (Hefei) Co., Ltd.* (中創新航科技(合肥)有限公司), CALB (Jiangmen) Co., Ltd.* (中創新航科技(江門)有限公司) and Sichuan Ganmei Xinhang New Energy Resources Co., Ltd.* (四川甘眉新航新能源資源有限責任公司).

Mr. Dai has over 20 years of experience in business management, investment and financing. Prior to joining our Company, Mr. Dai served as the deputy general manager and secretary of the board of directors of Shenzhen Tongyi Industrial Co., Ltd.* (深圳市同益實業股份有限公司) from August 2018 to April 2019. Mr. Dai worked as the secretary of the board of directors in Tianma from November 2016 to January 2018. From April 2014 to January 2018, Mr. Dai served as an assistant president of Tianma. From May 2011 to April 2014, he worked at Ping An Fund Management Co., Ltd.* (平安基金管理有限公司). He worked in Da Cheng Fund Management Co., Ltd.* (大成基金管理有限公司) from October 2009 to May 2011 and worked at Ping An Life Insurance Company of China, Ltd.* (平安人壽保險股份有限公司) from April 2004 to October 2009. From May 2000 to August 2002, Mr. Dai worked at Yingda Securities Co., Ltd.* (英大證券有限責任公司).

Mr. Dai obtained a bachelor's degree in economics majoring in International Finance from Zhongnan University of Economics and Law (中南財經政法大學) in June 1999.

Non-Executive Directors

Ms. Hu Jing (胡婧女士), born in November 1989, is a non-executive Director of our Company. Ms. Hu has served at Jiangsu Jintan Investment Holding Co., Ltd.* (江蘇金壇投資控股有限公司) since January 2021 where she has successively served as assistant to general manager, a member of the Party Committee, director and deputy general manager. In September 2024, she was appointed as a member of the Party Committee and deputy general manager of Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司).

Prior to joining Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司), Ms. Hu served as a financial management specialist at the Local Financial Supervision and Administration Bureau in Jintan District, Changzhou City* (常州市金壇區地方金融監督管理局) from September 2019 to December 2020, responsible for the shareholding system reform and listing of enterprises in Jintan District. From May 2017 to September 2019, Ms. Hu served as the general manager of the Fund Management Department at Jiangsu Yida Huijing Asset Management Co., Ltd.* (江蘇毅達匯景資產管理有限公司), responsible for the company's fund operation and management. From May 2015 to April 2017, Ms. Hu worked at Nanjing Branch, The Bank of East Asia (China) Limited, responsible for financial market business. From July 2014 to February 2015, Ms. Hu worked at Xiamen Branch, Agricultural Bank of China.

Ms. Hu also holds various positions in Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司) and its subsidiaries and associates, including:

- the legal representative and chairwoman of Changzhou Jianghuan Energy Technology Co., Ltd.* (常州江環能源科技有限公司) since November 2024;
- the appointed representative of the executive affairs partner of Changzhou Jintan Hualuogeng Technological Innovation Angel Investment Partnership (Limited Partnership)* (常州金壇華羅庚科創天使投資合夥企業(有限合夥)) since May 2024;
- a director of Beidian New Energy Technology (Jiangsu) Co., Ltd.* (北電新能源科技(江蘇)有限公司) since May 2024;
- a director of EGING PV Technology Co., LTD., a company whose shares are listed on the Main Board of the Shanghai Stock Exchange (stock code: 600537), since April 2024;
- a supervisor of Jiangsu Zhongdian Cable Research Institute Co., Ltd.* (江蘇中電線纜研究院有限公司) since March 2022;
- the general manager of Changzhou Jinsha Technology Investment Co., Ltd.* (常州金沙科技投資有限公司) since January 2022;
- the legal representative and an executive director of Changzhou Jintan District Industrial Innovation and Development Private Equity Fund Co., Ltd.* (常州市金壇區產業創新發展私募基金有限公司) since January 2022.

Ms. Hu obtained a dual bachelor's degree in engineering and economics from Xiamen University (廈門大學) in June 2011, and a master's degree in finance from Xiamen University (廈門大學) in June 2014.

Mr. Li Jiancun (李建存先生), born in September 1989, is a non-executive Director of our Company. Mr. Li has served as the deputy general manager of Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司) since October 2024. Prior to that, Mr. Li served as the deputy general manager of Jiangsu Jintan Investment Holding Co., Ltd.* (江蘇金壇投資控股有限公司) from December 2022 to October 2024. From January 2020 to December 2022, Mr. Li worked at Jiangsu Jintan Construction Development Co., Ltd.* (江蘇金壇建設發展有限公司) as the assistant to the general manager and served as the general manager of Changzhou Jiangdong Resource Management Co., Ltd.* (常州江東資源經營有限公司). Mr. Li served as a legal specialist of financial investment affairs at Jiangsu Jintan Investment Holding Co., Ltd.* (江蘇金壇投資控股有限公司) from September 2019 to December 2020. Mr. Li served as an internal control and compliance manager at Changzhou Branch, China Bohai Bank from September 2017 to September 2019. During the same period, Mr. Li also served as a legal specialist at Nanjing Branch, China Bohai Bank. From July 2014 to September 2017, Mr. Li worked at Changzhou Branch, Bank of China and his last position was office secretary.

Mr. Li also holds various positions in Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司) and its subsidiaries, including:

- a director of EGING PV Technology Co., LTD., a company whose shares are listed on the Main Board of the Shanghai Stock Exchange (stock code: 600537), since 19 April 2024;

- an executive director and the legal representative of Jiangsu Jintan Jinsha Construction Investment Development Co., Ltd.* (江蘇金壇金沙建設投資發展有限公司) since 30 January 2024;

- an executive director and the legal representative of Jiangsu Jintan Financing Guarantee Co., Ltd.* (江蘇金壇融資擔保有限公司) since 17 February 2023;

- the chairman of Changzhou Changdanghu Smart Energy Co., Ltd.* (常州長盪湖智慧能源有限公司) since 2 March 2023;

- the chairman and legal representative of Changzhou Jiangdong Wojia Information Technology Co., Ltd.* (常州江東我家信息技術有限公司) since 25 July 2022;

- the chairman and legal representative of Changzhou Jiangdong Urban Service Co., Ltd.* (常州江東城市服務有限公司) since 31 October 2022.

Mr. Li obtained a master's degree majoring in law from Fudan University (復旦大學) in June 2014. Mr. Li obtained a bachelor's degree majoring in international economics and trade from Jiangsu Teachers University of Technology* (江蘇技術師範學院) in June 2011.

Ms. Xie Jieping (謝潔平女士), born in November 1972, is a non-executive Director of our Company. Ms. Xie has served as the general manager of Xiamen Industrial Investment Co., Ltd.* (廈門市產業投資有限公司) from 27 May 2024 until now. Ms. Xie successively served as the general manager of the fund management department and deputy general manager from April 2013 to February 2015 and general manager from February 2015 to May 2024, and has served as the chairwoman (responsible for daily operations) since December 2024 in Xiamen Venture Capital Co., Ltd.* (廈門市創業投資有限公司). Ms. Xie served as the deputy general manager of Xiamen Taikun Investment Co., Ltd.* (廈門泰坤投資有限公司) from January 2005 to July 2012. From July 2002 to December 2004, she served as the financial director and assistant to chairman of Xiamen Weidiya Technology Co. Ltd.* (廈門威迪亞科技有限公司). From July 1993 to June 2002, she successively served as clerk and head of the international settlement department and the fund operation department in Xiamen International Bank.

Ms. Xie also holds multiple positions in various companies currently, mainly including:

- a director of Xiamen Sky Semiconductor Technology Co. Ltd.* (廈門雲天半導體科技有限公司) from December 2024 until now;
- a director of Xiamen Tianma Display Technology Co., Ltd.* (廈門天馬顯示科技有限公司) from November 2024 until now;
- a director of Xiamen Silan Jihong Semiconductor Co., Ltd.* (廈門士蘭集宏半導體有限公司) from September 2024 until now;
- a director of Xiamen Industrial Investment Co., Ltd.* (廈門市產業投資有限公司) from March 2024 until now;
- a director of Xiamen Yaxun Zhilian Technology Co., Ltd.* (廈門雅迅智聯科技股份有限公司) from June 2023 until now;
- a director of Xiamen Tianma Optoelectronics Co., Ltd.* (廈門天馬光電子有限公司) from May 2022 until now;
- a director of UCAR (Xiamen) Information Technology Co., Ltd.* (神州優車(廈門)信息科技有限公司) from May 2019 until now;
- a director of Xiamen Software Information Industrial Venture Capital Co., Ltd.* (廈門市軟件信息產業創業投資有限公司) from July 2016 until now;
- a director of Xiamen Fukaihai Venture Capital Management Co., Ltd.* (廈門富凱海創投資管理有限公司) from June 2016 until now;

- a director of Xiamen Gaoneng Haiyin Venture Capital Management Co., Ltd.* (廈門高能海銀創業投資管理有限公司) from November 2015 until now;
- a director of Xiamen Venture Capital Co., Ltd.* (廈門市創業投資有限公司) from March 2015 until now;
- a director of Xiamen Saifu Venture Capital Management Co., Ltd.* (廈門賽富創業投資管理有限公司) from October 2014 until now.

In addition, Ms. Xie currently serves as the president of the Xiamen Entrepreneurship and Investment Association (廈門市創業與投資協會) and the director of the Private Equity Fund Self-discipline and Supervision Committee of the Securities, Futures and Fund Association of Xiamen (廈門證券期貨基金業協會私募基金自律監察專業委員會). With many years of experience in the financial industry and industrial and equity investment fund sectors, she was recognised as a "High-Level Financial Specialist in Xiamen" (廈門市高層次金融人才) in 2021.

Ms. Xie Jieping obtained her degree of bachelor in economics in July 1993 and degree of master in business administration in April 2013 from Xiamen University.

Independent Non-Executive Directors

Mr. Wu Guangquan (吳光權先生), born in May 1962, is our independent non-executive Director. Mr. Wu joined our Company and was appointed as an independent non-executive Director on 25 December 2021. Mr. Wu is primarily responsible for providing independent advice and judgment to our Board, thereby protecting the overall interest of our Company. Mr. Wu is the chairman of our Remuneration Committee and a member of our Audit Committee and Nomination Committee.

Mr. Wu has accumulated extensive experience in the field of corporate governance and business development through his past experiences. Mr. Wu has served as the chairman of the presidium of China Federation of Industrial Economics (中國工業經濟聯合會) from July 2019, which is a joint organization of the National Federation of Industries (全國工業行業協會) with its main goal to actively promote the transformation of China's industrialization and encourage technology innovation. Since July 2019, he served as chairman of Council of Federation of Shenzhen Industries (深圳工業總會), an organization aiming to nurture and establish associations of various industries, promote technological innovation and the transformation and upgrading of enterprises in industrial sector. From May 2017 to July 2019, Mr. Wu served as the chairman of the board of directors, and secretary of the leading party members' sub-group (分黨組書記) at China Aviation Industry General Aircraft Co., Ltd.* (中航通用飛機有限公司) and was mainly responsible for its overall management. From December 2016 to May 2017, he served as special commissioner of AVIC. From February 2010 to December 2016, he worked at AVIC International Holding Corporation* (中國航空技術國際控股有限公司). During his tenure at AVIC International, he held various positions and his last positions were chairman of the board of directors and secretary of leading party members' sub-group (分黨組書記) . From September 2002 to February 2010, Mr. Wu worked at AVIC Technology Shenzhen Limited* (中國航空技術深圳有限公司) (formerly known as AVIC Technology International Holdings Shenzhen Co., Ltd.* (中國航空技術國際控股深圳有限公司)) ("AVIC Shenzhen") where his last positions were chairman of the board of directors and general manager. During the term of his office at AVIC Shenzhen, Mr. Wu also served as the chairman of several listed companies under AVIC Shenzhen.

From May 1997 to April 2000, he served as the general manager of Jiangxi Jiangnan Trust Joint Stock Company Limited* (江西江南信託投資股份有限公司) (formerly known as AVIC Trust Co., Ltd.* (中航信託股份有限公司)). From August 1982 to May 1997, Mr. Wu worked at AVIC Shenzhen holding various positions and his last positions were deputy general accountant and manager of the financial department. Mr. Wu obtained the qualification of senior accountant from AVIC on 28 February 1996.

Mr. Wu obtained a diploma in industrial accounting from Zhengzhou University of Aeronautics* (鄭州航空工業管理學院) in July 1982 and received a master's degree of business administration from Tongji University (同濟大學) in July 1999.

Mr. Wang Susheng (王蘇生先生), born in March 1969, is our independent non-executive Director. Mr. Wang joined our Company and was appointed as our independent non-executive Director on 25 December 2021. Mr. Wang is mainly responsible for supervising and providing judgment to our Board, thereby protecting the overall interest of our Company. Mr. Wang is the chairman of our Audit Committee.

Mr. Wang has extensive experience in investment, financing and corporate management. Since April 2017, Mr. Wang has been a professor and doctoral supervisor in the Department of Finance of Southern University of Science and Technology (南方科技大學).

From April 2017 to August 2023, Mr. Wang served as an independent non-executive director of Shahe Industrial Co., Ltd.* (沙河實業股份有限公司), a company whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000014). From December 2016 to July 2022, he served as an independent non-executive director of Tianma Microelectronics Co., Ltd.* (天馬微電子股份有限公司), a company whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000050). From January 2016 to February 2022, he served as an independent non-executive director of Wedge Industrial Co., Ltd., a company whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000534). From July 2003 to April 2017, Mr. Wang worked at the Economics and Management School of Harbin Institute of Technology Shenzhen Graduate School* (哈爾濱工業大學深圳研究生院) as a professor.

Mr. Wang also currently serves as the following positions:

- an independent non-executive director of Changyuan Technology Group Ltd.* (長園科技集團股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600525), and is principally engaged in the R&D and manufacturing of intelligent digitalization of industrial and power systems;

- an independent non-executive director of Dowell Service Group Co. Limited* (東原仁知城市運營服務集團股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 02352), and is principally engaged in the provision of comprehensive services for property projects.

Mr. Wang has been qualified as a certified public accountant (non-practising member) in the PRC in May 1997.

Mr. Wang graduated with a bachelor of science degree from Changsha Institute of Electric Power* (長沙電力學院) in July 1991 and he graduated from Renmin University of China (中國人民大學) with a master's degree in economics in 1994. Mr. Wang received his doctor degree in law majoring in international economic law from School of Law, Peking University (北京大學) in July 2000 and postdoctoral degree majoring in management from School of Economics and Management, Tsinghua University (清華大學) in July 2002. Mr. Wang also held a master's degree in business administration from University of Chicago in May 2004.

Mr. Chen Zetong (陳澤桐先生), born in July 1970, is our independent non-executive Director. Mr. Chen joined our Company and was appointed as our independent non-executive Director on 25 December 2021. Mr. Chen is mainly responsible for supervising and providing judgment to our Board, thereby protecting the overall interest of our Company. Mr. Chen is a member of our Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Chen has extensive experience on providing advice on legal risk control, dispute resolution and mergers and acquisition for listed companies and state-owned enterprises. Since August 2012, Mr. Chen has been a senior partner at JunZeJun Law Offices (君澤君律師事務所). From November 2017 to June 2024, Mr. Chen served as an independent non-executive director of Shenzhen Nanshan Power Co., Ltd.* (深圳南山熱電股份有限公司), a company whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000037). From June 2016 to July 2022, he served as an independent non-executive director of Tianma Microelectronics Co., Ltd.* (天馬微電子股份有限公司), a company whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000050). From November 2016 to 2019, he served as an independent non-executive director of New Sports Group Limited located in Hong Kong, a company whose shares are listed on the Main Board of the Stock Exchange (currently known as Glory Sun Land Group Limited) (stock code: 00299). From May 2014 to June 2020, he served as an independent non-executive director of Hubei Sanxia New Building Materials Co., Ltd. (湖北三峽新型建材股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600293). From 2010 to 2012, he was a counsel at King & Wood Mallesons (金杜律師事務所). From 1994 to 2010, Mr. Chen served at various positions at Shenzhen Intermediate People's Court where his last position was Deputy Chief Judge at the Company Liquidation and Bankruptcy Division of Shenzhen Intermediate People's Court* (深圳市中級人民法院(公司清算與破產審判庭)).

Mr. Chen also currently serves as an independent non-executive director at other companies including:

- Sino Life Insurance Co., Ltd.* (生命人壽保險有限公司);
- Sino Life Asset Management Co., Ltd.* (生命保險資產管理有限公司);
- Sino Life Insurance Holding Joint Stock Limited Company* (生命保險控股股份有限公司).

Mr. Chen is a registered foreign lawyer in Hong Kong, and a member of the Law Society of Hong Kong. He is also a qualified lawyer in the PRC, and a managing partner at the Hong Kong Office of JunZeJun Law Offices (君澤君律師事務所). Mr. Chen is an arbitrator at China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) and Shenzhen Court of International Arbitration (深圳國際仲裁院). Mr. Chen graduated from Southwest University of Political Science & Law (西南政法大學) with a bachelor's degree in economic law in July 1994 and received his master's degree in common law from the University of Hong Kong in December 2003. He also obtained a doctoral degree in civil and commercial law from Jilin University (吉林大學) in December 2008.

Supervisors

Mr. Li Hui (李輝先生), born in July 1982, is a non-employee representative Supervisor of the Company. Mr. Li has served as a member of the Party Committee and the secretary of the Discipline Inspection Commission of Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司) since 6 September 2024. Since March 2019, Mr. Li has served as the deputy general manager of Jiangsu Jintan Hualuogeng Technology Development Co., Ltd.* (江蘇金壇華羅庚科技發展有限公司). From June 2016 to February 2019, Mr. Li worked as a member of the Party Committee for the Zhiqian Town Government in Jintan District, Changzhou City. From November 2013 to May 2016, Mr. Li worked as a member of the Party Committee at the Rulin Town Government in Jintan District. Prior to joining Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司), Mr. Li served at the Jintan Municipal Human Resources and Social Security Bureau* (金壇市人力資源和社會保障局) from December 2000 to October 2013, and his last position was secretary of the Party Branch for Labor and Law Enforcement and deputy captain of the Labor Supervision Brigade.

Mr. Li also holds various positions in Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司) and its subsidiaries, including:

- an executive director and the legal representative of Jiangsu Yanrui Precision Technology Company Limited* (江蘇炎瑞精密科技有限公司) since June 2024;
- an executive director and the legal representative of Changzhou Yuanmei New Materials Technology Company Limited* (常州源美新材料科技有限公司) since November 2023;
- an executive director of Jiangsu Huahang Energy Company Limited* (江蘇華航能源有限公司) since October 2023;
- a director of Jiangsu RDF Precision Technology Co., Ltd.* (江蘇瑞德豐精密技術股份有限公司) since October 2021;
- the general manager of Changzhou Huake Venture Capital Company Limited* (常州華科創業投資有限公司) since May 2021.

Mr. Li has served as a public lawyer for Zhiqian Town Government in Jintan District, Changzhou City since November 2018, and a corporate lawyer for Jiangsu Jintan Hualuogeng Technology Development Co., Ltd.* (江蘇金壇華羅庚科技發展有限公司) since May 2022. Mr. Li obtained a diploma in Law from Central Radio and TV University* (中央廣播電視大學) in July 2006.

Ms. Cheng Yan (程雁女士), born in August 1974, is our non-employee representative Supervisor. Ms. Cheng joined our Company on 13 August 2019 and was appointed as our Supervisor on the same day. Ms. Cheng is mainly responsible for supervising our Directors and senior management of our Company as to the fulfillment of their duties. Ms. Cheng possesses extensive experience in the fields of financial and corporate governance. Ms. Cheng joined Sichuan Chengfei Jicheng Technology Co., Ltd.* (四川成飛集成科技股份有限公司), a company whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 002190) ("Chengfei Jicheng"), since January 2002. Chengfei Jicheng is primarily engaged in the design, development and manufacturing of the tools and dies, with typical products such as the dies for the large and high-grade outer skin panels used in medium and high-grade cars. Ms. Cheng has successively served as various positions including planner of planning department, person in charge of planning department, person in charge of securities department, person in charge of project department and secretary of the third to the eighth sessions of the board of directors of Chengfei Jicheng. Currently, she is a member of the Party Committee, director, chief accountant, board secretary, general legal counsel, and chief compliance officer of Chengfei Jicheng, mainly responsible for Chengfei Jicheng's financial work, legal and compliance affairs, information-based management, information disclosure related matters, management of relationship with investors and dealing with matters in relation to the board meetings.

Ms. Cheng also holds various positions in subsidiaries and associates of Chengfei Jicheng, including:

- a director of Anhui Chengfei Jicheng Rayhoo Motor Dies Co., Ltd.* (安徽成飛集成瑞鵠汽車模具有限公司) since January 2025;

Ms. Cheng has received a number of awards over the years including:

- "Top 10 Outstanding Corporate Financial Management Talents in Western China in 2023" (2023年度中國西部地區十大企業財務管理卓越人才) awarded by the China Enterprise Financial Evaluation Expert Committee* (中國企業財務評價專家委員會) and the China CFO Development Center* (中國CFO發展中心) in 2024;

- rated 4A in the performance evaluation of the board secretaries awarded by the China Association for Public Companies for two consecutive years in 2023 and 2024;

- excellent Board Secretary of the 14th "Tianma Award" for Investor Relations of Listed Companies in China awarded by Securities Times in 2023;

- excellent Board Secretary of Listed Companies in Sichuan Province of the Year (四川上市公司年度優秀董事會秘書) for years of 2016, 2015 and 2013 awarded by Sichuan Listed Companies Association in October 2017, July 2016 and July 2014, respectively;

- Top 100 Board Secretaries of Listed Companies in China's Small and Medium Enterprise Board 2011 (2011中國中小板上市公司百佳董秘) and Top 100 Board Secretaries of Listed Companies in China's Small and Medium Enterprise Board 2010 (2010中國中小板上市公司百佳董秘) awarded by Securities Times in 2012 and 2011, respectively.

Ms. Cheng has been a Senior International Finance Manager (高級國際財務管理師) jointly recognized by International Financial Management Association and China Association of Chief Financial Officers since June 2010. She has also been a Senior Economist (高級經濟師) recognized by Ministry of Human Resources and Social Security of the PRC since September 2020.

Ms. Cheng graduated from Northwestern Polytechnical University (西北工業大學) with a bachelor's degree in machinery manufacturing process and equipment in July 1996, and she obtained a master's degree in business administration from Southwestern University of Finance and Economics (西南財經大學) in December 2001.

Ms. Nian Mingzhu (念明珠女士), born in March 1987, is the employee representative Supervisor of our Company. Ms. Nian joined our Company on 15 July 2019 and was appointed as our Supervisor on 15 September 2020. She is mainly responsible for supervising our Directors and senior management of our Company on fulfillment of their duties. Apart from being our Supervisor, she worked as an equipment procurement director at CALB (Xiamen) Co., Ltd.* (中創新航新能源 (廈門)有限公司) from July 2019 to September 2020 and had been the equipment procurement director of our Company since September 2020 to November 2023, mainly responsible for commercial affairs of our Company's equipment procurement. Since November 2023, she has been a purchasing specialist of the cell purchasing department, primarily responsible for the delivery of cathode materials. She has been a project purchasing specialist since October 2024.

Ms. Nian also serves as a supervisor for CALB (Jiangsu) Co., Ltd.* (中創新航科技(江蘇)有限公司), CALB Technology Co., Ltd.* (中創新航技術研究院(江蘇)有限公司), CALB (Hefei) Co., Ltd.* (中創新航科技(合肥)有限公司), CALB (Chengdu) Co., Ltd.* (中創新航科技(成都)有限公司), CALB (Wuhan) Co., Ltd.* (中創新航科技(武漢)有限公司), CALB Technology (Shenzhen) Co., Ltd.* (中創新航技術研究中心(深圳)有限公司), CALB (Xiamen) Co., Ltd.* (中創新航新能源(廈門)有限公司), CALB (Fujian) Co., Ltd.* (中創新航科技(福建)有限公司), CALB (Jiangmen) Co., Ltd.* (中創新航科技(江門)有限公司), CALB (Sichuan) Co., Ltd.* (中創新航科技(四川)有限公司) and CALB Smart Energy Technology Co., Ltd.* (中創新航智慧能源科技有限公司).

Ms. Nian obtained her bachelor's degree in financial management from Fujian Normal University (福建師範大學) in June 2011.

SENIOR MANAGEMENT

Ms. Liu Jingyu (劉靜瑜女士), born in April 1970, is the chairwoman of the Board, our executive Director and general manager of our Company. For the biography of Ms. Liu, please see "Directors – Executive Directors" of this section.

Dr. Pan Fangfang (潘芳芳博士), born in November 1984, is the deputy general manager of the Company. Dr. Pan joined our Company on 8 December 2015 and was appointed as deputy general manager and chief technology officer of our Company on 5 September 2019. She is mainly responsible for the market strategy and technology research and development of our Company. Dr. Pan has also served as the person-in-charge of Shanghai Branch of the Company since 28 July 2022.

Dr. Pan has over ten years of experience in the R&D of battery. From July 2011 to April 2019, she successively served as the director of the battery materials office, the director of the battery design office, the director of the battery design institute, the project chief engineer, the deputy chief engineer and the chief technology officer of Luoyang Company, and was mainly responsible for material R&D, battery products development, scientific research management and major project research.

In September 2017, Dr. Pan obtained the qualification of a senior engineer awarded by AVIC.

Dr. Pan received many honors, including:

- in May 2023, she was awarded the "Jiangsu Youth May Fourth Medal" (江蘇青年五四獎章) jointly by Jiangsu Province Committee of Communist Youth League of China (共青團江蘇省委) and Jiangsu Youth Federation (江蘇省青年聯合會);

- in May 2022, she was awarded the "Ten Outstanding Young People in Changzhou" (常州市十大傑出青年) by Changzhou Municipal Committee of the Communist Youth League and Changzhou Daily;

- in March 2022, she was awarded the "March 8 Red Flag Bearer of Jiangsu Province" (江蘇省三八紅旗手) by the People's Government of Jiangsu Province;

- in March 2022, she was awarded the "Most Beautiful Woman of Changzhou" (常州市最美巾幗人物) by the People's Government of Jiangsu Province;

- in October 2021, she was awarded the "Top Talent of Changzhou 'Dragon City Talent Program'" (常州市"龍城英才計劃"頂尖人才) by Changzhou Talent Work Leading Group Office;

- in February 2021, she was awarded the honorary title of "2020 Outstanding Entrepreneur" (2020年度優秀企業家) by the People's Government of Jintan District, Changzhou City;

- in February 2021, she was awarded the honorary title of "2016-2020 Advanced Person of Moving Jintan" (2016-2020年感動金壇先進人物) by the People's Government of Jintan District, Changzhou City;
- in June 2019, she was appointed as a member of the Technical Committee of Jiangsu Power and Energy Storage Battery Industry Innovation Alliance* (江蘇省動力及儲能電池產業創新聯盟技術委員會);
- in April 2019, she was awarded the honorary title of "Outstanding Expert of Luoyang City" (洛陽市優秀專家) by the People's Government of Luoyang City;
- in January 2019, she was awarded the honorary title of "Leader of Academic Technology in Henan Province" (河南省學術技術帶頭人) by the People's Government of Henan Province;
- in January 2019, she was awarded the second prize of Henan Science and Technology Progress Award (河南省科學技術進步獎) by the People's Government of Henan Province for the project of "Technology Development of High Specific Energy EV Battery Based on Hybrid Cathode Material" (基於混合正極材料的高比能量動力電池技術開發);
- in October 2017, she was awarded the honorary title of "Winner of Luoyang Youth Science and Technology Award" (洛陽市青年科技獎獲獎者) by the Luoyang Talent Work Leading Group (洛陽市人才工作領導小組);
- in September 2017, she was awarded the second prize of the Fujian Science and Technology Progress Award (福建省科學技術進步獎) by the People's Government of Fujian Province for the project of "High-Safety Ceramic Separator and Its Application in Power Lithium-ion Batteries" (高安全陶瓷隔膜及其在動力鋰離子電池中的應用);
- in December 2016, she was awarded the second prize of Henan Science and Technology Progress Award (河南省科學技術進步獎) by the People's Government of Henan Province for the project of "High Safety CAM72FI Metal Shell Lithium-ion EV Battery" (高安全性CAM72FI金屬殼鋰離子動力電池);
- in July 2015, she was awarded the first prize of the Luoyang Science and Technology Progress Award (洛陽市科學技術進步獎) by the Luoyang Municipal People's Government for the project of "CAM72FI Metal Shell Battery Development" (CAM72FI金屬殼電池研製); and
- in March 2015, she was awarded the honorary title of "Outstanding Scientific and Technological Worker" (優秀科技工作者) by AVIC.

Dr. Pan obtained her doctoral degree in physical chemistry from University of Science and Technology of China (中國科學技術大學) in June 2011.

Mr. Dai Ying (戴穎先生), born in June 1978, is the executive Director, deputy general manager and joint company secretary of our Company. For the biography of Mr. Dai, please see "Directors – Executive Directors" of this section.

Mr. Geng Yan'an (耿言安先生), born in November 1982, is the deputy general manager of the Company. Mr. Geng joined our Company on 1 July 2018 and was appointed as the deputy general manager on 6 August 2018, responsible for the digital intelligence and the businesses of the Ship Division of our Company. Mr. Geng is the legal representative, director and general manager of CALB (Chengdu) Co., Ltd.* (中創新航科技(成都)有限公司), CALB (Sichuan) Co., Ltd.* (中創新航科技(四川)有限公司) and Sichuan Ganmei Xinhang New Energy Resources Co., Ltd.* (四川甘眉新航新能源資源有限責任公司). Mr. Geng is also the legal representative and general manager of CALB Materials (Sichuan) Co., Ltd.* (中創新航材料科技(四川)有限公司).

Prior to joining our Company, Mr. Geng served as assistant president at Tianma from February 2014 to January 2018 and was mainly responsible for Tianma's engagement of finance and information technology, during which time he was also responsible for procurement, business management and administrative management. He also served as the financial controller of Tianma from January 2012 to January 2014. From October 2010 to December 2011, Mr. Geng served as the financial controller at Shanghai AVIC Optoelectronics Co., Ltd.* (上海中航光電子有限公司). From February 2009 to December 2011, he worked as the financial controller at Chengdu Tianma Microelectronics Co., Ltd.* (成都天馬微電子股份有限公司), a subsidiary of Tianma. From January 2007 to January 2009, he worked as a financial accountant of Shanghai Tianma Microelectronics Co., Ltd.* (上海天馬微電子股份有限公司), a subsidiary of Tianma. Mr. Geng earned his bachelor's degree of management in accounting from Anhui University of Technology (安徽工業大學) in July 2003.

Ms. Gao Yan (高艷女士), born in October 1983, is the deputy general manager of the Company. Ms. Gao joined our Company on 20 April 2020 and was appointed as the deputy general manager on 25 April 2020. Ms. Gao is the financial controller of our Company and mainly responsible for the financial and human resources work of our Company. She also served as the person-in-charge of the Beijing Branch of the Company.

Ms. Gao has over 15 years of experience in finance. Prior to joining our Company, she worked successively at Tianma as financial controller from May 2015 to April 2020 (mainly responsible for functioning of the accounting organization of Tianma), as a financial manager from June 2010 to April 2015 and as a financial accountant from April 2008 to May 2010.

Ms. Gao obtained her bachelor's and master's degree of management in accounting from Central South University (中南大學) in June 2005 and December 2007, respectively.

Mr. Wang Xiaoqiang (王小強先生), born in October 1984, joined our Company on 8 December 2015 and was appointed as the deputy general manager of our Company on 15 November 2021. Mr. Wang is mainly responsible for the Energy Storage Division affairs and the affairs of quality and intellectual property rights of the Company. Mr. Wang has been the legal representative and general manager of CALB Technology Co., Ltd.* (中創新航技術研究院(江蘇)有限公司) since 1 February 2023. Mr. Wang has been serving as the legal representative, director and general manager of Jiangsu Power and Energy Storage Battery Innovation Center Co., Ltd.* (江蘇動力及儲能電池創新中心有限公司) since 1 November 2021. Mr. Wang has been serving as the legal representative and general manager of CALB (Jiangsu) Co., Ltd.* (中創新航科技(江蘇)有限公司) since 23 June 2021.

Mr. Wang served as vice general manager of our Company from August 2016 to August 2018, and was mainly responsible for the relevant engagement of our Company's overall operation and manufacturing. From August 2013 to September 2015, he had successively served as vice general manager and general manager of the manufacturing department at China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司) and was mainly responsible for the engagement of crafts technology, equipment technology and manufacturing management. He served as the plant manager at the Lean Plant 1* (精益一廠) of the manufacturing department of Luoyang Company from September 2011 to July 2013 and was mainly responsible for production management of the sub-factory. He also served as engineer at the process technology department of Luoyang Company from October 2010 to August 2011 and was mainly responsible for the engagement of crafts development. Prior to joining of Luoyang Company, he served as technical engineer at Shanxi Taigang Stainless Steel Co., Ltd.* (山西太鋼不銹鋼鋼管有限公司) from July 2009 to October 2010 and was mainly responsible for workshop crafts.

Mr. Wang obtained a bachelor of engineering degree in material science and engineering from Zhengzhou University (鄭州大學) in July 2006 and a master of engineering degree in material science from University of Science and Technology Beijing (北京科技大學) in June 2009.

Mr. He Fan (何凡先生), born in October 1977, joined our Company on 20 August 2018 and was appointed as vice general manager of our Company on 15 November 2021. Mr. He is responsible for the manufacturing operations, engineering construction, environmental safety of our Company. Mr. He also acts as the legal representative, director and general manager of CALB (Wuhan) Co., Ltd.* (中創新航科技(武漢)有限公司). He has been serving as the legal representative and general manager of CALB (Hefei) Co., Ltd.* (中創新航科技(合肥)有限公司) since August 2024.

Before being appointed as vice general manager of our Company, Mr. He acted as the assistant to general manager of our Company from August 2018 to November 2021 and was mainly responsible for engineering construction. Prior to joining our Company, Mr. He had successively served as senior manager of factory affairs, deputy director of factory affairs, and director of factory affairs in Tianma from July 2011 to November 2017 and was mainly responsible for project construction and operation management. From April 2007 to June 2011, he had successively served as environment safety engineer and environment safety manager in Tianma.

Mr. He obtained his bachelor's degree in environment engineer from Suzhou Institute of Urban Construction and Environmental Protection* (蘇州城建環保學院) in June 2001.

Mr. Xie Qiu (謝秋先生), born in September 1982, joined our Company on 8 December 2015 and was appointed as vice general manager of our Company on 15 November 2021. Mr. Xie is mainly responsible for the sales of in-vehicle business and research and development of in-vehicle battery products of our Company.

Before being appointed as vice general manager of our Company, Mr. Xie acted as the assistant to general manager of our Company from July 2019 to October 2021 and was mainly responsible for sales of domestic passenger vehicles. From January 2019 to June 2019, he was a senior product director of marketing center of our Company and was mainly responsible for development of passenger vehicle products. Prior to joining our Company, Mr. Xie had successively served as the head of engineering department, the deputy president of technology research institute and the deputy chief engineer of the science and technology department at Luoyang Company from September 2008 to December 2018, and was mainly responsible for project management and development of battery pack products. From November 2007 to August 2008, he served as an engineer in the engineering department at Luoyang Company, and was mainly responsible for the development of battery pack products. From August 2006 to October 2007, Mr. Xie served as an engineer at the engineering department of CAMA (Luoyang) Electromechanic Co., Ltd.* (凱邁(洛陽)機電有限公司) and was responsible for product development.

Mr. Xie has obtained the qualification of senior engineer from AVIC in 2016. He received the first prize of Luoyang Science and Technology Progress Award (洛陽市科學技術進步獎) for the project "research on lithium energy storage technology of large-scale wind-solar storage and transportation system*" (大規模風光儲輸綜合系統鋰電儲能技術研究) awarded by People's Government of Luoyang City in June 2016. He was also awarded the AVIC Science and Technology Award* (中航工業集團科學技術獎) for the project "High reliability CA60F I lithium-ion EV battery*" (高可靠性CA60F I鋰離子動力電池) by AVIC in December 2015. In January 2014, he was awarded the second prize of the Science and Technology Progress Award of Henan Province (河南省科學技術進步獎) by the People's Government of Henan Province for the project "Megawatt-level Lithium-ion Battery Grid Peak-shaving Energy Storage System" (兆瓦級鋰離子電池電網調峰儲能系統).

Mr. Xie obtained his bachelor of engineering degree in computer science and technology from Harbin Engineering University (哈爾濱工程大學) in June 2006.

JOINT COMPANY SECRETARIES

Mr. Dai Ying (戴穎先生) was appointed as one of the joint company secretaries of our Company on 6 January 2022. For the biography of Mr. Dai, please see "Directors – Executive Directors" of this section.

Mr. Cheung Kai Cheong Willie (張啟昌先生) was appointed as the other joint company secretary of our Company on 6 January 2022. Mr. Cheung is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited mainly responsible for assisting listed companies in professional company secretarial work. Prior to joining SWCS Corporate Services Group (Hong Kong) Limited, Mr. Cheung served as the company secretary of certain companies, each of which is listed on the Stock Exchange. Mr. Cheung is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom.

Mr. Cheung obtained a Bachelor of Arts (Honours) degree in Accounting and Finance at the University of Glamorgan in the United Kingdom in June 1996.

Corporate Governance Report

The Board hereby presents the corporate governance report (the "**Corporate Governance Report**") of the Company for the year ended 31 December 2024.

Corporate Governance Practices

The Board is committed to maintaining a high standard of corporate governance and has established and implemented good corporate governance practices to comply with the legal and regulatory requirements on management structure, internal control, risk management and information disclosure, so as to achieve effective transparency and accountability to safeguard the interests of all shareholders.

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules as its own corporate governance code since 6 October 2022 (the "**Listing Date**"). During the Reporting Period, the Company has complied with all the applicable code provisions set out in the CG Code, except for the following deviations:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairwoman and General Manager should be separate and should not be performed by the same individual. The division of responsibilities between the chairwoman and General Manager should be clearly established and set out in writing.

Ms. Liu Jingyu is the chairwoman and general manager of the Company, mainly responsible for overall strategic planning and operational decision of the Group. Taking into consideration the Company's current situation, the Board believes that vesting the roles of both 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 works effectively and performs 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 there are three independent non-executive Directors on the Board offering independent views, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless 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 its corporate governance practices to ensure that it continues to comply with the CG Code and is in line with the latest developments of the regulatory authorities.

Culture

Mission: We shoulder the mission of energy safety for mankind. We drive the positive development of the industry with innovative concepts and leading core technologies. Adhering to our corporate spirit of "transcend commerce to benefit humanity", we are committed to leading the new energy era.

Values: sincerity, efficiency and win-win.

Our strategy: We strive to lead the energy evolution and create a better world for mankind through the following strategies.

- Culture and talent strategy
- Leading product and technology strategy
- Quality strategy
- Brand strategy

BOARD OF DIRECTORS

Composition of the Board

Our Company has established a Board, which comprises 8 Directors, including 2 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors. The Board shall have one chairperson. The chairperson of the Board shall be elected and removed by more than one half of all Directors. The term of office of the chairperson shall be three years. Chairperson may serve consecutive terms if re-elected upon the expiration of his/her term of office.

The Board delegates certain responsibilities to various dedicated committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee in accordance with relevant PRC laws, regulations, the Articles of Association and the Listing Rules. As disclosed in the announcement of the Company dated 31 December 2024 in relation to poll results of the 2024 second extraordinary general meeting, the resolution on the election of directors to the second session of the Board of the Company was considered and approved in the 2024 second extraordinary general meeting. On the same day, the Company held the first meeting of the second session of the Board to resolve on the composition of all special committees (the Audit Committee, the Remuneration Committee and the Nomination Committee) under the Board.

Executive Directors

Ms. Liu Jingyu *(Chairwoman and General Manager)*
Mr. Dai Ying

Non-executive Directors

Ms. Hu Jing *(appointed on 31 December 2024)*
Mr. Li Jiancun *(appointed on 31 December 2024)*
Ms. Xie Jieping *(appointed on 31 December 2024)*

Independent non-executive Directors

Mr. Wu Guangquan
Mr. Wang Susheng
Mr. Chen Zetong

Ms. Hu Jing, Mr. Li Jiancun and Ms. Xie Jieping have confirmed that (i) they have obtained the legal opinion as described in Rule 3.09D of the Listing Rules on 26 December 2024; and (ii) they are aware of their responsibilities as directors of listed issuers under the Listing Rules.

The biographical details of the Directors are set out in the section of "Profile of Directors, Supervisors and Senior Management" of this report. To the best knowledge of the Directors, none of them has any personal relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, the chairwoman and the chief executives of the Company. The Company considers that the composition of the Board has been well balanced. Each of the Directors has the relevant experience, knowledge and expertise that can contribute to the business of the Company. The executive Directors oversee the day-to-day operations of the Group, while the independent non-executive Directors provide independent judgement to the decision-making process of the Board.

Responsibilities, accountabilities and contributions of the Board and management

The Company has formalized and adopted written terms of reference on the division of functions reserved to the Board and those delegated to the management of the Company. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial data, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to the relevant data of the Group as well as the advice and services of the joint company secretary and senior management of the Company, in order to ensure compliance with the Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request being made to the Board. The Board has delegated the responsibility for implementing its corporate strategies and the day-to-day management, operation and administration to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal control, communication with Shareholders, Board composition, delegation of authority and corporate governance. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board's approval.

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

(1) to develop and review the policies and practices on corporate governance of the Company and make recommendations to the Board;

(2) to review and monitor the training and continuous professional development of Directors and senior management;

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

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

(5) to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

Continuous professional development of Directors

All Directors have been given relevant guideline materials in relation to the responsibilities and obligations of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Company and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors to ensure that he or she has a proper understanding of the operation and business of the Company and full awareness of Directors' responsibilities and obligation under the Listing Rules and relevant statutory requirements. All Directors have been provided monthly updates giving a balanced and understandable assessment of the Group's performance, financial position and prospects to keep the Directors' abreast of the Group's affairs in order to discharge their duties. All Directors are also updated from time to time on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices, as set out in their respective terms of reference which are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the CG Code:

	Continuous professional development	
Directors	**Attend trainings**	**Read materials**
Executive Directors		
Liu Jingyu	√	√
Dai Ying	√	√
Non-executive Directors		
Hu Jing *(appointed on 31 December 2024)*	–	√
Li Jiancun *(appointed on 31 December 2024)*	–	√
Xie Jieping *(appointed on 31 December 2024)*	–	√
Zhou Sheng *(retired on 31 December 2024)*	√	√
Zhang Guoqing *(retired on 31 December 2024)*	√	√
Li Yunxiang *(resigned on 26 August 2024)*	√	√
Independent Non-executive Directors		
Wu Guangquan	√	√
Wang Susheng	√	√
Chen Zetong	√	√

Appointment, re-election and removal

Directors shall be elected or replaced at the general meetings for a term of 3 years. Upon expiration of the term of office, a Director shall be eligible to offer himself/herself for re-election and re-appointment, but the term of office of an independent Director shall not exceed 6 years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed. The term of office of a director shall commence from his/her accession till the expiry of the term of the current session of the Board. Where election of directors fails to be timely conducted upon expiry of the term of office of the former directors, the former directors shall, prior to the accession of the newly elected directors, perform their duties as directors in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

Subject to the relevant laws and regulations, and the regulatory rules of the jurisdictions where the Company's shares are listed, any person appointed by the Board to fill a casual vacancy on the Board or as an addition to the Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

When a Director's resignation becomes effective or his/her term of office expires, he/she shall duly carry out all handover procedures with the Board. His/her fiduciary obligations to the Company and Shareholders shall not necessarily terminate from the end of his/her term of office and shall remain effective within a reasonable period as specified in the Articles of Association.

If any Director fails to attend in person or appoint other Directors as his/her representative to attend meetings of the Board for two consecutive times, such Director shall be deemed to have failed to perform his/her duties, and the Board shall propose to replace such Director at the general meeting.

Independent non-executive Directors

During the year ended 31 December 2024, the Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has received a confirmation of independence from each of the independent non-executive Directors as required under the Rule 3.13 of the Listing Rules for the year ended 31 December 2024 and considers all the independent non-executive Directors to be independent. The Board will assess its independence annually.

Board meetings

Pursuant to the CG Code and the Articles of Association, the Board is scheduled to meet regularly at least four times a year, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary.

Board members were provided with complete, adequate and timely data to allow them to fulfill their duties properly.

Notices for regular Board meetings and meeting agenda are sent to all Directors, supervisors and general manager in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board meetings, all Directors, supervisors and general manager shall be notified within a reasonable period (not less than five days) prior to the meeting. Board papers together with all appropriate, complete and relevant data are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The joint company secretary is responsible for keeping minutes of all Board and committee meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable period after each meeting and the final version is open to Directors for inspection. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Directors' attendance records

During the Reporting Period, eleven Board meetings and three general meetings were held. The attendance records of Directors are set out below:

	Meetings of the Board Attendance rate/Number of meetings	General meetings Attendance rate/Number of meetings
Liu Jingyu	11/11	3/3
Dai Ying	11/11	3/3
Hu Jing	1/1[(1)]	0/0[(2)]
Li Jiancun	1/1[(1)]	0/0[(2)]
Xie Jieping	1/1[(1)]	0/0[(2)]
Zhou Sheng	10/10[(1)]	3/3
Zhang Guoqing	10/10[(1)]	3/3
Li Yunxiang	4/4[(3)]	2/2[(3)]
Wu Guangquan	11/11	3/3
Wang Susheng	11/11	3/3
Chen Zetong	11/11	3/3

Notes:

(1) On 31 December 2024, the Company held the 2024 second extraordinary general meeting to consider and approve the resolution on the election of directors to the second session of the Board of the Company. As Mr. Zhou Sheng and Mr. Zhang Guoqing, who were members of the first session of the Board, ceased to serve as non-executive Directors of the Company upon the election of the second session of the Board at the extraordinary general meeting of the Company, they did not attend the first meeting of the second session of the Board held on the same day; and Ms. Hu Jing, Mr. Li Jiancun and Ms. Xie Jieping, who were appointed as non-executive Directors of the second session of the Board, attended the first meeting of the second session of the Board held on the same day.

(2) Ms. Hu Jing, Mr. Li Jiancun and Ms. Xie Jieping did not attend the 2024 second extraordinary general meeting of the Company held on 31 December 2024, at which their appointments were approved.

(3) Since Mr. Li Yunxiang has tendered his resignation as a non-executive Director of the Company due to work adjustment on 26 August 2024, he did not attend the Board meetings held on 29 August 2024, 27 September 2024, 31 October 2024, 15 November 2024, 6 December 2024 and 31 December 2024, as well as the extraordinary general meeting of the Company held on 31 December 2024.

During the Reporting Period, one meeting was held between the chairwoman of the Board and all of the independent non-executive Directors without the presence of other Directors.

Chairwoman and General Manager

Pursuant to code provision C.2.1 of the CG Code, 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, mainly responsible for overall strategic planning and operational decision of the Group. Taking into consideration the Company's current situation, 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.

Terms of appointment of non-executive Directors

Pursuant to the Articles 96 and 106 of the Articles of Association, Directors shall be elected or replaced at the general meetings for a term of 3 years. Upon expiration of the term of office, a Director shall be eligible to offer himself for re-election and re-appointment, but the term of office of an independent Director shall not exceed 6 years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed. The term of office of a Director shall commence from his accession till the expiry of the term of the current session of the Board. Where election of Directors fails to be timely conducted upon expiry of the term of office of the former Directors, the former Directors shall, prior to the accession of the newly elected directors, perform their duties as directors in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the respective appointment date.

Board committees

The Board has established three Board committees, namely, the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"), to assist them in the efficient implementation of their functions and to oversee particular aspects of the Company's affairs. Specific responsibilities, as set out in their respective terms of reference which are available on the websites of the Stock Exchange and the Company, have been delegated to the above committees and the corporate governance duties as required under the CG Code have been performed. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee was established by the Company in accordance with Rules 3.21 to 3.23 of the Listing Rules. The terms of reference of the Audit Committee were adopted in compliance with the CG Code.

The primary duties of the Audit Committee are mainly to:

(i) review the Company's financial information and monitor the integrity of the Company's financial statements, annual report and accounts and half-year report and review significant financial reporting judgments contained therein before submission to the Board;

(ii) manage the relationship with the external auditors, including but not limited to making recommendation to the Board on the appointment, re-appointment and removal of external auditors, review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, discussing with the external auditors the nature and scope of the audit and reporting obligations before the audit commences, and develop and implement a policy on engaging an external auditor to supply non-audit services;

(iii) review the Company's financial information, monitor the Company's financial reporting system, risk management and internal control procedures;

(iv) review the Company's policies and practices on corporate governance issues, including but not limited to training and continuous professional development of Directors and senior management, and the Company's compliance with legal and regulatory requirements and the CG Code; and

(v) review the Company's environmental, social and governance (the "**ESG**") management approach, policies and strategies.

Our Audit Committee comprises three members, namely Mr. Wang Susheng (Chairman), Mr. Wu Guangquan and Mr. Chen Zetong all being Independent Non-executive Directors of the Company. During the Reporting Period, the Audit Committee held six meetings and the work performed by the Audit Committee was summarised as follows:

(1) reviewing the findings and recommendations from external auditors and independent internal control reviewers;

(2) reviewing the independence of the external auditors and engagement of external auditors;

(3) reviewing the audit plan, internal control plan, the development in accounting standards and their effects on the Group, financial statements and risk management matters;

(4) reviewing the adequacy of resources, qualifications and experience of staff in the Company's accounting and financial reporting functions;

(5) reviewing the effectiveness of the Company's risk management and internal control systems; and

(6) reviewing the ESG management guidelines, policies, targets and strategies of the Company; continuing to pay attention to developments such as ESG system building and team building.

The attendance records of each committee members are set out below:

	Attendance rate/Number of meetings
Mr. Wang Susheng	6/6
Mr. Wu Guangquan	6/6
Mr. Chen Zetong	6/6

The Company's annual report and annual results announcement for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the CG Code and the terms of reference have been adopted. The Remuneration Committee adopted the approach under code provision E.1.2(c)(ii) of the CG Code to make recommendation to the Board on the remuneration packages of independent Directors and senior management.

The primary duties of the Remuneration Committee are to:

(i) make recommendations to the Board on the overall remuneration policy and structure for all Directors and senior management of the Company, and on the establishment of formal and transparent procedures for developing remuneration policy;

(ii) review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

(iii) be delegated by the Board to determine the remuneration packages of individual executive Directors and senior management or to recommend to the Board the remuneration packages of individual executive Directors and senior management; and this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(iv) make recommendations to the Board on the remuneration of non-executive Directors; and

(v) review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Remuneration Committee consists of three members, namely Mr. Wu Guangquan (Chairman), the Independent Non-executive Director, Ms. Liu Jingyu, the Executive Director and Mr. Chen Zetong, the Independent Non-executive Director. The Remuneration Committee shall consult the chairwoman and/or the general manager of the Company on proposals relating to the remuneration of other executive Directors. The remuneration of the Directors was determined with reference to the salaries paid by comparable companies and the experience, responsibilities, workload, time devoted to the Group and individual performance of the Directors, as well as the performance of the Group.

During the Reporting Period, the Remuneration Committee held two meetings and the work performed by the Remuneration Committee was summarised as follows: (1) reviewing the appropriateness of the remuneration policy; (2) evaluating the performance of Directors and senior management of the Group; and (3) revising the terms of reference of the Remuneration Committee.

The attendance records of each committee members are set out below:

	Attendance rate/Number of meetings
Mr. Wu Guangquan	2/2
Ms. Liu Jingyu	2/2
Mr. Chen Zetong	2/2

Pursuant to code provision E.1.5 of the CG Code, the remuneration of senior management of the Company during the year ended 31 December 2024 fell with the following bands. The following remuneration includes salaries, allowances, equity-settled share-based payments and contributions to retirement benefits schemes. Details of the remuneration components are set out in note 16 and note 47 to the consolidated financial statements.

Remuneration level	Number of persons
RMB3,000,001 to RMB3,500,000	1
RMB3,500,001 to RMB4,000,000	1
RMB4,000,001 to RMB4,500,000	1
RMB4,500,001 to RMB5,000,000	1
RMB6,500,001 to RMB7,000,000	2
RMB10,000,001 to RMB10,500,000	1
RMB16,500,001 to RMB17,000,000	1

Remuneration Policy

Our executive Directors receive, in their capacity as our employees, compensation in the form of salaries and benefits-in-kind, including our contributions to the pension scheme for our executive Directors, according to the laws of the PRC. The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to pension scheme) for our Directors and Supervisors for the years ended 31 December 2023 and 2024 were approximately RMB34,420,000 and RMB24,589,000, respectively. None of our Directors waived any remuneration during the aforesaid periods.

The information of the five highest paid individuals of the Company for the year ended 31 December 2024 is set out in note 15 to the consolidated financial statements.

During the Reporting Period, no emoluments were paid by our Group to any of our Directors or the five highest paid individuals (including Directors and employees of the Company) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Reporting Period.

Save as disclosed above, no other remuneration has been paid or is payable, during the Reporting Period, by our Group to any of our directors or their representatives.

Nomination Committee

The Company has established a nomination committee with written terms of reference in compliance with the CG Code. The terms of reference have been adopted in compliance with the CG Code.

The primary duties of the Nomination Committee are to:

(i) ensure that the Board and its committees consist of Directors with the appropriate balance of skills, diversity and knowledge of the Company to enable it to discharge its duties effectively;

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

(iii) develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates as directors for Board approval. Such criteria include but are not limited to the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(iv) assess the independence of independent non-executive Directors;

(v) make recommendations to the Board on the appointment or re-appointment of directors and senior management and succession for Directors and senior management, in particular the chairman of the board and the general manager; and

(vi) draw up, review and update, as appropriate, the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review and update the progress on achieving the objectives; and to make disclosures of its progress and its review results in the annual report of the Company annually.

The Nomination Committee consists of three members. The Nomination Committee of the first session of the Board of the Company comprised Mr. Chen Zetong, the independent non-executive Director, Mr. Wu Guangquan, the independent non-executive Director, and Ms. Liu Jingyu, the executive Director, and its chairman was Mr. Chen Zetong, the independent non-executive Director. On 31 December 2024, the first meeting of the second session of the Board of the Company resolved that the Nomination Committee shall comprise Ms. Liu Jingyu, the executive Director, Mr. Chen Zetong, the independent non-executive Director, and Mr. Wu Guangquan, the independent non-executive Director, and Ms. Liu Jingyu shall serve as the chairwoman. During the Reporting Period, the Nomination Committee held three meeting and the work performed by the Nomination Committee is summarised as follows:

(1) to review and confirm that the structure, size and composition of the Board and the proportions of executive Directors and independent non-executive Directors remain appropriate for the Board to discharge its duties;

(2) to review and confirm the diversity of skills, knowledge, experience and gender of the members of the Board;

(3) to review the Board Diversity Policy (the "**Board Diversity Policy**"); and

(4) to formulate the Company's nomination policy (the "**Nomination Policy**") and make recommendations to the Board for adoption.

The attendance records of each committee member are set out below:

	Attendance rate/Number of meetings
Ms. Liu Jingyu	3/3
Mr. Chen Zetong	3/3
Mr. Wu Guangquan	3/3

Nomination Policy

The Nomination Committee identifies individuals with suitable qualifications to become members of the Board by considering the proposed candidates' skills, knowledge, experience, expertise, etc., having due regard to the Board Diversity Policy, the Nomination Policy and the needs of the Company, and evaluates the independence of the proposed independent non-executive Directors (as the case may be). The Nomination Committee then makes recommendations to the Board. The Board considers the candidates recommended by the Nomination Committee after due consideration of the Board Diversity Policy, the Nomination Policy and the needs of the Company. The Board will then confirm the candidate for appointment as a director or recommend a candidate for re-election at a general meeting of the Company. According to the Articles of Association, any person appointed by the Board as a director to fill a casual vacancy on the Board or to increase the number of members on the Board shall hold office only until the next annual general meeting of the Company and shall be eligible for re-election at that time.

Corporate Governance Functions

The Board is responsible for discharging its corporate governance responsibilities as described in the "Roles and Responsibilities of the Board and Management" in this report. During the Reporting Period, the Board has reviewed the Company's corporate governance policies and practices and compliance with the CG Code, reviewed and monitored the continuous professional development of the Directors, and also reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements.

Joint Company Secretaries

Mr. Dai Ying and Mr. Cheung Kai Cheong Willie are appointed as joint company secretaries of the Company and are responsible for advising the Board on corporate governance matters. The primary contact person for Mr. Cheung Kai Cheong Willie is Mr. Dai Ying.

In accordance with Rule 3.29 of the Listing Rules, Mr. Dai Ying and Mr. Cheung Kai Cheong Willie have confirmed that they have taken no less than 15 hours of relevant professional training for the year ended 31 December 2024.

Directors and Supervisors' Compliance with the Model Code for Securities Transactions

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 of the Company by the Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, the Company confirmed that they have complied with the Model Code during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, the Company has established appropriate and effective risk management and internal control systems in compliance with the paragraph D.2 of the CG Code. The Company has adopted and implemented a comprehensive risk management policy encompassing risks that may arise in R&D, procurement management, production management and sales management. Our risk management and internal control systems also cover the general functional operations such as human resources, financial management, asset management, warehousing and logistics management, information system management and corporate governance as well as decision-making processes. Meanwhile, the Board is committed to supervising and evaluating the effectiveness of the risk management and internal control systems to ensure that the system is rectified and effectively controlled as our business develops.

The management of the Company, under the supervision of the Board, has implemented and maintained appropriate and effective risk management and internal control systems. However, the risk management and internal control systems can only provide reasonable but not absolute assurance against material misstatements or losses. The key features of the risk management and internal control systems are described in the following sections:

Risk Management System

The Company has adopted a risk management system to manage risks related to its business and operation. The system includes the following stages:

- Risk identification: extensively and continuously collect internal and external environmental factors, stakeholders' needs, etc. related to enterprise risk and risk management of the Company; identify risks that may affect the Company's operation and business (including ESG risks).

- Risk evaluation: systematically analyze the collected risk information, evaluate the impact of the risk, and determine the risk values and risk levels based on the risk assessment standards.

- Risk response and control: based on its own conditions and external environment and adhering to the development strategy, select appropriate basic risk management strategies and formulate risk management solutions to prevent, avoid or mitigate risks.

- Risk monitoring and improvement: continuously carry out risk monitoring, dynamically assess the rationality and implementation effectiveness of risk strategies and solutions, timely identify defects and make improvements, and continuously revise and improve risk management and control measures based on actual conditions.

Internal Control System

The Company has established an internal control system which enables the Company to achieve its objectives regarding operational effectiveness and efficiency, reliability of financial statements and compliance with applicable laws and regulations. Internal control process is designed to monitor the Company's operations and ensure full compliance. The components of the internal control system framework are set out below:

- Monitoring environment: a set of standards, procedures and frameworks has been implemented to provide the basis for the Company's internal monitoring.

- Risk evaluation: a dynamic interactive process of identifying, evaluating and analyzing risks to achieve the Company's objectives and forming the basis for determining how to manage risks.

- Monitoring activities: actions established in accordance with policies and procedures to help ensure that management's instructions to mitigate risks and achieve objectives are being implemented.

- Information and communication: regular and effective internal and external communications provide the Company with information needed for daily monitoring.

- Monitoring: continuous and individual evaluations to determine the existence and effective operation of each component of the internal control system.

The Company has also adopted and implemented inside information policies and procedures in order to enhance the Company's system for handling and releasing inside information and ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures. The Company has taken certain reasonable measures from time to time to ensure its access to potential inside information and to maintain the confidentiality of such information in order not to breach the Company's disclosure requirements, including:

- Information is restricted to a limited number of employees on a notice basis. Employees who are in possession of inside information are fully aware of their confidentiality obligations;

- Confidentiality agreements will be entered into when the Company conducts material negotiations;

- Different operating units have their own reporting channels to report any potential inside information to the designated departments; and

- An executive director is a designated person who speaks on behalf of the Company when communicating with external parties such as the media, analysts or investors and responding to external enquiries.

Based on the internal monitoring review conducted for the year ended 31 December 2024, no material internal monitoring deficiencies were identified.

Internal Audit Function

The Company has established a professional internal control team, which is responsible for establishing risk management and internal control systems. As of the end of the Reporting Period, the members of our internal control management team have an average of more than 10 years of relevant work experience, and hold relevant professional certificates.

Effectiveness of Risk Management and Internal Control Systems

The Board is responsible for overseeing the implementation and management of the Company's risk management and internal control systems and ensuring that the effectiveness of such systems is reviewed annually. The review covered all significant controls of the Group, including financial, operational and compliance controls. The Board has considered certain aspects in the review, including but not limited to

(i) changes in the nature and extent of significant risks (including ESG risks) since the last annual review, and the Company's ability to respond to changes in its business and the external environment;

(ii) the management monitors the scope and effectiveness of the risks (including ESG risks) and internal control systems on an ongoing basis;

(iii) the extent and frequency of communication of monitoring results to the Board (or its committees), which helps the Board to assess the control and effectiveness of risk management of the issuer;

(iv) significant control failures occurred or weaknesses identified during the period, and the extent to which such failures or weaknesses have resulted in unforeseen outcomes or contingencies as well as the material impacts those outcomes or contingencies have had, could have had, or may in the future have, on the issuer's financial performance or condition;

(v) the effectiveness of the Company's procedures for financial reporting and compliance with the requirements of the Stock Exchange Listing Rules;

(vi) the adequacy of resources, qualifications and experience of staff, training programmes and budget in respect of the accounting, internal audit and financial reporting functions of the issuer and the ESG performance and reporting of the Company.

Through its review and the review by its independent audit department and the Audit Committee, the Board concluded that the risk management and internal control systems are effective and adequate. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also considers that the resources, staff qualifications and experience of the relevant staffs are adequate and the training programmes and budget provided are adequate. Having conducted the review, the Board was of the view that the risk management and internal control systems of the Company were adequate and effective during the Reporting Period.

Anti-corruption

The Company pursues a zero-tolerance policy towards fraudulent acts such as bribery, corruption and embezzlement. The Company has adopted an "Employee Code of Conduct" and "Management Measures Against Fraud" that contain relevant requirements for confidentiality, integrity, conflicts of interest and other guidelines on the code of behaviors. The Company also provides our employees with education in respect of anti-bribery and anti-corruption through various channels such as compliance training, and meanwhile publicizing the integrity regulations to our suppliers and entering into the "Anti-bribery Undertaking Agreement" with suppliers.

Whistle-blowing Policies

We have put in place a whistle-blowing channel where external suppliers, employees and other relevant parties can file complaints or report violations.

Auditor's Emoluments

The Group's domestic auditor RSM China (special general partnership) and international auditor RSM Hong Kong are both independent external auditors employed by the Group. The emoluments paid and payable to the domestic and international auditors of the Group for their services provided during the Reporting Period are set out below:

Items	Charges (RMB'000)
Audit services	
—IFRS-based annual audit of financial statements	3,694
—CAS-based annual audit of financial statements	420
Non-audit services (note)	578

Note: The non-audit services mainly include agreed upon procedures service.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels.

Our Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, sales, legal compliance and corporate investment and finance. The ages of our Directors range from 35 years old to 62 years old, and we have both male and female representatives on the Board, which is in line with the regulations on gender diversity of directors in the Listing Rules. Our Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, our Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity on the Board.

The Nomination Committee has made below recommendations to the Board on the measurable objectives for the implementation of the Board Diversity Policy and Nomination Policy: (1) at least one female Director is appointed; and (2) at least one third of the Board members are independent non-executive Directors. The Nomination Committee will review the Board Diversity Policy and Diversity Profile in due course and at least once every year to ensure they are continuously effective from time to time and, if necessary, make any necessary changes and recommend any such changes to the Board for consideration and approval. The Board confirmed that the measurable objectives had been achieved at the end of the Reporting Period. The Nomination Committee will disclose the implementation of the Board Diversity Policy in the Company's Corporate Governance Report on an annual basis.

In addition, as of 31 December 2024, the Group had 10,534 employees, including 7,764 male employees and 2,770 female employees, accounting for 73.65% and 26.29%, respectively, which satisfied the requirement of employee gender diversity. We are aiming to achieve a more balanced gender ratio in the workforce in the future and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. Our Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing diversity under the CG Code. Our Nomination Committee will review our diversity policy on an annual basis and to ensure its continued effectiveness.

Board Independence/Mechanism

The Company has formulated internal policies (including but not limited to the Articles of Association, the Rules of Procedures of the Board and the Terms of Reference and Procedures of the Remuneration Committee) to ensure that the Board has access to independent views and opinions. These policies cover the Company's procedures and criteria for the election and appointment of Directors (including independent non-executive Directors), the abstention mechanism for voting on relevant resolutions of the Board by related Directors, and the special authorities of the independent appointment of external audit institutions and consulting agencies by independent Directors, etc. Upon reviewing the implementation of the aforesaid mechanisms, the Board considers that the aforesaid mechanisms are able to effectively ensure that the Board is provided with independent views and opinions.

Dividend Policy

The Company did not pay or declare any dividends since the Listing Date. The Company currently does not have a predetermined dividend payout ratio. The Board may declare and our Company may pay dividend after taking into account our results of operations, future business development strategies and other factors that may be deemed as relevant.

Directors' Responsibilities for Financial Statements

The Board acknowledges its responsibilities for preparing the financial statements of the Company for each financial year and ensures that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures that the financial statements are published in a timely manner in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties or circumstances that may materially affect the Company's ability to continue as a going concern. The statement of the auditor of the Company regarding their reporting responsibilities and opinions on the financial statements is set out in the Independent Auditor's Report on pages 86 to 95 of this report.

Shareholders' Rights

The Shareholders' general meeting of the Company is the organ of authority of the Company, which consists of all the shareholders and exercises its powers in accordance with the laws, administrative regulations and the Articles of Association.

Procedures for Shareholder Request to Convene Extraordinary General Meeting

For a Shareholder request to convene an extraordinary general meeting, the procedures should be adopted in compliance with the Articles 50, 51, 52 and 53 of the Articles of Association.

Pursuant to the Article 50 of the Articles of Association, shareholders holding more than 10% of our Company's shares, either individually or jointly, shall be entitled to request and demand the board to convene extraordinary general meetings and shall make written request to the board. The board shall, in accordance with the requirements of the laws, administrative regulations and the provisions of the Articles, reply in writing regarding the acceptance or refusal to convene the extraordinary general meeting within ten (10) days upon receiving the request. If the board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within five (5) days after the board resolves to do so. Should there be amendments to the original requests in the notice, consent has to be obtained from the relevant shareholders. If the board does not agree to convene the extraordinary general meeting or does not reply in writing within ten (10) days upon receiving the request, shareholders holding more than 10% of our Company's shares, either individually or jointly, shall have the right to request the Supervisory Committee in writing to convene an extraordinary general meeting. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice thereof within five (5) days of its receipt of the request, and any amendment made in the notice to the original proposals shall be subject to the consent of the relevant shareholders. If the Supervisory Committee fails to issue a notice of the general meeting within a specified period, it shall be deemed that the Supervisory Committee shall not convene and preside over the general meeting, the shareholder(s) who hold 10% or more of the shares of the Company which carry rights to vote at the proposed meeting either individually or jointly, for a consecutive period of more than 90 days may convene and preside over the meeting on their own.

Pursuant to the Article 51 of the Articles of Association, Supervisory Committee or shareholders, if decided to convene general meetings on their own, shall inform the Board in writing. Prior to the publication of announcement of the resolutions of the Shareholders' general meeting, holding by the convening shareholders shall not be less than 10%. The Supervisory Committee or the convening Shareholders shall submit relevant evidence to the stock exchange(s) on which the shares of the Company are listed upon the issuance of the notice of the Shareholders' general meeting and the announcement of the resolutions of the Shareholders' general meeting.

Pursuant to the Article 52 of the Articles of Association, the Board and the secretary to the Board should cooperate with the Supervisory Committee or shareholders convening general meetings on their own after receiving the notice. The Board shall provide the register of shareholders as of the share capital registration day.

Pursuant to the Article 53 of the Articles of Association, the Company will bear all the necessary and reasonable costs for the general meeting convened by the Supervisory Committee or shareholders.

For a Shareholder request to propose new resolutions at the general meeting, the procedures should be adopted in compliance with the Articles 54 and 55 of the Articles of Association.

Pursuant to the Article 54 of the Articles of Association, the contents of a proposal shall be within the scope of the duties and powers of the general meeting, have definite themes and specific matters for resolutions, as well as in compliance with the relevant requirements of the laws, administrative regulations, and the Articles of Association.

Pursuant to the Article 55 of the Articles of Association, in relation to a general meeting convene by the Company, the Board, the Supervisory Committee and shareholders separately or aggregately holding more than 3% of the total number of voting shares of the Company are entitled to propose motions to the Company in writing. Shareholders holding more than 3% of our Company's shares separately or aggregately shall have the right to put forward new proposals in writing to our Company and submit them to the convener of a general meeting ten days prior to the meeting. The convener shall issue a supplementary notice of the general meeting to announce the content of the extraordinary motions within 2 days after receipt thereof. Except as stipulated above, the convener shall not alter the motions listed in the notice of general meeting or add new motions after the notice of general meeting has been published. The proposals that have not been set out in the notice of the shareholders' general meeting or that do not comply with Article 54 of the Articles of Association, shall not be voted on or resolved at the shareholders' meeting.

Procedures for Making Enquiries

Shareholders shall make enquiries with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, regarding their shareholdings, share transfer, registration and payment of dividends as follows:

Tricor Investor Services Limited

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

E-mail: is-enquiries@vistra.com

Tel: (852) 2980 1333

Fax: (852) 2810 8185

Shareholders may at any time submit any enquiries to the Company through the Company's designated contact person, correspondence address, email address and enquiry hotline:

Recipient: Office of IR of CALB GROUP CO., LTD.

Address: No. 1 Jiangdong Avenue, Jintan District, Changzhou City, Jiangsu Province, the PRC.

E-mail: Ir@calb-tech.com

Tel: 86-0519-68903688-664580

Shareholders are reminded to submit their enquiries with their contact data so that the Company can respond promptly as it deems appropriate.

Shareholders may propose a resolution at a general meeting to nominate candidates for Directors. According to the Article 96 of the Articles of Association, Directors shall be elected or replaced at the general meetings. According to the Article 55 of the Articles of Association, shareholders who individually or collectively hold more than 3% of the Company's total number of voting shares shall have the rights to put forward new proposals in writing to our Company and submit them to the convener of a general meeting ten days prior to the meeting. Accordingly, if a Shareholder proposes to nominate a candidate for election as a Director, such notice of intent and a notice signed by the nominated candidate indicating his/her willingness to accept the appointment shall be duly lodged with the Company's registered office for the attention of the Company Secretary and the Board of our Company.

Further data on the procedures for Shareholders to nominate a person for election as a Director is available on the Company's website. In addition, the Shareholders or the Company may refer to the above procedures to put forward any other proposals at the general meetings.

INVESTOR RELATIONS

The Board believes that transparency and timely disclosure of the Company's information is essential to enhance investor relations and will enable shareholders and investors to make the best investment decisions and have a better understanding of the Company's business performance and strategies. The Company is committed to maintaining an on-going dialogue with shareholders, in particular through annual general meetings and other general meetings. The Chairman of the Board and the chairmen of the Board Committees will endeavor to meet with the Shareholders at the general meetings to answer any questions raised by the Shareholders.

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") which aims to ensure transparent, accurate and open communication with Shareholders to ensure that Shareholders' views and concerns are properly addressed and will be reviewed annually to ensure its effectiveness. Pursuant to the requirements of the Shareholders' Communication Policy, Shareholders can communicate with the Company through channels such as the Company's official website, new media platforms, investor relations hotlines, emails, etc., by means of general meetings, investor briefings, roadshows, analyst meetings, receptions, and forums.

The Company also has a website at www.calb-tech.com, with a dedicated "Investor Relations" section containing corporate communications documents, listings documents, announcements, reports, company information and other documents published by the Company on the website of the Stock Exchange for public inspection. The Company's website serves as a platform for communication with shareholders and investors.

Shareholders and investors may also write to the Company's principal place of business and headquarters in the PRC at No. 1 Jiangdong Avenue, Jintan District, Changzhou City, Jiangsu Province or email to Ir@calb-tech.com or call 86-0519-68903688-664580 for enquiries. Such enquiries will be fully responded to as soon as possible.

The Board regularly reviews the Shareholders' Communication Policy on an annual basis to ensure its effectiveness. After reviewing the various measures, the Board is of the view that the Shareholders' Communication Policy for the year ended 31 December 2024 has been properly implemented and effective.

Articles of Association

There were no changes to the Articles of Association during the Reporting Period and up to the date of this annual report. The Articles of Association are available on the websites of the Company and the Stock Exchange respectively.

Directors' Report

The Board of the Company is pleased to present this Directors' Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is a joint stock limited company incorporated in Changzhou City, Jiangsu Province under the Company Law of the PRC and listed on the Hong Kong Stock Exchange on 6 October 2022. The Company is a high-technology new energy enterprise specializing in development, manufacturing, sales and market application development of lithium batteries, battery management system and related integrated products, and lithium battery materials. As a specialist in the battery technology, the Company is committed to building a comprehensive energy operation system to provide complete product solutions and full life-cycle management for the all-scenario application market of new energy represented by EV batteries and ESS products.

Details of the business of the Company's subsidiaries are set out in the financial statements. There was no material change in the nature of the Company's principal activities for the year ended 31 December 2024. For further discussion and analysis on principal activities, please refer to the "Management Discussion and Analysis" section of this annual report.

BUSINESS REVIEW

A review of the Group's results for the year, a discussion and analysis of key factors related to its financial position and the prospects of the Group's business are set out in the "Management Discussion and Analysis" section of this annual report, respectively.

RESULTS

The operating results of the Group for the reporting period are set out in the "Financial Review" section of this annual report.

RISKS AND UNCERTAINTIES

- ### Market risk

  With rapid development of lithium batteries industry, market competition is getting increasingly intense. The Company must consistently uphold its competitiveness by focusing on market share, technological innovation and cost control to respond to the intense market competition.

  The Company has responded to challenges from market changes in an active manner to ensure that its products have an edge in application fields, by continuously making technological innovations and playing a leading role in dimensions including advanced materials, advanced manufacturing technologies, high performance batteries and system technologies, new batteries, and battery full life cycle management; the Company tightened cost control through technological innovation, optimization of production and operation management, supply chain management, etc.; at the same time, the Company actively expanded overseas markets, accelerated overseas industrial layout, actively expanded market business in the field of energy storage and pay close attention to emerging market dynamics.

- **International operation risk**

The Company actively expanded overseas markets, established subsidiaries and built new factories overseas. In the event of geopolitical conflicts, the implementation of policies such as increased tariffs or non-tariff barriers, or the Company's failure to identify overseas local laws and regulations and operational risks, the Company's local operations may be adversely affected. Establishment of overseas base necessitates a prolonged period, which may result in the Company missing the market capacity peak. In addition, the threshold for assessing international market continues to improve, presenting more challenges to the Company's global operations.

In order to reduce the risk of international operation, the Company will continue to improve the operation and management level of overseas business, identify possible risks in overseas business, formulate risk response strategies, and formulate relevant management standards and policies in line with local laws, regulations and customs. Meanwhile, the Company should keep accurately informed of the timeframe for the issuance of overseas policies related to new energy, and accordingly align supply with demand in advance by proactively engaging with clients in respect of their vehicle models mass-produced or to be mass-produced in order to fully explore potential market demands from international customers.

- **Risks to Technology and Research and Development**

As a technology-intensive and talent-intensive industry, the technological upgrading of EV battery and energy storage battery industry is fast, while safety, stability and advancement are also highly required in EV battery and energy storage battery market. For these reasons, only with continued investment in technological research and development can we continuously adapt to the changing market situations. Next-generation batteries of new energy vehicle, such as all-solid-state lithium batteries, are still in the stage of basic and application research and have a long way to go before accomplishing technology maturity and commercialization. However, once such batteries are successfully commercialized, they will have influence on the industry.

Thanks to its long-term technologies accumulation and talent development, the Company has a technology patent R&D team which plays a leading role in the industry, and puts in place the mechanism to respond to market needs rapidly; furthermore, the Company continues to increase expenditure on the research and development of the next-generation technologies such as all-solid-state batteries, to maintain the leading role; at the same time, the Company maintains long-term cooperation with universities, colleges, scientific research institutions, and players in the upstream and downstream of the industrial chain to accelerate the process of technological breakthrough and commercialization.

FINANCIAL REVIEW

A discussion and analysis of the key factors relating to reviewing the financial position of the Group during the year is set out in the section headed "Management Discussion and Analysis" in this annual report.

SHARE CAPITAL

During the Reporting Period, there was no change in the total share capital of the Company. As at the end of the Reporting Period, the total share capital of the Company was 1,772,301,858 shares. Reference is made to the announcement of the Company dated 27 March 2024 in relation to the completion of the H Share "Full Circulation" by the Company. 345,822,805 domestic shares of the Company were converted into H Shares on 27 March 2024 and listed on the Stock Exchange on 28 March 2024. Upon the completion of the H Share "Full Circulation", H Shares of the Company increased by 345,822,805 shares and domestic shares decreased by 345,822,805 shares. The total number of issued shares of the Company remained unchanged after the conversion. Details are as follows:

	Immediately before completion of the Conversion and Listing		Upon completion of the Conversion and the Listing	
Type of Shares	Number of Shares	Percentage of the total number of issued shares of the Company	Number of Shares	Percentage of the total number of issued shares of the Company
Domestic Shares	1,506,456,558	85.00%	1,160,633,753	65.49%
H Shares	265,845,300	15.00%	611,668,105	34.51%
Total	**1,772,301,858**	**100%**	**1,772,301,858**	**100%**

For details of the H Share "Full Circulation", please refer to the relevant announcements of the Company dated 29 January 2024, 8 March 2024, 14 March 2024 and 27 March 2024. Movements in the share capital of the Company during the year are set out in note 40 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in note 1 to the consolidated financial statements.

FINAL DIVIDENDS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is not exposed to any significant environmental risks. During the Reporting Period, it is to the knowledge of Directors that the Group has complied with all relevant laws and regulations which have a significant impact on the Group in all material respects.

Further details of the environmental policies and performance of the Company are set out in the "2024 Environmental, Social and Governance Report" which is to be published on the same day with this report.

LEGAL PROCEEDINGS AND COMPLIANCE

The Group may be involved in various legal proceedings, arbitrations or litigations in the ordinary course of business from time to time. Save as disclosed in this report and during the Reporting Period, the Group was not involved in any legal proceedings, arbitration or litigation which, in our opinion, would have a material adverse effect on the ordinary business, financial condition or results of operations and, to our knowledge, there is no risk of any such legal proceedings, arbitrations or administrative litigations.

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 considered and approved 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 (in HK$ million)	Amount used for the ten months ended 31 October 2024 (in HK$ million)	Net amount unutilized as at 31 October 2024 (in HK$ million)	Revised allocation of unutilized net proceeds (in HK$ million)	Net amount unutilized as at 31 December 2024 (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.

RESERVES

Details of movements in the reserves of the Group and the Company as of 31 December 2024 are set out in the consolidated statement of changes in equity and note 42 to the financial statements, respectively.

The Group's reserves available for distribution as at 31 December 2024, calculated in accordance with the applicable laws of the PRC, the place of incorporation of the Company, amounted to approximately RMB1,266,350,000.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group for the year ended 31 December 2024 are set out in note 19 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales amount and purchase amount of the Group's major customers and suppliers for the year ended 31 December 2024 are as follows:

Sales amount

– The largest customer	13.1%
– Total of the five largest customers	55.4%

Purchase amount

– The largest supplier	11.5%
– Total of the five largest suppliers	40.1%

Among the five largest suppliers of the Group, except for China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司) ("**Luoyang Company**") which is a connected person of the Company (for more details, refer to the section headed "Directors' Report - Continuing Connected Transactions"), the Directors of the Company, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) do not have any interest in any of the other abovementioned major suppliers or customers.

EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreement in 2024 and no such agreement existed at the end of 2024.

PERMITTED INDEMNITY PROVISION

The Company maintained appropriate liability insurance for Directors and officers of the Company and such permitted indemnity provision for the benefit of Directors is still in force and continued to be in force for the year ended 31 December 2024. Apart from this, the Company had no other valid permitted indemnity provisions during the Reporting Period and at the time of approval as at the date of this annual report.

ISSUED DEBENTURE

In order to further broaden the financing channels and optimize the debt financing structure, the Company convened the Board meeting and the second extraordinary general meeting of 2024 on 6 December 2024 and 31 December 2024, respectively, at which the "Resolution on Application for Registration and Issuance of Debt Financing Instruments" was considered and approved. The Company intends to apply for registration and issuance of debt financing instruments of not more than RMB5 billion (inclusive) with the National Association of Financial Market Institutional Investors (the "**NAFMII**"), which will be issued in batches within the validity period of the regulatory approvals or registrations for the relevant debt financing instruments. The maximum term of the debt financing instruments shall not exceed 5 years, and the specific term of issuance will be determined in accordance with the Company's capital requirements and market conditions. The Company will disclose the progress of the issuance of the medium-term notes in a timely manner in accordance with the relevant laws and regulations. Details of which are set out in the announcement of the Company dated 6 December 2024 and the circular of the Company dated 31 December 2024.

During the Reporting Period, the Company did not issue corporate bonds.

DONATION

For the year ended 31 December 2024, the Group made charitable and other donations totalling RMB125,000.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended 31 December 2024.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report are:

Executive Directors

Ms. Liu Jingyu *(Chairwoman and General Manager)*
Mr. Dai Ying

Non-executive Directors

Ms. Hu Jing *(appointed on 31 December 2024)*
Mr. Li Jiancun *(appointed on 31 December 2024)*
Ms. Xie Jieping *(appointed on 31 December 2024)*
Mr. Zhou Sheng (1) *(retired on 31 December 2024)*
Mr. Zhang Guoqing (1) *(retired on 31 December 2024)*
Mr. Li Yunxiang (2) *(resigned on 26 August 2024)*

Independent Non-executive Directors

Mr. Wu Guangquan
Mr. Wang Susheng
Mr. Chen Zetong

CONFIRMATION OF INDEPENDENCE

Each of the independent non-executive Directors has provided a written confirmation to confirm his independence from the Company under Rule 3.13 of the Hong Kong Listing Rules. Upon assessment, the Company considers each of the independent non-executive Directors to be independent.

(1) Mr. Zhou Sheng and Mr. Zhang Guoqing ceased to be non-executive Directors upon the election of the second session of the Board at the extraordinary general meeting of the Company.

(2) Mr. Li Yunxiang resigned as a non-executive Director due to work adjustment.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

All of the executive Directors, independent non-executive Directors and Supervisors of the Company have entered into service contracts or letters of appointment with the Company, respectively. The term of office of each Director is thereafter renewed annually by mutual consent, unless terminated by either party giving to the other not less than three months' prior written notice. In accordance with Articles 96 and 106 of the Articles of Association of the Company, the Directors shall be elected or replaced at the general meetings, with a term of three years. Upon expiry of the term of office, the Directors may be re-elected, but the term of office of an independent Director shall not exceed six years (unless the term of office of an independent Director is otherwise provided for by relevant laws, regulations and the listing rules of the exchange where the Company's shares are listed).

None of the Directors or Supervisors who are to be re-elected at the annual general meeting has entered into any service contract with the Group which may not be terminated by the Group within a year without payment of any compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, the Directors of the Company's subsidiaries or their respective associates has an interest in any business which competes or is likely to compete (whether directly or indirectly) with the business of the Company and its subsidiaries for the year ended 31 December 2024 (except for directors and/or directors of their subsidiaries and their respective associates).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this report, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate during the year ended 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS

Details of the Group's continuing connected transactions during the Reporting Period are set out as follows:

I. Sales Framework Agreement

On 4 January 2024, Luoyang Company entered into a sales framework agreement with the Company (the "**Sales Framework Agreement**"), under which the Group will sell lithium batteries components and related products (including raw materials, work in progress and finished goods) to Luoyang Company and its associates for a term from 1 January 2024 to 31 December 2024, which has been renewed on the Board meeting held on 15 November 2024. The prices of lithium batteries and related products sold by the Group to Luoyang Company and its associates are determined primarily by arm's length negotiations with reference to market prices and sales prices of similar products offered by the Group to other independent third-party customers, taking into account the costs plus a reasonable profit margin. As of the date of the Sales Framework Agreement, Jintan Holding directly and indirectly held approximately 26.02% issued Shares of the Company and is one of the substantial shareholders of the Company. Luoyang Company is directly owned as to 51% by Jincheng Technology and Jincheng Technology is wholly owned by Jintan Holding, a substantial shareholder of the Company, and hence Luoyang Company is an associate of Jintan Holding and a connected person of the Company. Therefore, the transactions with Luoyang Company constitute continuing connected transactions.

The Directors are of the view that the transactions under the Sales Framework Agreement are to the benefit of our Company, because Luoyang Company and its associates have a thorough understanding of our product category, product quality and cooperation model, and therefore it is cost-effective to continue cooperation, which is mutually beneficial for both parties.

The annual cap for above continuing connected transaction for the year ended 31 December 2024 was RMB1,400 million, and the actual transaction amount for the year ended 31 December 2024 was approximately RMB1,263.54 million.

II. Entrusted Processing Framework Agreement

On 4 January 2024, Luoyang Company entered into an entrusted processing framework agreement with the Company (the "**Entrusted Processing Framework Agreement**"), pursuant to which the Company agrees to entrust Luoyang Company and Luoyang Company agrees to provide processing services of lithium batteries for the Company for a term of one year commencing from 1 January 2024 and ending on 31 December 2024, which has been renewed on the extraordinary general meeting held on 31 December 2024. Luoyang Company will be responsible for the raw materials, front line workers and technicians whose licences and qualifications are recognized by us and completing the production and processing. The prices for lithium batteries processing services it provided are determined with reference to the cost of processing and producing lithium batteries and the prevailing market price of processing services in the same or proximity areas charged by independent third parties. The Group and Luoyang Company will also enter into a specific entrusted processing agreement in respect of the detailed terms of the processing services. As of the date of entering into the Entrusted Processing Framework Agreement, Jintan Holding directly and indirectly held approximately 26.02% issued Shares of the Company and is one of the substantial shareholders of the Company. Luoyang Company is directly owned as to 51% by Jincheng Technology and Jincheng Technology is wholly owned by Jintan Holding, a substantial shareholder of the Company, and hence Luoyang Company is an associate of Jintan Holding and a connected person of the Company. Therefore, the transactions with Luoyang Company constitute continuing connected transactions.

The Directors are of the view that the transactions under the Entrusted Processing Framework Agreement are to the benefit of the Company, because (1) Luoyang Company has established mature and stable production lines which allow it to serve the Company's existing customers nearby, and it is more cost-effective for the Company to use Luoyang Company's existing production capacity than to build new production lines, which can ensure the stability of relevant product models and the continuity of orders so as to meet customer needs; (2) Luoyang Company as well as the shareholders of Luoyang Company have entered into a non-competition undertaking in favour of each member of the Group that Luoyang Company will not engage in the manufacturing, research and development and sales of lithium batteries, unless the Company's demands for entrusted processing services for lithium batteries have been satisfied and an express consent has been obtained from the Company. Such undertaking can effectively avoid potential competition from Luoyang Company; and (3) it is not easy to find an alternative for the provision of lithium battery processing services in the market with similar quality, pricing, capacity, as well as similar levels of trust and understanding.

The annual cap for above continuing connected transaction for the year ended 31 December 2024 was RMB3,000 million, and the actual transaction amount for the year ended 31 December 2024 was approximately RMB2,858.91 million.

III. The General Contracting Agreements for Construction Projects

On 15 December 2020, 30 September 2021, 29 April 2021 and 27 August 2021, the members of the Group, as the developer and Jiangsu Chengdong Construction Engineering Co., Ltd.* (江蘇城東建設工程有限公司) ("**Jiangsu Chengdong Construction**") as the contractor, entered into certain general contracting agreements, respectively, for construction projects including the industrial park of the Company, the laboratory building of Jiangsu Research Institute, the newly established EV batteries project of the Company and the production and living facilities of the newly established EV batteries project of the Company for a term ranging from 521 days to 720 days, pursuant to which, Jiangsu Chengdong Construction will provide the general contracting services for design, procurement, and construction for certain industrial parks or buildings of the Group. Jiangsu Chengdong Construction is a company owned as to approximately 54.18% by Changzhou Zhongcheng Industrial Co., Ltd.*（常州眾成實業發展有限公司）, which is wholly owned by Jintan Holding, being a substantial shareholder. Therefore, Jiangsu Chengdong Construction is an associate of Jintan Holding and a connected person of our Company and the transactions with Jiangsu Chengdong Construction constitute continuing connected transactions. These agreements have been classified as aggregated under the Listing Rules.

The amount charged by Jiangsu Chengdong Construction under the General Contracting Agreements for Construction Projects is determined through bidding procedure with reference to the prices charged by independent third parties in the area or nearby areas where similar engineering and construction services are provided in the ordinary and usual course business at the relevant time.

The Directors believe that general contracting services provided by Jiangsu Chengdong Construction in respect of design, procurement and construction to certain industrial parks or buildings of the Group are in line with our strategy and expansion plan, and lay a solid foundation for the long-term development of the Group, which will have a positive impact on the current and future performance of the Group.

In addition, the Board agreed on 15 November 2024 to enter into the Supplemental Agreement to the 2024-2026 Engineering Construction Framework Agreement between the Company and Jiangsu Chengdong Construction to revise the annual caps under the 2024-2026 Engineering Construction Framework Agreement, for the purpose of early completion, acceptance and settlement of the above construction projects between the Group and Jiangsu Chengdong Construction and allowing these projects to yield benefits earlier, thereby improving the Company's market share and competitiveness. Save for the revision of the annual caps, the other principal terms of the 2024-2026 Engineering Construction Framework Agreement remain unchanged.

The annual cap for above continuing connected transactions for the year ended 31 December 2024 was RMB400 million. The actual transaction amount for the year ended 31 December 2024 was approximately RMB383.34 million.

Confirmation of Independent Non-Executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the abovementioned continuing connected transactions and, after taking into consideration of factors such as market environment, transaction amounts and corporate governance, confirmed that they were entered into by the Group: (i) in the ordinary course of business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation of Auditor

The auditor of the Company has been engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, and concluded that:

(i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes the auditor to believe that the transactions were not carried out, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the related annual caps for the year ended 31 December 2024.

A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended 31 December 2024 has been provided to the Company.

The related party transactions set out in Note 47 to the consolidated financial statements do not constitute non-exempt connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules, except that the transactions entered into between the Group and their connected persons constitute continuing connected transactions as disclosed above, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the year ended 31 December 2024 in accordance with the disclosure requirements under Chapter 14A of the Listing Rules.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance, to which the Company, or any of its subsidiaries was a party and in which a Director, a Supervisor or any entity in connection with any Director or Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

There is no Shareholder of the Company holding more than 30% of the voting rights of the Company.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares). As of the end of the Reporting Period, the Company did not hold treasury shares.

EMOLUMENT POLICY

As at 31 December 2024, the total number of employees of the Group was 10,534. Staff costs (including Directors' remuneration) of the Group for the year of 2024 amounted to approximately RMB1,685,143,000, and the total remuneration of the Group's Directors, Supervisors and senior management in 2024 amounted to approximately RMB57,829,000. The staff costs include basic remuneration, bonuses and employee benefits.

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 degree of achieving its corporate-level and all systematic operational targets and then distributes the bonuses according to the employees' 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.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors, Supervisors and senior management are set out in note 16 and note 47 to the consolidated financial statements.

FIVE HIGHEST-PAID EMPLOYEES

Details of the five highest-paid individuals are set out in note 15 to the consolidated financial statements.

NON-COMPETITION AGREEMENT

The non-competition agreement dated 2 March 2022 was entered into by each member of Jintan Group in favor of the Company (for the Company and as trustee for each of its subsidiaries), as further described under the section headed "Relationship with Jintan Group – Non-Competition Agreement" in the Prospectus.

The Company has received an annual declaration in writing from each member of Jintan Group confirming that it had complied with the non-competition undertakings provided to the Company under the non-competition agreement. The independent non-executive Directors reviewed the status of compliance and enforcement of the non-competition agreement and confirmed that all the undertakings thereunder have been complied with for the year ended 31 December 2024.

RELATIONS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The success of the Group relies on the support of important relations such as employees, suppliers and customers. The Company maintains a good relationship with its employees, customers and suppliers in order to ensure smooth business operation.

Directors, Supervisors and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 31 December 2024, the long positions and short positions in Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) our Directors, Supervisors or chief executive of our Company have or are taken or deemed to have (a) which shall be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which will be required pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which shall be required to be notified to us and the Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) are as follows:

Name of Directors, Supervisors or chief executive	Position	Nature of interests	Class of shares	Number of shares held[(1)]	Percentage of shareholdings in respective class of share capital[(2)]	Percentage of shareholdings in the total share capital[(3)]
Liu Jingyu	Executive Director	Beneficial owner	Domestic Shares	2,002,265	0.17%	0.11%
Dai Ying	Executive Director	Beneficial owner	Domestic Shares	1,196,820	0.10%	0.07%

Notes:

(1) All interests above represent long positions.

(2) The percentages are calculated based on the Company's total number in the respective class of shares as at 31 December 2024 (i.e. 1,160,633,753 Domestic Shares and 611,668,105 H Shares).

(3) The percentages are calculated based on the Company's total number of the issued shares of the Company, being 1,772,301,858 shares, as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of our Directors, Supervisors or chief executive of our Company had or was taken or deemed to have the long positions and short positions in Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) (a) which shall be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which will be required pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which shall be required to be notified to us and the Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

Interests and Short Positions of Major Shareholders and Other Persons in the Shares and Underlying Shares of the Company

As at 31 December 2024, to the best knowledge of the Directors, the following persons (other than Directors, Supervisors or the chief executive of the Company) had the interests or short positions in the Shares or underlying Shares which shall be notified to us and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which will be required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interests	Class of shares	Number of shares held[(1)]	Percentage of Shareholdings in respective class of share capital[(2)]	Percentage of shareholdings in the total share capital[(3)]
Changzhou Jinsha Technology Investment Co., Ltd. ("Jinsha Investment")[(7)]	Beneficial owner	Domestic Shares	172,255,431(L)	14.84%(L)	9.72%(L)
	Interest in controlled corporation	Domestic Shares	8,642,400(L)	0.74%(L)	0.49%(L)
	Beneficial owner	H Shares	79,874,850(L)	13.06%(L)	4.51%(L)
Changzhou Huake Engineering Construction Co., Ltd. ("Huake Engineering")[(7)]	Beneficial owner	H Shares	55,897,277(L)	9.14%(L)	3.15%(L)

Name of Shareholder	Nature of interests	Class of shares	Number of shares held[1]	Percentage of Shareholdings in respective class of share capital[2]	Percentage of shareholdings in the total share capital[3]
Changzhou Huake Technology Investment Co., Ltd. ("Huake Investment")[7]	Beneficial owner	Domestic Shares	77,785,163(L)	6.70%(L)	4.39%(L)
Jiangsu Jintan Hualuogeng Technology Industry Development Co., Ltd.	Interest in controlled corporation	Domestic Shares	120,546,199(L)	10.39%(L)	6.80%(L)
("Jintan Hualuogeng")[4 & 7]	Interest in controlled corporation	H Shares	55,897,277(L)	9.14%(L)	3.15%(L)
Jiangsu Jintan Investment Holding Co., Ltd.	Interest in controlled corporation	Domestic Shares	301,444,030(L)	25.97%(L)	17.01%(L)
("Jintan Holding")[5 & 6 & 7]	Others	Domestic Shares	24,000,000(L)	2.07%(L)	1.35%(L)
	Interest in controlled corporation	H Shares	135,772,127(L)	22.20%(L)	7.66%(L)
Xiamen Lihang Equity Investment Management Co., Ltd.[8]	Interest in controlled corporation	Domestic Shares	99,306,299(L)	8.56%(L)	5.60%(L)
	Interest in controlled corporation	H Shares	42,559,842(L)	6.96%(L)	2.40%(L)
Xiamen Lihang Jinzhi Equity Investment Partnership	Beneficial owner	Domestic Shares	99,306,299(L)	8.56%(L)	5.60%(L)
(Limited Partnership) ("Lihang Jinzhi")[8]	Beneficial owner	H Shares	42,559,842(L)	6.96%(L)	2.40%(L)
Xiamen Industrial Investment Co., Ltd.,	Beneficial owner	Domestic Shares	26,306,305(L)	2.27%(L)	1.48%(L)
("Xiamen Industrial Investment")[9]	Interest in controlled corporation	Domestic Shares	99,306,299(L)	8.56%(L)	5.60%(L)
	Interest in controlled corporation	H Shares	42,559,842(L)	6.96%(L)	2.40%(L)
	Beneficial owner	H Shares	11,274,130(L)	1.84%(L)	0.64%(L)
Xiamen Jinyuan Investment Group Co., Ltd. ("Jinyuan Investment")[9]	Beneficial owner	Domestic Shares	26,306,305(L)	2.27%(L)	1.48%(L)
	Interest in controlled corporation	Domestic Shares	149,612,604(L)	12.89%(L)	8.44%(L)
	Beneficial owner	H Shares	11,274,130(L)	1.84%(L)	0.64%(L)
	Interest in controlled corporation	H Shares	66,616,541(L)	10.89%(L)	3.76%(L)
Sichuan Chengfei Jicheng Technology Co., Ltd.	Beneficial owner	Domestic Shares	105,802,107(L)	9.12%(L)	5.97%(L)
("Chengfei Jicheng")[10]	Beneficial owner	H Shares	45,343,760(L)	7.41%(L)	2.56%(L)
Aviation Industry Corporation of China Limited ("AVIC")[10]	Interest in controlled corporation	Domestic Shares	163,970,995(L)	14.13%(L)	9.25%(L)
	Interest in controlled corporation	H Shares	45,343,760(L)	7.41%(L)	2.56%(L)
Guangdong Guangqi Ruidian Equity Investment Partnership Enterprise (Limited Partnership)	Beneficial owner	Domestic Shares	63,912,844(L)	5.51%(L)	3.61%(L)
Guotai Junan Securities Co., Ltd.[11]	Interest in controlled corporation	H Shares	46,764,100(L)	7.65%(L)	2.64%(L)
HuaAn Fund Management Co., Ltd., representing HUAAN-XJ8-QDII, HUAAN-XJ10-QDII and HUAAN-XJ12-QDII[11]	Others	H Shares	40,735,300(L)	6.66%(L)	2.30%(L)
Huatai Securities Co., Ltd.[12]	Interest in controlled corporation	H Shares	31,931,800(L)	5.22%(L)	1.80%(L)
	Interest in controlled corporation	H Shares	5,486,200(S)	0.90%(S)	0.31%(S)

Notes:

(1) (L), (S) and (P) represent long position, short position and lending pool respectively.

(2) The percentages are calculated based on the Company's total number in the respective class of shares as at 31 December 2024 (i.e. 1,160,633,753 Domestic Shares and 611,668,105 H Shares).

(3) The percentages are calculated based on the Company's total number of the issued shares of the Company as at 31 December 2024 (i.e. 1,772,301,858 shares).

(4) Each of Huake Engineering and Huake Investment is wholly owned by Jintan Hualuogeng. Jintan Hualuogeng is deemed to be interested in the Shares held by each of Huake Engineering and Huake Investment under the SFO.

(5) Jinsha Investment is wholly owned by Jintan Holding. Jintan Hualuogeng is owned as to 90% by Jintan Holding. Jintan Holding is deemed to be interested in the Shares held by each of Jinsha Investment, Huake Engineering and Huake Investment under the SFO.

(6) The investment by Jintan International in our Company was made in accordance with the instructions of Jintan Holding and Jintan International exercises its voting rights in our Company in accordance with the instructions of Jintan Holding.

(7) Jinsha Investment, Huake Engineering, Huake Investment, Jintan International, Changzhou Changjin New Energy Partnership (Limited Partnership), Jintan Hualuogeng and Jintan Holding are a group of largest Shareholders and directly or indirectly control an aggregate of approximately 26.02% of our Company's voting rights.

(8) Lihang Jinzhi is a limited partnership established under the laws of the PRC with Xiamen Lihang Equity Investment Management Co., Ltd.* (廈門鋰航股權投資管理有限公司) being its general partner and Xiamen Industrial Investment being its limited partner. According to the partnership agreement of Lihang Jinzhi which provides, among other things, that the investment decision committee of Lihang Jinzhi shall comprise three members, of which Xiamen Industrial Investment shall be entitled to nominate two members, and Xiamen Industrial Investment exercises de facto control of Lihang Jinzhi. As such, Xiamen Industrial Investment is deemed to be interested in the Shares held by Lihang Jinzhi under the SFO. Xiamen Industrial Investment directly owns approximately 2.12% interests in our Company and therefore Xiamen Industrial Investment directly and indirectly controls an aggregate of approximately 10.13% of our Company's voting rights.

(9) Xiamen Industrial Investment is a wholly owned subsidiary of Jinyuan Investment and as such Jinyuan Investment is deemed to be interested in all the Shares held by Lihang Jinzhi and Xiamen Industrial Investment under the SFO. Moreover, each of Xiamen Jinli No. 2 and Jinli Investment owns approximately 1.35% and 0.72% interests in our Company respectively. Xiamen Jinli No. 2 is a limited partnership with Xiamen City Jinyuan Equity Investment Co., Ltd.* (廈門市金圓股權投資有限公司) being its general partner. Xiamen City Jinyuan Equity Investment Co., Ltd.* is ultimately controlled by Jinyuan Investment. Jinli Investment is a limited partnership with Jinyuan Capital Management (Xiamen) Co., Ltd.* being its general partner. Jinyuan Capital Management (Xiamen) Co., Ltd.* (金圓資本管理(廈門)有限公司) is ultimately controlled by Jinyuan Investment. As such, Jinyuan Investment is also deemed to be interested in the Shares held by each of Xiamen Jinli No. 2 and Jinli Investment under the SFO. Jinyuan Investment directly owns approximately 2.12% interests in our Company and therefore Jinyuan Investment directly and indirectly controls an aggregate of approximately 14.32% of our Company's voting rights.

(10) Chengfei Jicheng is a joint stock limited company whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002190) and ultimately controlled by AVIC. As such, AVIC is deemed to be interested in the Shares held by Chengfei Jicheng under the SFO. Moreover, each of Aviation Industry Integration Fund, Missile Academy, Aviation Investment and Hongdu Airline owns approximately 0.68%, 0.55%, 0.09% and 0.08% interests in our Company respectively, and each of the above companies and partnerships is ultimately controlled by AVIC, which is also deemed to be interested in the Shares held by such companies and partnerships under the SFO. Therefore, AVIC indirectly controls an aggregate of approximately 9.93% of our Company's voting rights.

(11) HuaAn Fund Management Co., Ltd. is the asset manager of (1) HUAAN-XJ8-QDII-SINGLE ASSET MANAGEMENT PLAN, (2) HUAAN-XJ10-QDII-SINGLE ASSET MANAGEMENT PLAN and (3) HUAAN-XJ12-QDII-SINGLE ASSET MANAGEMENT PLAN and is deemed to be interested in the Shares held by abovementioned three assets management plans under the SFO. Guotai Junan Securities Co., Ltd. held 51% of the equity interest in HuaAn Fund Management Co., Ltd. and is deemed to be interested in the Shares held by HuaAn Fund Management Co., Ltd. under the SFO.

(12) Huatai Securities Co., Ltd. held 100% interests in Huatai International Financial Holdings Company Limited. Huatai International Financial Holdings Company Limited held 100% interests in Huatai Financial Holdings (Hong Kong) Limited and Huatai Capital Investment Limited. Huatai Financial Holdings (Hong Kong) Limited held 7,043,100 H Shares in long position. Huatai Capital Investment Limited held 24,888,700 H Shares in long position and 5,486,200 H Shares in short position. Therefore, Huatai International Financial Holdings Company Limited is deemed to be interested in 31,931,800 H Shares in long position and 5,486,200 H Shares in short position and Huatai Securities Co., Ltd. is deemed to be interested in 31,931,800 H Shares in long position and 5,486,200 H Shares in short position under the SFO.

Pursuant to section 336 of the SFO, shareholders are required to submit disclosure of interest forms if certain conditions are fulfilled. In the event of a change in a shareholder's shareholding in the Company, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless certain conditions have been fulfilled, so the shareholder's latest shareholding in the Company may differ from the shareholding submitted to the Stock Exchange.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any persons (other than the Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions under the Articles of Association and the laws of the PRC which oblige the Company to offer pre-emptive rights of new shares to existing shareholders based on their shareholding proportion.

TAX RELIEF AND EXEMPTION

The Group is not aware of any tax relief and exemption to the holders of any securities of the Company as a result of their holding of such securities.

PENSION SCHEME

The employees of the subsidiaries in Mainland China are required to participate in a central pension scheme managed by the local municipal government in Mainland China. The subsidiaries are required to contribute a prescribed percentage of the relevant part of the payroll of these employees to the central pension scheme. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at any time during the Reporting Period, the Company or any of its subsidiaries or holding companies or any subsidiaries of the Company's holding companies had not entered into any arrangement which would empower the Directors or Supervisors to acquire benefits by acquiring shares in or debentures of the Company or any other corporate body, and no Directors or Supervisors or any of their spouses or minor children had been granted any rights to subscribe for equity interests in or debt securities of the Company or any other corporate body, nor had they exercised any such rights.

At the beginning of the Reporting Period, there were no incentive share outstanding or not vested with any of the Directors, the five highest paid individuals during the Reporting Period and other employees as beneficiaries. During the Reporting Period, there were no incentive share granted to any of the Directors, the five highest paid individuals and the other employees. At the end of the Reporting Period, there were no incentive share outstanding or not vested with any of the Directors, the five highest paid individuals or other employees as beneficiaries.

During the year ended 31 December 2024, the Company did not issue shares pursuant to any Equity Incentive Scheme.

PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, provided that the minimum public float of the Company shall be the higher of: (1) approximately 13.08% of the total issued share capital of the Company; (2) the percentage of H Shares held by the public immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. Based on the information publicly available to the Company as of the Latest Practicable Date and to the best knowledge of the Directors, the Directors confirm that the Company has maintained the aforementioned minimum public float as required by the Stock Exchange during the Reporting Period and up to the date of this report.

SUBSEQUENT EVENTS

On 7 March 2025, the Company has been officially included in the stock list under the Shanghai-Hong Kong Stock Connect program, and such an adjustment came into effect from 10 March 2025. As of the date of this annual report, shares of the Company have been included in the Hong Kong Stock Connect list under the Shenzhen-Hong Kong Stock Connect and the Hong Kong Stock Connect list under the Shanghai-Hong Kong Stock Connect, which would broaden the Company's investment base and enhance the liquidity and trading activity of the Company's shares.

In addition to the subsequent events disclosed in the note 48 to the consolidated financial statements of this report, after due and careful consideration, our Directors confirm that, there has not been any material adverse change in financial or trading position or prospects of the Company since 31 December 2024, and there has been no event since 31 December 2024 and up to the date of this report which would materially affect the information set out in the Independent Auditor's Report.

AUDITOR

For the year ended 31 December 2024, the Group's domestic auditors were performed by RSM China (special general partnership), and the international auditors were performed by RSM Hong Kong. The financial statements set out in this annual report have been audited by RSM Hong Kong. There has been no change in auditor of the Group since the Listing Date.

For and on behalf of the Board
CALB GROUP CO., LTD.
Liu Jingyu
Chairwoman, executive Director and General Manager

Changzhou, the PRC
26 March 2025

Independent Auditor's Report

TO THE SHAREHOLDERS OF
CALB GROUP CO., LTD.
(A joint stock company incorporated in the PRC with limited liability)

Opinion

We have audited the consolidated financial statements of CALB Group Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 96 to 216, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

1. Assessment of the Group's Ability to Continue as a Going Concern

2. Revenue Recognition

3. Assessment of Provisions and Disclosure for Litigation Claims

4. Valuation of Allowance for Inventories

5. Government Grants

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the Group's Ability to Continue as a Going Concern	
Refer to note 2 to the consolidated financial statements. As at 31 December 2024 the Group had net current liabilities of approximately RMB9,979 million and total bank borrowings of approximately RMB46,116 million, with approximately RMB18,960 million due within one year. The Group also had capital commitments of approximately RMB14,620 million which are mostly expected to be fulfilled within the next 18 months. While management forecasts revenue growth and margin improvement in coming year, the Group's ability to meet its obligations depends on successfully increasing production capacity, reliably anticipating market demands, securing additional long-term financing for capital expenditures, successfully rollover short-term borrowing facilities and maintaining compliance with financial covenants of loans. The directors of the Company have reviewed a comprehensive cashflow forecast for a period of not less than twelve months from 31 December 2024 ("Forecast Period") in which certain key assumptions are applied by management for going concern assessment. These key assumptions included forecasts sales volumes, average unit selling price, gross profit margin, planned capital expenditure and the availability of banking facilities. Based on the 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.	Our audit procedures in relation to the Group's ability to continue as a going concern included the following: • Assessing and challenging the reasonableness of the key assumptions used by management in the cashflow forecast (including sales volumes, average unit selling price, gross profit margin and availability of banking facilities) by comparing them to historical production data, market trends for EV battery and ESS product prices and operational plans; • Comparing the prior year's cash flow forecast prepared in the prior year with current year's performance of the Group to assess the accuracy of the prior year's cash flow forecast, and discussing with management the reasons for any significant variations identified; • Assessing the availability of banking facilities during the Forecast Period by inspecting relevant underlying documents, which included banking facility agreements signed before and after the reporting period end, and evaluating whether the facilities are sufficient to meet the Group's needs in the context of the cashflow forecast, taking into the account any breach of loan covenants which may trigger early repayment of loans, and the growing working capital requirements due to forecasted scaling of manufacturing operations;

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Assessment of the Group's Ability to Continue as a Going Concern (Continued)

We identified going concern assessment as a key audit matter because significant degree of management judgement and estimates are involved in making this assessment and in forecasting the future cash flows of the Group which are inherently uncertain.</td><td>

• Assessing the Group's ability to renew or refinance existing banking facilities upon maturity by performing a retrospective review of past renewal or roll-over history of banking facilities in prior year, and evaluate the management's plan and their assessment of feasibility of obtaining additional banking facilities in the Forecast Period;

• Obtaining financial information after the reporting period and assessing for any post-year-end deterioration in performance or adverse events that could impact going concern assumptions;

• Reviewing management's sensitivity analyses on key assumptions used in the cashflow forecast and assessing their impact on the conclusions of the going concern assessment; and

• Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition	
Refer to note 4(v) and note 8 to the consolidated financial statements. The Group's revenue is principally generated from sales of EV batteries, ESS products and other related goods. During the year, the Group has recorded revenue of approximately RMB27,752 million. Revenue from sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. The Group's accounting system generally records sales transactions when the goods leave the Group's warehouses. Accordingly, there is a risk that revenue is recognised for sales of individual products before the control of the same have passed to the customer. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and because there is an inherent risk that revenue could be recorded in an incorrect period or could be subject to manipulation in order to achieve financial targets and expectations.	Our audit procedures in relation to the recognition of revenue included the following: • Understanding and assessing the design, implementation and operating effectiveness of the key internal controls over the Group's systems which govern revenue recognition; • Inspecting sales contracts with major customers to understand and assess the terms and conditions therein which may affect the recognition of revenue; • Testing revenue recorded on sample basis covering different business locations and customers, by examining the relevant supporting documents including sales orders, sales contract, goods delivery notes with customer's acceptance, sales invoices and credit notes issued subsequently; • Comparing sales transactions recorded just before and after the year end with the underlying goods delivery notes to assess if the related revenue had been recognised in the appropriate accounting period; • Examining the numeric sequence of goods delivery notes before and after year end and investigating any apparent abnormalities; • Checking to inventories and sales records subsequent to the year end for any significant sales returns that occurred after the reporting period; and • Scrutinizing all manual journal entries relating to revenue which were raised during the year, enquiring of management the reasons for such adjustments and inspecting underlying documentation on a sample basis.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of Provisions and Disclosure for Litigation Claims	
Refer to note 36 and note 44(b) to the consolidated financial statements. Provisions are made for litigation and claims of the Group. The amount recorded at 31 December 2024, which represented management's best estimates of the amounts likely to be required to settle these matters, totalled RMB8.16 million. In determining whether provision for these legal claims in dispute is appropriate, management needs to exercise significant judgement, with reference to legal advice given by the Group's legal counsel, about the estimation of probability that an outflow of resources embodying economic benefits will be required for settling the obligation and an estimation of the amount of the obligation which can be measured reliably at the end of the reporting period. We identified the assessment of provisions for litigation and claims as a key audit matter because the estimates on which these provisions are based involve a significant degree of management judgement and because determining the level of provisions may be subject to a degree of management bias.	Our audit procedures in relation to the Group's litigation provisions and disclosures included the following: • Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity; • Understanding and evaluating key internal controls over the Group's process for assessment of provisions and disclosure for litigation claims; • Evaluating the outcome of prior period assessment of provisions and disclosure for litigation claims to assess effectiveness of the Group's processes for estimation and disclosure; • Discussing significant litigation and claims with the Group's internal legal counsel; • Reviewing legal opinions of the Group's external legal advisors including their views regarding the likely outcome and magnitude of and exposure to the relevant litigation and claims; and • Assessing the adequacy of the provision for litigation claims by evaluating management's assessment regarding the nature and status of material litigations and other relevant factors.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Allowance for Inventories	
Refer to note 4(j) and note 24 to the consolidated financial statements.	Our audit procedures in relation to the Group's valuation of allowance for inventory included the following:
As at 31 December 2024, the carrying amount of inventories is approximately RMB5,263 million and allowance for inventories of approximately RMB150 million was charged to profit or loss during the year.	• Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity;
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.	• Understanding and evaluating managements key controls over the assessment of the net realisable value of inventories and related loss allowances including periodic review on inventories;
We identified the valuation of the allowance for inventories as a key audit matter because there is a significant inherent risk related to assessing the net realisable value of inventories. This assessment involves significant estimates and subjective judgments of management.	• Evaluating the outcome of prior period assessment of net realisable value of inventories to assess the effectiveness of management's estimation process;
	• Evaluating the reasonableness and appropriateness of the methods and estimations used in net realisable value of inventories; and
	• Comparing the carrying value of inventories to actual prices for sales transactions subsequent to the end of the reporting period, on a sample basis.

Key Audit Matter	How our audit addressed the Key Audit Matter
Government Grants Refer to note 4(z), note 9, note 26 and note 33 to the consolidated financial statements The Group recognises government grant when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received. The Group has recognised significant government grants in profit or loss during the year, and had significant deferred income as at end of reporting period as set out in note 9 and note 33, respectively. Most of the government grants recognised during the year were related to compensation for operating costs and expenses incurred, hence being income-related and recognised in profit or loss in the same period as the relevant expenditures. As at end of the reporting period, certain government grant receivables as set out in note 26 were recognised but not yet received. We identified accounting for government grants as a key audit matter because of its significance to the consolidated financial statements and because of the exercise of management judgement in the conditions attached to the government grants and assessing whether they are met and whether the grants will be received.	Our audit procedures in relation to the Group's government grants included the following: • Inspecting, on a sample basis, documents relating to government grants received or receivable during the year, identifying the specific conditions attached, and assessing whether the Group's determination on classification of income related and long-term asset related grants complied with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance; • For income-related government grants, we verified the occurrence and recognition of the expenditures, checking whether related government grants released to profit or loss matched corresponding expenditures; • For asset-related government grants, we verified total government grant amount recognised as deferred revenue matched the corresponding capitalized expenditures of assets purchased or under construction, and verified the relationship between grants and assets items; once these government grant related long-term assets were ready to use we checked whether the recognised deferred revenue was amortised on a straight-line basis to the profit or loss for the period over the useful life of related assets; and • Assessing the adequacy of loss allowance on government grants receivables for the year by reviewing subsequent settlements after the reporting period and evaluating the methodologies, input and assumptions used by management.

Other Information

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Szeto Tai Shun.

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong
26 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	*8*	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	*9*	357,560	200,492
Other losses, net	*10*	(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	*25*	(91,058)	(60,763)
(Impairment losses)/reversal of impairment losses on prepayments, deposits and other receivables	*26*	(40,987)	880
Profit from operations		1,205,400	764,199
Finance costs	*12*	(415,116)	(330,439)
Share of losses of associates		(85)	(157)
Profit before tax		790,199	433,603
Income tax credit	*13*	53,427	3,560
Profit for the year	*14*	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	*18*		
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 RMB'000	2023 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	*19*	81,005,464	67,694,816
Right-of-use assets	*20*	1,749,505	1,786,328
Intangible assets	*21*	1,480,521	1,358,099
Investments in associates	*23*	16,109	16,194
Other financial assets	*28*	829,152	639,267
Deposits paid for acquisition of property, plant and equipment	*26*	993,795	1,255,202
Deferred tax assets	*37*	793,450	568,099
		86,867,996	73,318,005
Current assets			
Inventories	*24*	5,263,435	7,125,768
Trade and bills receivables	*25*	8,414,300	6,829,306
Prepayments, deposits and other receivables	*26*	7,455,596	8,536,035
Amounts due from related parties	*27*	201,399	232,585
Other financial assets	*28*	1,834,516	143,676
Current tax assets		185	27,790
Pledged bank deposits	*29(a)*	3,377,123	1,381,631
Restricted bank balances	*29(b)*	280	267
Bank and cash balances	*29(c)*	9,058,553	7,833,962
		35,605,387	32,111,020
Current liabilities			
Trade and bills payables	*30*	19,486,536	19,958,859
Accruals and other payables	*31*	6,779,961	7,513,703
Contract liabilities	*32*	141,294	616,955
Amounts due to related parties	*27*	27,250	425,700
Lease liabilities	*34*	31,463	17,036
Bank borrowings	*35*	18,960,089	8,114,805
Provisions	*36*	122,660	98,678
Financial guarantee	*38*	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	*33*	297,907	192,846
Lease liabilities	*34*	69,137	65,765
Bank borrowings	*35*	27,156,291	21,055,929
Provisions	*36*	1,303,117	895,286
Deferred tax liabilities	*37*	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	*40*	1,772,302	1,772,302
Reserves	*42*	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

Approved by the Board of Directors on 26 March 2025 and are signed on its behalf by:

LIU Jingyu

DAI Ying

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital/ Paid-in capital (Note 40) RMB'000	Capital reserve (Note 42(b)(i)) RMB'000	Merger reserve (Note 42(b)(ii)) RMB'000	Safety production fund (Note 42(b)(iii)) RMB'000	Contribution from shareholder (Note 42(b)(iv)) RMB'000	Exchange reserve (Note 42(b)(v)) RMB'000	Put option Reserve (note 42(b)(vi)) RMB'000	Financial assets at FVTOCI reserve (Note 42(b)(vii)) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	1,772,302	32,455,446	8,058	-	98,980	(7,653)	(261,157)	(120,654)	433,996	34,379,318	7,196,141	41,575,459
Total comprehensive income for the year	-	-	-	-	-	(1,313)	-	(29,366)	294,377	263,698	142,786	406,484
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	4,400,000	4,400,000
Share-based payments (note 39)	-	-	-	-	40,631	-	-	-	-	40,631	-	40,631
Share issue expenses	-	(36,784)	-	-	-	-	-	-	-	(36,784)	-	(36,784)
Safety production fund	-	-	-	12,606	-	-	-	-	(13,569)	(963)	963	-
Changes in equity for the year	-	(36,784)	-	12,606	40,631	(1,313)	-	(29,366)	280,808	266,582	4,543,749	4,810,331
At 31 December 2023	1,772,302	32,418,662	8,058	12,606	139,611	(8,966)	(261,157)	(150,020)	714,804	34,645,900	11,739,890	46,385,790

	Attributable to owners of the Company											
	Share capital/ Paid-in capital (Note 40) RMB'000	Capital reserve (Note 42(b)(i)) RMB'000	Merger reserve (Note 42(b)(ii)) RMB'000	Safety production fund (Note 42(b)(iii)) RMB'000	Contribution from shareholder (Note 42(b)(iv)) RMB'000	Exchange reserve (Note 42(b)(v)) RMB'000	Put option Reserve (note 42(b)(vi)) RMB'000	Financial assets at FVTOCI reserve (Note 42(b)(vii)) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	1,772,302	32,418,662	8,058	12,606	139,611	(8,966)	(261,157)	(150,020)	714,804	34,645,900	11,739,890	46,385,790
Total comprehensive income for the year	–	–	–	–	–	1,570	–	(76,423)	591,196	516,343	252,430	768,773
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	884,000	884,000
Share-based payments (note 39)	–	–	–	–	26,150	–	–	–	–	26,150	–	26,150
Acquisition of non-controlling interests	–	6,493	–	–	–	–	–	–	–	6,493	(17,281)	(10,788)
Safety production fund	–	–	–	28,608	–	–	–	–	(39,650)	(11,042)	11,042	–
Changes in equity for the year	–	6,493	–	28,608	26,150	1,570	–	(76,423)	551,546	537,944	1,130,191	1,668,135
At 31 December 2024	1,772,302	32,425,155	8,058	41,214	165,761	(7,396)	(261,157)	(226,443)	1,266,350	35,183,844	12,870,081	48,053,925

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		790,199	433,603
Adjustments for:			
Depreciation of property, plant and equipment	*19*	2,242,732	1,524,605
Depreciation of right-of-use assets	*20*	58,942	65,219
Amortisation of intangible assets	*21*	171,850	160,400
Equity-settled share-based payments	*39*	26,150	40,631
Share of losses of associates	*23*	85	157
Gain on disposal of associates	*10*	–	(358)
Allowance for inventories	*10*	149,755	864,164
Impairment losses on trade and bills receivables, net	*25*	91,058	60,763
Impairment losses/(reversal of impairment losses) on other receivables, net	*26*	40,987	(880)
Net (gain)/loss on disposals of property, plant and equipment	*10*	(819)	16,069
Fair value change in financial assets at FVTPL	*10*	(37,599)	30,297
Expense on issuance of financial guarantees to investee companies	*10*	34,563	–
Net gain on lease modification	*10*	–	(1,561)
Provision/(reversal of provision) for litigation	*36*	7,915	(8,400)
Net foreign exchange gains	*10*	(6,879)	(31,559)
Interest income	*9*	(154,822)	(135,447)
Finance costs	*12*	415,116	330,439
Operating profit before working capital changes		3,829,233	3,348,142
Decrease in inventories		1,712,578	3,832,015
Increase in trade and bills receivables		(2,034,076)	(1,414,808)
Decrease/(increase) in prepayments, deposits and other receivables		1,046,237	(327,700)
Decrease in amount due from a subsidiary of shareholders		31,169	719,388
(Increase)/decrease in pledged bank deposits		(2,064,592)	603,152
Decrease in amounts due to subsidiaries of shareholders		(398,450)	(45,952)
Decrease in trade and bills payables		(220,367)	(1,687,903)
Increase/(decrease) in accruals and other payables		1,282,502	(1,643,629)
Increase in provisions		423,898	469,780
(Decrease)/increase in contract liabilities		(475,661)	126,423
Increase/(decrease) in deferred income		192,252	(986,404)
Decrease in restricted bank balances		(13)	–
Cash generated from operations		3,324,710	2,992,504
Interest expenses on lease liabilities		(3,860)	(4,691)
Income tax paid		(207,748)	(87,645)
Net cash generated from operating activities		3,113,102	2,900,168

	Note	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		141,980	135,447
Disposal of associates		–	66,358
Deposits paid for acquisition of property, plant and equipment		–	(2,057,587)
Payment of property, plant and equipment		(16,334,962)	(17,707,971)
Proceeds from disposals of property, plant and equipment		20,056	41,885
Received government grants in relation to assets		–	22,211
Payment of right-of-use assets		–	(246,389)
Addition of intangible assets		(271,620)	(117,073)
Purchase of other financial assets		(5,949,297)	(241,194)
Proceeds from disposal of other financial assets		4,290,620	240,014
Purchase of shares of an unlisted equity security		(179,938)	–
Investment in limited partnership and limited partnership fund		(82,300)	–
Investment in associates		–	(66,000)
Decrease in amount due from a shareholder		17	181
Decrease in pledged bank deposits		81,912	–
Decrease in restricted bank balances		–	31
Net cash used in investing activities		(18,283,532)	(19,930,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from bank borrowings		16,400,198	10,496,771
Proceeds received under supplier finance arrangements		225,563	–
Principal elements of lease payments		(4,560)	(19,036)
Capital contribution from non-controlling interests		884,000	4,400,000
Acquisition of non-controlling interests		(10,788)	–
Increase in pledged bank deposits		(12,812)	–
Share issue expenses		–	(13,026)
Interest paid		(1,087,959)	(966,487)
Net cash generated from financing activities		16,393,642	13,898,222
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,223,212	(3,131,697)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,833,962	10,931,814
Effect of foreign exchange rate changes		1,379	33,845
CASH AND CASH EQUIVALENTS AT END OF YEAR		9,058,553	7,833,962
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	*29(c)*	9,058,553	7,833,962

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 ESS products. Particulars and principal activities of its subsidiaries are set out below.

Name	Principal country or region of operation/ country or region of incorporation/Kind of legal entity	Registered capital	Paid-up amount	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
中創新航科技(江蘇)有限公司 CALB (Jiangsu) Co., Ltd.* ("**Jiangsu Company**")	PRC/PRC/Limited liability company	RMB7,500 million	RMB7,500 million	100%	N/A	Research and development production and sales of EV battery and ESS products
中創新航技術研究院(江蘇)有限公司 CALB Technology Co., Ltd.* ("**Jiangsu Research Institute**")	PRC/PRC/Limited liability company	RMB1,000 million	RMB1,000 million	100%	N/A	Research and development of EV battery and ESS products
中創新航新能源(廈門)有限公司 CALB (Xiamen) Co., Ltd.* ("**Xiamen Company**")	PRC/PRC/Limited liability company	RMB5,000 million	RMB5,000 million	100%	N/A	Research and development production and sales of EV battery and ESS products
中創新航技術研究中心(深圳)有限公司 CALB Technology (Shenzhen) Co., Ltd.* ("**Shenzhen Research Institute**")	PRC/PRC/Limited liability company	RMB100 million	RMB100 million	100%	N/A	Research and development of EV battery and ESS products
中創新航科技(成都)有限公司 CALB (Chengdu) Co., Ltd.* ("**Chengdu Company**")	PRC/PRC/ Limited liability company	RMB4,000 million	RMB4,400 million	51%	N/A	Research and development, production and sales of EV battery and ESS products

1. General information (Continued)

Name	Principal country or region of operation/ country or region of incorporation/Kind of legal entity	Registered capital	Paid-up amount	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
中創新航科技(武漢)有限公司 CALB (Wuhan) Co., Ltd.* ("**Wuhan Company**")	PRC/PRC/Limited liability company	RMB7,000 million	RMB6,404 million	51%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(合肥)有限公司 CALB (Hefei) Co., Ltd.* ("**Hefei Company**")	PRC/PRC/Limited liability company	RMB5,000 million	RMB4,150 million	29.4%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(福建)有限公司 CALB (Fujian) Co., Ltd.* ("**Fujian Company**")	PRC/PRC/Limited liability company	RMB2,500 million	RMB2,500 million	51%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(江門)有限公司 CALB (Jiangmen) Co., Ltd.* ("**Jiangmen Company**")	PRC/PRC/Limited liability company	RMB5,400 million	RMB4,308 million	63.7%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(四川)有限公司 CALB (Sichuan) Co., Ltd.* ("**Sichuan Company**")	PRC/PRC/Limited liability company	RMB4,000 million	RMB2,953 million	51%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航材料科技(四川)有限公司 CALB Materials (Sichuan) Co., Ltd.* ("**Materials Company**")	PRC/PRC/Limited liability company	RMB600 million	RMB600 million	100%	N/A	Research and development, production and sales of battery materials

1. General information (Continued)

Name	Principal country or region of operation/ country or region of incorporation/Kind of legal entity	Registered capital	Paid-up amount	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
立鼎化學材料科技(江蘇)有限公司 Liding Chemical Materials Technology (Jiangsu) Co., Ltd.*# ("**Liding Chemical**")	PRC/PRC/Limited liability company	HKD850 million	HKD850 million	N/A	N/A	Research and development of new material technology and sales of battery
中創新航智慧能源科技有限公司 CALB Smart Energy Technology Co., Ltd.*	PRC/PRC/Limited liability company	RMB100 million	RMB100 million	100%	N/A	Research and development, production and sales of EV battery and ESS products
CALB GmbH	Germany/Germany/ Limited liability company	EUR25,000	EUR25,000	100%	N/A	Research and development, production and sales of EV battery and ESS products
CALB (HK) Co., Limited	PRC/Hong Kong Limited liability company	USD50,000	USD50,000	100%	N/A	Investment holding and sales of EV battery and ESS products
CALB (SINGAPORE) PTE. LTD.	Singapore/Singapore/ Limited liability company	USD50,000	USD50,000	N/A	100%	Investment holding and sales of EV battery and ESS products
CALB (EUROPE), S.A.	Portugal/Portugal/ Limited liability company	EUR200,000	EUR200,000	N/A	100%	Research and development, production and sales of EV battery and ESS products
CALB (THAILAND) CO., LTD.	Thailand/Thailand/ Limited liability company	THB100 million	THB29.5 million	N/A	100%	Research and development, production and sales of EV battery and ESS products

* *The English translation name is for identification purpose only. The official name of the entity is in Chinese.*

\# *The subsidiary was cancelled on 22 May 2024.*

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).

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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. The Group has provided additional disclosures about its non-current liabilities subject to covenants in note 6(c).

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. The Group provided the new disclosures in notes 6(c) and 35(f).

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.

3. Adoption of new and revised IFRS accounting standards (Continued)

(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.

Amendments to IAS 21 "Lack of Exchangeability"

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. Adoption of new and revised IFRS accounting standards (Continued)

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

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("**SPPI**") criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ("**FVTOCI**").

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

Directors are currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. Adoption of new and revised IFRS accounting standards (Continued)

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

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

4. Material accounting policy information

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. financial instruments that are measured at fair value).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

4. Material accounting policy information (Continued)

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated exchange reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

4. Material accounting policy information (Continued)

(a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). The result of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Merger accounting for business combination under common control

These consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if the current group structure had always been in existence.

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated statements of profit or loss and the other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the group structure had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

4. Material accounting policy information (Continued)

(d) Business combination (other than under common control) and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of Impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(e) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

4. Material accounting policy information (Continued)

(e) Associates (Continued)

Investments in associates are accounted for in the consolidated financial statements by the equity method and are initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, from part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated exchange reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. Material accounting policy information (Continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currency are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

4. Material accounting policy information (Continued)

(f) Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(g) Property, plant and equipment

Property, plant and equipment are stated in the consolidated financial statements at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	20-35 years
Machinery	10%
Computer equipment	12% – 32%
Furniture and office equipment	19% – 32%
Leasehold improvements	Over the shorter of the term of the lease and estimated useful life of 5 years
Motor vehicles	24%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. Material accounting policy information (Continued)

(h) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Where the contract contains lease components and non-lease components, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease tern, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

4. Material accounting policy information (Continued)

(h) Leases (Continued)

The Group as a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ('lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(i) Other intangible assets

(a) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internal generated intangible asset is recognised only if all of the following conditions are met:

– The technical feasibility of completing the intangible asset so that it will be available for use or sale;

– Management intends to complete the intangible asset and use or sell it;

– There is ability to use or sell the intangible asset;

– It can be demonstrated how the intangible asset will generate probable future economic benefits;

– Adequate technical, financial and other resources to complete development and to use or sell the intangible assets are available;

– The expenditure attributable to the intangible asset during its development can be reliably measured.

Development costs are stated at cost less any impairment losses. The development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 10 years after the products are put into commercial production.

4. Material accounting policy information (Continued)

(i) Other intangible assets (Continued)

(b) Intangible assets acquired separately

The following intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line method over their estimated useful lives as follows:

Computer software	Not more than 10 years
Trademark	10 years
Patent	Not more than 10 years
Others	Not more than 10 years

The amortisation period and the amortisation method for intangible assets with finite useful life are reviewed at least at each financial year end.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

4. Material accounting policy information (Continued)

(k) Other contract costs (Continued)

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

(l) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ('**ECL**") in accordance with the policy set out in note 4(cc) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(m) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. Material accounting policy information (Continued)

(m) Recognition and derecognition of financial instruments (Continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(n) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. Material accounting policy information (Continued)

(n) Financial assets (Continued)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the financial assets at FVTOCI reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the financial assets at FVTOCI reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within six months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(q) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out in notes (r) to (u) below.

4. Material accounting policy information (Continued)

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

(s) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under IFRS 9 and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Where guarantees in relation to loans or other payables of investees, under debt instruments measured at FVTOCI, are provided for no compensation, the fair values are accounted for as expenses and recognised in profit or loss.

(t) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. Material accounting policy information (Continued)

(u) Equity instruments

Any equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

(v) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of goods is recognised when control of the goods has transferred, being when the goods have shipped to the customer's specific location (delivery). A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from the provision of services is recognised over the scheduled period on an input method because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset, lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross candying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

4. Material accounting policy information (Continued)

(w) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Medical benefits

The Group's contributions to various defined contribution medical benefit plans organised by the relevant municipal and provincial governments in the PRC are expensed as incurred.

(iii) Pension scheme – Mainland China

The employees of the Group's subsidiaries, which operate in Mainland China, are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

(iv) Housing fund – Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

(v) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(x) Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

4. Material accounting policy information (Continued)

(y) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intend use or sales included in the general borrowing pool for calculation of capitalisation rate on general borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(z) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to the acquisition or construction of long-term assets are *asset-related government grants*. Such government grants are firstly recognised in deferred income until the corresponding long-term assets are completed and put to use. The government grants shall offset the carrying value of related assets and are recognised in profit or loss over the life of the related depreciable assets by way of reduced depreciation expenses.

Income-related government grants are government grants other than asset-related government grants. Such government grants are deducted from the related operating costs and expenses and recognise in the same period as the expenses specifically relevant to the grants. Income-related government grants shall be recognised as deferred income and recognised as described above when the relevant costs or losses are recognised subsequently.

For government grants that include both asset-related portion and income-related portion, different portions shall be accounted for separately.

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

4. Material accounting policy information (Continued)

(z) Government grants (Continued)

Repayment of income-related government grant is applied first against any unamortised deferred income set up in respect of the grant. To the extent that the repayment exceeds any such deferred income, or where no deferred income exists, the repayment is recognised immediately in profit or loss. Repayment of asset-related government grant is recognised by increasing the carrying amount of the asset by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

(aa) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. Material accounting policy information (Continued)

(aa) Taxation (Continued)

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(bb) Impairment of non-financial assets

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses on CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. Material accounting policy information (Continued)

(cc) Impairment of financial assets and contract assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. Material accounting policy information (Continued)

(cc) Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. Material accounting policy information (Continued)

(cc) Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. Material accounting policy information (Continued)

(cc) Impairment of financial assets and contract assets (Continued)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. Material accounting policy information (Continued)

(cc) Impairment of financial assets and contract assets (Continued)

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(dd) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(ee) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Critical judgements and key estimates

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the banking facilities available to the group at a level sufficient to finance its working capital requirements and capital investment requirements. Details are explained in note 2 to the consolidated financial statements.

(b) Consolidation of entity with less than 50% equity interest holding

Although the Company owns less than 50% of the equity interest in Hefei Company, Hefei Company is treated as a subsidiary because the Group is able to control the relevant activities of Hefei Company as a result of the voting rights entrustment agreement and concerted action agreement entered into between the Company and the other major shareholder of Hefei Company. The other major shareholder agrees to entrust 31% voting rights to the Company and to act in concert for all voting decisions made by the Company in Hefei Company's board of directors meeting and shareholders meeting. In addition, according to the articles of association of Hefei Company, the board of directors of Hefei Company shall comprise 3 directors, of which the Company has the right to nominate 2 directors.

5. Critical judgements and key estimates (Continued)

Critical judgements in applying accounting policies (Continued)

(c) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI (i.e. Solely Payments of Principal and Interest) test and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(d) Significant increase in credit risk

As explained in note 4(cc), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(e) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 20 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

5. Critical judgements and key estimates (Continued)

Key sources of estimation uncertainty

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

(a) Deferred tax asset

As at 31 December 2024, a deferred tax asset of approximately RMB571,661,000 (2023: RMB276,810,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB1,158,514,000 (2023: RMB1,065,193,000) for certain subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

(b) Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. Intangible assets not yet available for use (such as development costs) must be tested for impairment annually. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in current year due to uncertainty on volatility in material cost.

5. Critical judgements and key estimates (Continued)

Key sources of estimation uncertainty (Continued)

(b) Impairment of property, plant and equipment, right-of-use assets and intangible assets (Continued)

The carrying amount of property, plant and equipment was approximately RMB81,005,464,000 (2023: RMB67,694,816,000) as at 31 December 2024.

The carrying amount of right-of-use assets was approximately RMB1,749,505,000 (2023: RMB1,786,328,000) as at 31 December 2024.

The carrying amount of intangible assets was approximately RMB1,480,521,000 (2023: RMB1,358,099,000) as at 31 December 2024.

(c) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

The provision of ECL is sensitive to changes in estimates. Due to greater financial uncertainty triggered by the changing economic landscape of the PRC, the Group has increased the expected loss rates in the current year as there is higher risk that a disruptions in general market could led to increased credit default rates. The information about the ECL and the Group's trade receivables disclosed in note 6(b).

At 31 December 2024, the carrying amount of trade receivables was RMB7,009,413,000 (2023: RMB5,071,212,000) (net of allowance of doubtful debts of RMB179,697,000 (2023: RMB88,639,000).

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on current market conditions, the historical experience in manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer's demand in response to EV battery and ESS products industry cycles and volatility. The Group will reassess the estimates by the end of each reporting period.

During the year, RMB149,755,000 (2023: RMB864,164,000) allowance for inventories was recognised.

5. Critical judgements and key estimates (Continued)

Key sources of estimation uncertainty (Continued)

(e) Warranty provisions

As explained in note 36(a), the Group makes product warranty provision based on its best estimate of the expected settlement under the sales agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities. As the Group is continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in current and future years.

(f) Estimated provisions for litigation claims

The Group evaluates whether a present obligation exists under litigation claim after taking into account all available evidence, including the opinion of experts. A provision is recognised for litigation claim if the Directors consider it is more likely than not that present obligation exists and a reliable estimate can be made on the settlement amount of the claim. If it is more likely than not that no present obligation exists, the Group should disclose a contingent liability, unless the possibility of any transfer of economic benefits in settlement is remote. Details of the Group's provisions and contingent liabilities related to litigation claims are disclosed in note 36(b) and note 44(b), respectively.

(g) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is not completely certain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated based on the then circumstances, such differences will impact the income tax and deferred tax provisions in the period in which such outcome is finalized and agreed by relevant tax authorities. During the year, income tax credit of RMB53,427,000 (2023: RMB3,560,000) was recognised in profit or loss based on the latest assessment.

(h) Fair value measurement of financial investments

In the absence of quoted market prices in an active market, the Directors estimate the fair value of the Group's unlisted investments, details of which are set out in note 28 to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information, the historical data on market volatility as well as the price and industry and sector performance of the unlisted investments. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these unlisted investments.

As at 31 December 2024, the carrying amount of the unlisted investments was RMB730,988,000 (2023: RMB446,207,000).

6. Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2024, if the RMB had weakened/strengthened five per cent against United States Dollar with all other variables held constant, consolidated profit after tax for the year would have been RMB26,212,000 (2023: RMB14,252,000) higher/lower, arising mainly as a result of the foreign exchange gain/loss on bank balances and trade receivables denominated in United States Dollar.

At 31 December 2024, if the RMB had weakened/strengthened five per cent against Euro with all other variables held constant, consolidated profit after tax for the year would have been RMB11,437,000 (2023: RMB27,707,000) higher/lower, arising mainly as a result of the foreign exchange gain/loss on bank balances and trade receivables denominated in Euro.

No sensitivity analyses on the change of RMB against other currencies are prepared as the impact to the financial statements is insignificant.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The Group's exposure to credit risk arising from bank and cash balances, restricted bank balances and pledged bank deposits is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Except for the financial guarantee given by the Group as set out in note 38, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 38.

6. Financial risk management (Continued)

(b) Credit risk (Continued)

Trade and bills receivables

Customer credit risk is managed by each business unit subject to the Groups' established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 90 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted, Normally, the Group does not obtain collateral from customers.

Of the total trade receivables as at 31 December 2024, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. At the end of the reporting period, concentration of credit risk related to the largest customer did not exceed 25% of the total trade receivables (2023: did not exceed 25%). In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

6. Financial risk management (Continued)

(b) Credit risk (Continued)

Trade and bills receivables (Continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023:

As at 31 December 2024

	Current RMB'000	0-180 days RMB'000	Past due 181-365 days RMB'000	Over 1 year RMB'000	Individually assessed RMB'000	Total RMB'000
Expected credit loss rate (%)	–	5.7%	18.6%	37.0%	71.0%	–
Gross carrying amount	6,262,373	497,046	227,944	101,013	100,734	7,189,110
Expected credit losses	–	28,356	42,370	37,419	71,552	179,697

As at 31 December 2023

	Current RMB'000	0-180 days RMB'000	Past due 181-365 days RMB'000	Over 1 year RMB'000	Individually assessed RMB'000	Total RMB'000
Expected credit loss rate (%)	–	5.6%	21.9%	50.0%	100.0%	–
Gross carrying amount	4,418,985	659,090	29,646	13,582	38,548	5,159,851
Expected credit losses	–	36,797	6,503	6,791	38,548	88,639

Expected credit loss rates are based on actual loss experience over the past 1 year and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. Financial risk management (Continued)

(b) Credit risk (Continued)

Trade and bills receivables (Continued)

Movement in the loss allowance account in respect of trade receivables is as follows:

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

The ECLs for bills receivables, which are mainly bank acceptance bills, approximates to zero. Those banks who issue bank acceptance bills are creditworthy banks with no recent history of default.

Financial assets other than trade and bills receivables

All of the Group's financial assets, other than trade and bills receivables, are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12-month expected losses.

Financial assets at amortised cost include deposits and other receivables and amounts due from related parties.

6. Financial risk management (Continued)

(b) Credit risk (Continued)

Financial assets other than trade and bills receivables (Continued)

Movement in the loss allowance for financial assets at amortised cost is as follows:

	Deposit and other receivables RMB'000
As at 1 January 2023	7,836
Reversal of loss allowance recognised for the year, net	(880)
At 31 December 2023 and 1 January 2024	6,956
Loss allowance recognised for the year, net	40,987
At 31 December 2024	47,943

Financial assets at FVTOCI includes certificate of deposit. The loss allowance for certificate of deposit at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in other comprehensive income.

During the year, no loss allowance for financial assets at FVTOCI was provided (2023: Nil).

The Group is also exposed to credit risk in relation to the investments that are measured at FVTPL. The maximum exposure as at 31 December 2024 is the carrying amount of these investments of RMB479,118,000 (2023: RMB188,164,000).

6. Financial risk management (Continued)

(c) Liquidity risk

Each entity within the Group is responsible for its own cash management, including the participation in supplier finance arrangements with banks and the raising of borrowings to cover expected cash demands, subject to approval by the Directors when the borrowings exceed certain predetermined level of authority.

As disclosed in note 35(f), the Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owned to certain suppliers.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

As disclosed in note 35(e), certain Group's banking facilities are subject to the fulfilments of covenants. Some of those covenants relate to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach these covenants, the related loans would become payable on demand. The Group holds various bank loans amounted to RMB23,766 million (2023: RMB16,891 million) as at 31 December 2024, which are subject to covenants. These covenants primarily require the borrowing entities to maintain liabilities-to-assets ratios below a specified level, ranging from 65% to 75%. Additionally, certain bank loans stipulate that the shareholders of the borrowing entities must remain unchanged, that no financial guarantees may be extended to external parties, and that there are specified limits on contingent liabilities for the borrowing entities and the Group, as applicable. These covenants are enforceable throughout the duration of the loan term.

Up to the date of these consolidated financial statements, there are no indications that the Group would have difficulties complying with the above covenants when they will be next tested.

6. Financial risk management (Continued)

(c) Liquidity risk (Continued)

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year RMB'000	Between 1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
At 31 December 2024				
Trade and bills payables	19,486,536	–	–	19,486,536
Accruals and other payables	6,779,961	–	–	6,779,961
Amounts due to related parties	27,250	–	–	27,250
Lease liabilities	34,872	74,857	–	109,729
Bank borrowings	19,892,393	25,264,283	4,227,894	49,384,570
At 31 December 2023				
Trade and bills payables	19,958,859	–	–	19,958,859
Accruals and other payables	7,513,703	–	–	7,513,703
Amounts due to related parties	425,700	–	–	425,700
Lease liabilities	20,539	73,095	–	93,634
Bank borrowings	9,004,935	20,880,304	2,540,490	32,425,729

(d) Interest rate risk

The Group's exposure to interest-rate risk mainly arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rate varied with the prevailing market condition.

At 31 December 2024, if interest rates at that date had been 100 basis points higher with all other variables held constant, consolidated profit after tax for the year would have been RMB133,264,000 (2023: RMB99,156,000) lower, arising mainly as a result of higher interest income on bank deposits net of higher interest expenses on bank borrowings. If interest rates had been 100 basis points lower, with all other variables held constant, consolidated profit after tax for the year would have been RMB133,264,000 (2023: RMB99,156,000) higher, arising mainly as a result of lower interest income on bank deposits net of lower interest expenses on bank borrowings.

6. Financial risk management (Continued)

(e) Categories of financial instruments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets:		
Financial assets measured at amortised cost	22,527,920	18,766,230
Financial assets at FVTPL	479,118	188,164
Financial assets at FVTOCI	2,184,550	594,779
Financial liabilities:		
Financial liabilities at amortised cost	72,338,044	57,012,203
Lease liabilities	100,600	82,801
Financial guarantee	34,563	–

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

(g) Transfers of financial assets

The following were the Group's financial assets transferred to banks or suppliers by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (note 25). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2024

	Bills receivables discounted to banks with full recourse RMB'000
Carrying amount of transferred assets	100,000
Carrying amount of associated liabilities	100,000
Net position	–

6. Financial Risk Management (Continued)

(g) Transfers of financial assets (Continued)

As at 31 December 2023

	Bills receivables discounted to banks with full recourse RMB'000
Carrying amount of transferred assets	658,426
Carrying amount of associated liabilities	658,426
Net position	–

7. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. Fair Value Measurements (Continued)

(a) Disclosures of level in fair value hierarchy:

	Fair value measurements using:			As at 31 December 2024
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
– Certificate of deposit	–	1,598,926	–	1,598,926
– Investment in a listed equity security	98,164	–	–	98,164
– Investment in unlisted equity securities	–	–	487,460	487,460
Financial assets at FVTPL				
– Investment in a listed equity security	54,963	–	–	54,963
– Investment in unlisted debt instruments	–	–	243,528	243,528
– Wealth management investment	–	180,627	–	180,627
	153,127	1,779,553	730,988	2,663,668

	Fair value measurements using:			As at 31 December 2023
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
– Certificate of deposit	–	104,926	–	104,926
– Investment in a listed equity security	193,060	–	–	193,060
– Investment in an unlisted equity security	–	–	296,793	296,793
Financial assets at FVTPL				
– Investment in a listed equity security	38,750	–	–	38,750
– Investment in an unlisted debt instrument	–	–	149,414	149,414
	231,810	104,926	446,207	782,943

7. Fair Value Measurements (Continued)

(b) Reconciliation of assets measured at fair value based on level 3:

	Financial assets at FVTPL – Investments in unlisted debt instruments RMB'000	Financial assets at FVTOCI – Investments in unlisted equity securities RMB'000	2024 Total RMB'000
At beginning of year	149,414	296,793	446,207
Additions	82,300	179,938	262,238
Total gains recognised			
in profit or loss	11,814	–	11,814
in other comprehensive income	–	4,239	4,239
Exchange difference	–	6,490	6,490
At end of year	243,528	487,460	730,988

	Financial assets at FVTPL – Investment in an unlisted debt instrument RMB'000	Financial assets at FVTOCI – Investment in an unlisted equity security RMB'000	2023 Total RMB'000
At beginning of year	–	–	–
Transferred from Level 2	149,263	286,712	435,975
Total gains recognised			
in profit or loss	151	–	151
in other comprehensive income	–	10,081	10,081
At end of year	149,414	296,793	446,207

7. Fair Value Measurements (Continued)

(b) Reconciliation of assets measured at fair value based on level 3: (Continued)

During the year, financial assets at FVTPL amounting Nil (2023: RMB149,263,000) and financial assets at FVTOCI amounting Nil (2023: RMB286,712,000) were transferred from measurement based on level 2 to level 3.

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI) in the consolidated statement of profit or loss and other comprehensive income.

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other losses, net in the consolidated statement of profit or loss.

7. Fair Value Measurements (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 2 and level 3 fair value measurements. The financial controller reports directly to the Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Directors at least once a year.

For level 2 fair value measurements, specific valuation techniques adopted by the Group to evaluate the financial assets include the annual interest rates for certificate of deposits and net assets value of the wealth management investment.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value 2024 RMB'000	Fair value 2023 RMB'000
Investment in unlisted debt instruments classified as financial assets at FVTPL	Net assets value of underlying investments	Net assets	Increase	243,528	149,414
Investment in an unlisted equity security classified as financial assets at FVTOCI	Net assets value of underlying investment	Net assets	Increase	307,522	296,793
Investment in an unlisted equity security classified as financial assets at FVTOCI	Market approach	Changes in share price of comparable companies	Increase	179,938	–

8. 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 RMB'000	2023 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

8. Revenue (Continued)

(a) Disaggregation of revenue (Continued)

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:

	Sales of EV battery		Sales of ESS products and others		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Primary geographical markets						
– Mainland China	19,085,928	22,017,722	8,025,690	4,335,306	27,111,618	26,353,028
– Europe	161,683	92,548	3,349	60,467	165,032	153,015
– Asia	266,132	117,679	153,291	335,680	419,423	453,359
– America	32,865	18,721	18,011	25,326	50,876	44,047
– Others	4,285	2,376	292	60	4,577	2,436
Revenue from external customers	19,550,893	22,249,046	8,200,633	4,756,839	27,751,526	27,005,885
Timing of revenue recognition						
– Products transferred at a point in time	19,550,893	22,249,046	8,127,642	4,691,173	27,678,535	26,940,219
– Products and services transferred over time	–	–	72,991	65,666	72,991	65,666
Total	19,550,893	22,249,046	8,200,633	4,756,839	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 RMB'000	2023 RMB'000
Within 1 year	141,294	616,955

9. Investment and other income

	2024 RMB'000	2023 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 (note)	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

Note:

During the year, the Group recognised government subsidies as follow:

	2024 RMB'000	2023 RMB'000
Research and development subsidies	18,229	16,321
Subsidies on industry development	7,420	19,394
Subsidies on recruitment	137	1,597
Others	1,665	4,496
	27,451	41,808

The government subsidies as set out above were received for compensation for or reimbursement of costs or expenses previously incurred and recognised in profit or loss in the current period in which they became receivable.

Apart from above, the Group has recognised government grants of approximately RMB434 million (2023: RMB5,524 million) in total, which were accounted for in accordance with the accounting policies as set forth in note 4(z) to the consolidated financial statements. These government grants, mostly being income-related, were used to offset the related operating costs and expenses, or deduct from the carrying value of the related property, plant and equipment if they are asset-related. There were no conditions attached to these government grants that were unfulfilled as at the end of the reporting period.

10. Other losses, net

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

11. 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 RMB'000	2023 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.

12. Finance costs

	2024 RMB'000	2023 RMB'000
Interest expenses on lease liabilities (note 20)	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

13. 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 (note 37)	213,540	78,210
	53,427	3,560

13. Income tax credit (Continued)

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%.

The reconciliation between the income tax credit and the product of profit before tax multiplied by the PRC EIT rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	790,199	433,603
Tax at the PRC Enterprise Income Tax rate of 15%	118,530	65,040
Tax effect of expenses that are not deductible	18,122	6,360
Tax effect of income that are not taxable	(4,168)	–
Tax effect of super deduction of qualified research and development expenditure	(260,670)	(256,038)
Tax effect of temporary differences not recognised	(723)	2,998
Tax effect of tax losses	(114,289)	24,205
Effect on deferred tax balance resulting from a change in tax rate	1,579	96,871
Effect of different tax rates of subsidiaries	28,856	(6,371)
Under provision in prior years	159,336	63,375
Income tax credit	(53,427)	(3,560)

14. 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 (note 10)	149,755	864,164
Amortisation of intangible assets (note 21)	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 (note 19)	2,242,732	1,524,605
Depreciation of right-of-use assets (note 20)	58,942	65,219
Net (gain)/loss on disposals of property, plant and equipment (note 10)	(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)

15. Employee benefits expenses

	2024 RMB'000	2023 RMB'000
Employee benefits expenses (including Directors' emoluments):		
Salaries, bonuses and allowances	1,525,267	2,256,455
Equity-settled share-based payments	26,150	40,631
Retirement benefit scheme contributions	133,726	177,358
	1,685,143	2,474,444

15. Employee benefits expenses (Continued)

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2023: two) directors of the Company whose emoluments are reflected in the analysis presented in note 16(a). The emoluments of the remaining three (2023: three) individuals are set out below:

	2024 RMB'000	2023 RMB'000
Basic salaries and allowances	11,339	11,383
Equity-settled share-based payments	10,454	16,252
Retirement benefit scheme contributions	140	145
	21,933	27,780

Five highest paid individuals

The emoluments fell within the following band:

	2024 Number of headcount	2023 Number of headcount
RMB4,500,001 to RMB5,000,000	1	1
RMB6,500,001 to RMB7,000,000	2	–
RMB9,500,001 to RMB10,000,000	–	2
RMB10,000,001 to RMB10,500,000	1	–
RMB13,000,001 to RMB13,500,000	–	1
RMB16,500,001 to RMB17,000,000	1	–
RMB23,500,001 to RMB24,000,000	–	1
	5	5

During the year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. Benefits and interests of directors and supervisors

(a) Directors' and supervisors' emoluments

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	(Note i) Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Housing allowance RMB'000	RMB'000	Total RMB'000
Chairwoman									
Ms. Liu Jingyu (劉靜瑜女士)	–	2,676	4,490	9,762	50	–	–	–	16,978
Executive directors									
Mr. Dai Ying (戴穎先生)	–	949	1,970	3,691	50	–	–	–	6,660
Non-Executive directors									
Mr. Zhang Guoqing (張國慶先生) (note iii)	–	–	–	–	–	–	–	–	–
Mr. Zhou Sheng (周勝先生) (note iii)	–	–	–	–	–	–	–	–	–
Mr. Li Yunxiang (李雲祥先生) (note ii)	–	–	–	–	–	–	–	–	–
Ms. Hu Jing (胡婧女士) (note v)	–	–	–	–	–	–	–	–	–
Mr. Li Jiancun (李建存先生) (note v)	–	–	–	–	–	–	–	–	–
Ms. Xie Jieping (謝潔平女士) (note v)	–	–	–	–	–	–	–	–	–
Independent non-executive directors									
Mr. Wu Guangquan (吳光權先生)	240	–	–	–	–	–	–	–	240
Mr. Wang Susheng (王蘇生先生)	240	–	–	–	–	–	–	–	240
Mr. Chen Zetong (陳澤桐先生)	240	–	–	–	–	–	–	–	240
Supervisors									
Mr. Jiang Jinhua (姜金華先生) (note iv)	–	–	–	–	–	–	–	–	–
Mr. Li Hui (李鑼先生) (note vi)	–	–	–	–	–	–	–	–	–
Ms. Cheng Yan (程雁女士)	–	–	–	–	–	–	–	–	–
Ms. Nian Mingzhu (念明珠女士)	–	194	11	–	26	–	–	–	231
Total for the year ended 31 December 2024	720	3,819	6,471	13,453	126	–	–	–	24,589

16. Benefits and interests of directors and supervisors (Continued)

(a) Directors' and supervisors' emoluments (Continued)

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salaries and allowances	Discretionary bonus	(Note i) Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**	**RMB'000**
Chairwoman									
Ms. Liu Jingyu (劉靜瑜女士)	–	2,606	4,753	16,252	46	–	–	–	23,657
Executive directors									
Mr. Dai Ying (戴穎先生)	–	934	2,764	6,095	46	–	–	–	9,839
Non-Executive directors									
Mr. Zhang Guoqing (張國慶先生)	–	–	–	–	–	–	–	–	–
Mr. Zhou Sheng (周勝先生)	–	–	–	–	–	–	–	–	–
Mr. Li Yunxiang (李雲祥先生)	–	–	–	–	–	–	–	–	–
Independent non-executive directors									
Mr. Wu Guangquan (吳光權先生)	240	–	–	–	–	–	–	–	240
Mr. Wang Susheng (王蘇生先生)	240	–	–	–	–	–	–	–	240
Mr. Chen Zetong (陳澤桐先生)	240	–	–	–	–	–	–	–	240
Supervisors									
Mr. Jiang Jinhua (姜金華先生)	–	–	–	–	–	–	–	–	–
Ms. Cheng Yan (程雁女士)	–	–	–	–	–	–	–	–	–
Ms. Nian Mingzhu (念明珠女士)	–	164	14	–	26	–	–	–	204
Total for the year ended 31 December 2023	720	3,704	7,531	22,347	118	–	–	–	34,420

16. Benefits and interests of directors and supervisors (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Notes

(i) Estimated money values of other benefits include equity-settled share-based payments.

(ii) Mr. Li Yunxiang resigned as non-executive director on 26 August 2024.

(iii) Mr. Zhang Guoqing and Mr. Zhou Sheng were retired as non-executive directors on 31 December 2024.

(iv) Mr. Jiang Jinhua was retired as supervisor on 31 December 2024.

(v) Ms. Hu Jing, Mr. Li Jiancun and Ms. Xie Jieping were appointed as non-executive directors on 31 December 2024.

(vi) Mr. Li Hui was appointed as supervisor on 31 December 2024.

Neither the chief executives nor any of the directors waived any emoluments during the year 2024 and 2023.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. Dividends

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

18. 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.

19. Property, plant and equipment

	Building RMB'000	Machinery RMB'000	Computer equipment RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:								
Cost	9,895,266	5,530,374	508,246	382,682	12,404	84,240	30,106,250	46,519,462
Accumulated depreciation and impairment	(266,601)	(483,739)	(114,793)	(80,945)	(4,501)	(41,251)	–	(991,830)
Net carrying amount	9,628,665	5,046,635	393,453	301,737	7,903	42,989	30,106,250	45,527,632
At 1 January 2023, net of accumulated depreciation and impairment	9,628,665	5,046,635	393,453	301,737	7,903	42,989	30,106,250	45,527,632
Additions	1,374	598,272	64,505	178,639	5,413	2,429	22,927,260	23,777,892
Disposals	(3,995)	(26,168)	(10,868)	(5,979)	(360)	–	(10,584)	(57,954)
Transfer	1,405,055	4,711,300	368,348	207,557	(813)	92,223	(6,811,819)	(28,149)
Depreciation provided during the year	(240,793)	(919,414)	(211,081)	(127,149)	(2,855)	(23,313)	–	(1,524,605)
At 31 December 2023, net of accumulated depreciation and impairment	10,790,306	9,410,625	604,357	554,805	9,288	114,328	46,211,107	67,694,816

19. Property, plant and equipment (Continued)

	Building RMB'000	Machinery RMB'000	Computer equipment RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2023 and at 1 January 2024:								
Cost	11,296,220	10,637,980	926,518	762,706	16,521	178,892	46,211,107	70,029,944
Accumulated depreciation and impairment	(505,914)	(1,227,355)	(322,161)	(207,901)	(7,233)	(64,564)	–	(2,335,128)
Net carrying amount	10,790,306	9,410,625	604,357	554,805	9,288	114,328	46,211,107	67,694,816
At 1 January 2024, net of accumulated depreciation and impairment	10,790,306	9,410,625	604,357	554,805	9,288	114,328	46,211,107	67,694,816
Additions	1,794	404,008	30,997	55,255	1,954	5,966	15,094,219	15,594,193
Disposals	–	(9,361)	(882)	(7,426)	(526)	(291)	–	(18,486)
Transfer	5,062,721	15,884,479	31,872	55,148	–	137	(21,056,684)	(22,327)
Depreciation provided during the year	(416,644)	(1,480,317)	(138,873)	(169,945)	(3,173)	(33,780)	–	(2,242,732)
At 31 December 2024 net of accumulated depreciation and impairment	15,438,177	24,209,434	527,471	487,837	7,543	86,360	40,248,642	81,005,464

19. Property, plant and equipment (Continued)

	Building RMB'000	Machinery RMB'000	Computer equipment RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2024								
Cost	16,360,735	26,917,106	988,505	865,683	17,949	184,704	40,248,642	85,583,324
Accumulated depreciation and impairment	(922,558)	(2,707,672)	(461,034)	(377,846)	(10,406)	(98,344)	–	(4,577,860)
Net carrying amount	15,438,177	24,209,434	527,471	487,837	7,543	86,360	40,248,642	81,005,464

The Group was still in the process of obtaining property ownership certificates for certain buildings with a net carrying amount of RMB8,409,266,000 (2023: RMB4,607,772,000).

Property, plant and equipment with carrying amounts of approximately RMB9,614,625,000 (2023: RMB3,346,163,000) was pledged as security for the Group's bank borrowings.

During the year ended 31 December 2024, the government subsidies related to assets of approximately RMB54,410,000 (2023: RMB52,914,000) were recognised and deducted from cost of related assets.

20. Right-of-use assets

	Leasehold lands RMB'000	Lease properties RMB'000	Total RMB'000
At 1 January 2023	1,504,966	113,211	1,618,177
Additions	246,389	5,487	251,876
Depreciation	(39,207)	(26,012)	(65,219)
Early termination of leases	–	(18,506)	(18,506)
At 31 December 2023 and 1 January 2024	1,712,148	74,180	1,786,328
Additions	–	26,478	26,478
Depreciation	(40,563)	(18,379)	(58,942)
Exchange realignment	(325)	85	(240)
Early termination of leases	–	(4,119)	(4,119)
At 31 December 2024	1,671,260	78,245	1,749,505

	2024 RMB'000	2023 RMB'000
Depreciation expenses on right-of-use assets	58,942	65,219
Interest expense on lease liabilities (included in finance costs)	3,860	4,691
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative expenses)	60,516	109,723
Expenses relating to leases of low value assets (included in selling expenses and administrative expenses)	3,278	46,459

Details of total cash outflow for leases is set out in note 43(b).

During the year ended 2024, the Group leases various factories and office premise for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease contracts are entered into for fixed term of 3 year to 5 years. No extension options and termination options are included in the lease contracts.

Right-of-use assets with carrying amounts of approximately RMB819,876,000 (2023: RMB739,773,000) was pledged as security for the Group's bank borrowings.

21. Intangible assets

	Computer software RMB'000	Trademarks RMB'000	Patents RMB'000	Development costs RMB'000	Others RMB'000	Total RMB'000
Cost						
At 1 January 2023	139,915	4	1,449,848	478,499	4,326	2,072,592
Additions – internal development	44,019	–	–	72,722	332	117,073
Transfer	27,726	–	208,445	(208,445)	423	28,149
At 31 December 2023 and 1 January 2024	211,660	4	1,658,293	342,776	5,081	2,217,814
Additions – internal development	37,383	–	–	234,562	–	271,945
Transfer	22,327	–	153,520	(153,520)	–	22,327
At 31 December 2024	271,370	4	1,811,813	423,818	5,081	2,512,086
Accumulated amortisation and impairment						
At 1 January 2023	22,322	1	676,186	–	806	699,315
Charge for the year	24,873	1	134,524	–	1,002	160,400
At 31 December 2023 and 1 January 2024	47,195	2	810,710	–	1,808	859,715
Charge for the year	25,511	1	145,310	–	1,028	171,850
At 31 December 2024	72,706	3	956,020	–	2,836	1,031,565
Carrying amount						
At 31 December 2023	164,465	2	847,583	342,776	3,273	1,358,099
At 31 December 2024	198,664	1	855,793	423,818	2,245	1,480,521

Computer software was purchased by the Group and has finite useful life. The computer software is stated at cost less accumulated amortisation and any impairment losses and is amortised on the straight-line basis over its estimated useful life of not more than 10 years.

Trademarks were acquired in a business combination and recognised at fair values at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over their estimated useful life of 10 years.

21. Intangible assets (Continued)

Patents have finite useful lives and are amortised on a straight-line basis over its estimated useful life of 10 years.

Development costs are internally generated. The development costs mainly represent staff costs, materials and utilities used in development of technologies for battery production. The estimated useful lives of these projects will be determined after completion based on the period of time to generate probable economic benefits. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 10 years. The development costs of relevant technology would be transferred to patents if they can be successfully patented.

The average remaining amortisation period (in years) for the Group's intangible assets at end of reporting periods are:

	2024 (years)	2023 (years)
Computer software	6.1	6.7
Trademarks	0.9	1.9
Patents	7.3	7.9
Others	2.6	3.6
Development costs	N/A	N/A

Intangible assets not yet available for use (such as development costs) must be tested for impairment annually. At 31 December 2024, Jiangsu Company CGU had certain development costs not yet available for use. The recoverable amount of the CGU was determined on the basis of its value-in-use using discounted cash flow method. The Group prepares Jiangsu Company CGU cash flow forecasts derived from the most recent financial budgets approved by the Directors for the period up to year 2029 and with the residual period using growth rate of 0%. 2027 is the year that Jiangsu Company CGU expected to attain its effective capacity and stabilized operating efficiency.

The Group has engaged independent external valuers to assist management to estimate the recoverable amount of CGU.

The Jiangsu Company CGU recoverable amount calculations have used the following key assumptions:

Key assumptions	2024	2023
Sales volume – Attainment of long-term annual sales volume	Gradually attaining 35 GWh in FY2027 and kept the same to FY2029	Gradually attaining 34.1 GWh in FY2028
Discount rate (post-tax) - Reflect current market assessment of time value of money and the risks specific to the CGU	10.5%	10.3%

21. Intangible assets (Continued)

The following unfavourable change in key assumptions (individually and while holding others unchanged) would remove the headroom such that the carrying amount of CGU would exceed the recoverable amounts:

Change in key assumptions	2024	2023
Sales volume	Expected annual sales volume reduced by 0.8 GWh for all years across the forecast period	Expected annual sales volume reduced by 1.0 GWh for all years across the forecast period
Discount rate (post-tax)	Increase of discount rate of 0.2%	Increase of discount rate of 0.3%

Management believes that any reasonably possible change in the key assumptions on which the Jiangsu Company CGU's recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount. The headroom, expressed as a percentage of the CGU's recoverable amount is approximately 2% (2023: 3%) as at end of reporting period.

22. Investments in subsidiaries

The following table shows information on the subsidiaries that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Chengdu Company	
	2024	2023
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%

	RMB'000	RMB'000
At 31 December:		
Non-current assets	10,346,891	7,521,625
Current assets	4,711,882	4,569,686
Non-current liabilities	(5,234,143)	(3,819,100)
Current liabilities	(5,099,146)	(4,128,140)
Net assets	4,725,484	4,144,071
Accumulated NCI	2,315,487	2,030,595

22. Investments in subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Revenue	6,743,486	3,955,576
Cost of sales	(6,032,007)	(3,185,504)
Gross profit	711,479	770,072
Profit before tax	184,090	131,284
Profit for the year	181,412	152,302
Total comprehensive income	181,412	152,302
Profit allocated to NCI	86,478	74,628
Net cash generated from/(used in) operating activities	1,469,930	(56,029)
Net cash used in investing activities	(3,377,754)	(1,283,820)
Net cash generated from financing activities	2,225,064	1,244,206
Effect of foreign exchange rate changes	574	(305)
Net increase/(decrease) in cash and cash equivalents	317,814	(95,948)

Name	Wuhan Company	
	2024	2023
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%

	RMB'000	RMB'000
At 31 December:		
Non-current assets	12,765,346	9,560,776
Current assets	5,475,214	3,937,937
Non-current liabilities	(4,428,631)	(2,461,077)
Current liabilities	(6,934,760)	(4,752,502)
Net assets	6,877,169	6,285,134
Accumulated NCI	3,269,853	2,828,795

22. Investments in subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Revenue	6,552,940	3,134,839
Cost of sales	(5,363,666)	(2,326,641)
Gross profit	1,189,274	808,198
Profit before tax	296,101	162,982
Profit for the year	296,035	143,277
Total comprehensive income	296,035	143,277
Profit allocated to NCI	143,159	70,206
Net cash used in operating activities	(122,320)	(165,259)
Net cash used in investing activities	(3,544,688)	(4,121,258)
Net cash generated from financing activities	3,509,104	4,511,113
Effect of foreign exchange rate changes	1,175	(202)
Net (decrease)/increase in cash and cash equivalents	(156,729)	224,394

Name	Hefei Company	
	2024	2023
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	70.61%/39.61%	80%/49%

	RMB'000	RMB'000
At 31 December:		
Non-current assets	8,400,693	6,780,345
Current assets	3,036,582	2,277,152
Non-current liabilities	(3,952,559)	(3,046,730)
Current liabilities	(3,539,381)	(2,039,181)
Net assets	3,945,335	3,971,586
Accumulated NCI	3,005,476	3,007,270

22. Investments in subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Revenue	3,227,777	2,509,323
Cost of sales	(2,776,323)	(2,360,848)
Gross profit	451,454	148,475
Loss before tax	(54,157)	(217,697)
Loss for the year	(26,252)	(164,658)
Total comprehensive expense	(26,252)	(164,658)
Loss allocated to NCI	(14,521)	(131,727)
Net cash used in operating activities	(569,945)	(172,733)
Net cash used in investing activities	(1,148,371)	(1,952,242)
Net cash generated from financing activities	2,092,611	2,167,011
Effect of foreign exchange rate changes	1,854	3,338
Net increase in cash and cash equivalents	376,149	45,374

Name	Fujian Company	
	2024	2023
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%

	RMB'000	RMB'000
At 31 December:		
Non-current assets	2,958,692	2,405,988
Current assets	3,545,032	3,228,382
Non-current liabilities	(1,370,198)	(968,970)
Current liabilities	(2,509,985)	(2,091,425)
Net assets	2,623,541	2,573,975
Accumulated NCI	1,285,535	1,261,248

22. Investments in subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Revenue	2,742,581	1,186,561
Cost of sales	(2,315,928)	(539,870)
Gross profit	426,653	646,691
Profit before tax	33,518	86,208
Profit for the year	49,567	72,553
Total comprehensive income	49,567	72,553
Profit allocated to NCI	23,079	35,551
Net cash generated from/(used in) operating activities	420,302	(915,413)
Net cash used in investing activities	(773,386)	(1,286,859)
Net cash generated from financing activities	989,742	1,118,337
Effect of foreign exchange rate changes	37	205
Net increase/(decrease) in cash and cash equivalents	636,695	(1,083,730)

Name	Jiangmen Company	
	2024	2023
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	36.3%/36.3%	36.3%/36.3%

	RMB'000	RMB'000
At 31 December:		
Non-current assets	6,241,772	4,876,210
Current assets	2,771,851	2,182,531
Non-current liabilities	(2,080,818)	(1,019,550)
Current liabilities	(2,253,574)	(2,613,443)
Net assets	4,679,231	3,425,748
Accumulated NCI	1,702,742	1,278,776

22. Investments in subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Revenue	3,536,076	1,880,934
Cost of sales	(3,077,039)	(1,367,003)
Gross profit	459,037	513,931
Profit before tax	143,935	252,857
Profit for the year	161,483	216,187
Total comprehensive income	161,483	216,187
Profit allocated to NCI	57,518	105,932
Net cash (used in)/generated from operating activities	(1,236,440)	316,870
Net cash used in investing activities	(1,219,732)	(3,006,738)
Net cash generated from financing activities	2,258,556	2,272,692
Effect of foreign exchange rate changes	(16)	(564)
Net decrease in cash and cash equivalents	(197,632)	(417,740)

Name	Sichuan Company 2024	 2023
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%

	RMB'000	RMB'000
At 31 December:		
Non-current assets	4,233,749	3,218,898
Current assets	1,675,308	1,057,963
Non-current liabilities	(848,278)	(244,713)
Current liabilities	(2,217,948)	(1,236,217)
Net assets	2,842,831	2,795,931
Accumulated NCI	1,290,988	1,333,206

22. Investments in subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Revenue	1,599,827	669,618
Cost of sales	(1,606,283)	(610,856)
Gross profit	(6,456)	58,762
Loss before tax	(108,035)	(36,591)
Loss for the year	(86,160)	(22,124)
Total comprehensive expense	(86,160)	(22,124)
Loss allocated to NCI	(43,283)	(10,841)
Net cash (used in)/generated from operating activities	(24,326)	108,454
Net cash used in investing activities	(578,363)	(2,256,447)
Net cash generated from financing activities	449,976	2,346,798
Effect of foreign exchange rate changes	(18)	(53)
Net (decrease)/increase in cash and cash equivalents	(152,731)	198,752

23. Investments in associates

	2024 RMB'000	2023 RMB'000
Unlisted investments:		
Share of net assets	16,109	16,194

23. Investments in associates (Continued)

Details of the Group's associates are as follows:

Name	Place of incorporation and operations	Particulars of registered capital	As at 31 December	Ownership interest attributable to the Group	Voting power	Profit sharing	Principal activities
凱博(湖北)私募基金管理有限公司# Kaibo (Hubei) Private Equity Fund Management Co., Ltd.*	The PRC	Registered capital of RMB10,000,000	2023 2024	30% 30%	30% 30%	30% 30%	Private equity fund management
江蘇動力及儲能電池創新中心有限公司 Jiangsu Power and Energy Storage Battery Innovation Center Co., Ltd.*	The PRC	Registered capital of RMB30,000,000	2023 2024	48% 48%	48% 48%	48% 48%	Engineering and technical research and experimental development
四川甘眉新航新能源資源有限責任公司 Sichuan Ganmei Xinhang New Energy Resources Co., Ltd.*	The PRC	Registered capital of RMB800,000,000	2023 2024	40% 40%	40% 40%	40% 40%	Research and development of emerging energy technology and Mineral washing and processing and the exploration of mineral resources

* The English translation name is for identification purpose only. The official name of the entity is in Chinese.

\# Formerly known as 凱博(海南)私募基金管理有限公司.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

23. Investments in associates (Continued)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2024 RMB'000	2023 RMB'000
Carrying amounts of interests	16,109	16,194

	2024 RMB'000	2023 RMB'000
Loss for the year, net	(85)	(157)
Other comprehensive income	–	–
Total comprehensive income	(85)	(157)

The bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to RMB26,729,000 (2023: RMB28,288,000). Conversion of the mentioned balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. Inventories

	2024 RMB'000	2023 RMB'000
Raw materials	748,800	1,062,950
Work in progress	2,495,694	3,335,106
Finished goods	2,018,941	2,727,712
	5,263,435	7,125,768

25. Trade and bills receivables

	2024 RMB'000	2023 RMB'000
Trade receivables		
Receivables from third parties	7,172,546	5,084,887
Due from related parties (note 27)	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 RMB'000	2023 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 RMB'000	2023 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

25. Trade and bills receivables (Continued)

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.

25. Trade and bills receivables (Continued)

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

	2024 RMB'000	2023 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

26. Prepayments, deposits and other receivables

	2024 RMB'000	2023 RMB'000
Deposits paid for acquisition of property, plant and equipment	993,795	1,255,202
Prepayments	1,703,276	1,321,990
Other tax receivables	4,276,055	4,725,566
Government grants and subsidies receivable	1,410,323	2,390,000
Other deposits	40,367	54,800
Other receivables	25,575	43,679
	8,449,391	9,791,237
Analysed as:		
Non-current assets	993,795	1,255,202
Current assets	7,455,596	8,536,035
	8,449,391	9,791,237

26. Prepayments, deposits and other receivables (Continued)

Reconciliation of allowances for prepayments, deposits and other receivables:

	2024 RMB'000	2023 RMB'000
At 1 January	6,956	7,836
Allowance/(reversal of allowance) for the year	40,987	(880)
At 31 December	47,943	6,956

The carrying amounts of the Group's prepayments, deposits and other receivables are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	8,153,734	9,426,998
JPY	251,913	362,771
EUR	36,446	732
THB	5,068	–
HKD	2,230	736
	8,449,391	9,791,237

27. Balances with related parties

	Note	2024 RMB'000	2023 RMB'000
Trade receivables			
– 中航鋰電(洛陽)有限公司 China Lithium Battery Technology (Luoyang) Co., Ltd.* ("**Luoyang Company**")	*25*	16,564	74,964
Amounts due from related parties			
Trade-related:			
– Luoyang Company	*(iii)*	201,399	232,568
Non-trade related:			
– 常州華科工程建設有限公司 Changzhou Huake Engineering Construction Co., Ltd.* ("**Huake Engineering**")		–	17
		201,399	232,585
Allowance for doubtful debts		–	–
		201,399	232,585
Trade payables			
– 常州江環能源科技有限公司 Changzhou Jianghuan Energy Technology Co., Ltd.* ("**Jianghuan Energy**")		1,607	–
– Luoyang Company		–	230
	30	1,607	230
Amounts due to related parties			
Non-trade related:			
– 江蘇城東建設工程有限公司 Jiangsu Chengdong Construction Project Co., Ltd.* ("**Jiangsu Chengdong Construction**")		17,844	425,560
– Luoyang Company		9,266	–
– Huake Engineering		140	140
		27,250	425,700
Total amounts due to related parties		27,250	425,700
Less: Amounts due to related parties – current portion		(27,250)	(425,700)
Total amount due to related parties – non-current portion		–	–

* The official names of these entities are in Chinese. The English translation of the names are for identification purpose only.

27. Balances with related parties (Continued)

Notes:

(i) The trade-related outstanding balances with related parties are unsecured, non-interest bearing and repayable within credit term of 180 days.

(ii) The non-trade related balances with related parties are unsecured, non-interest bearing and repayable on demand.

(iii) The balance represents the prepayment for the purchase of goods in accordance with the contractual term.

28. Other financial asset

(a) Financial assets at FVTPL

	2024 RMB'000	2023 RMB'000
Investment in a listed equity security, at fair value (i)	54,963	38,750
Investment in unlisted debt instruments, at fair value (ii)	243,528	149,414
A wealth management investment, at fair value (iii)	180,627	–
	479,118	188,164
Analysed as:		
Current assets	235,590	38,750
Non-current assets	243,528	149,414
	479,118	188,164

(i) The Group invested RMB100 million in a company incorporated in the PRC and listed on the Shenzhen Stock Exchange and owned approximately 0.5% equity interests in the company. The fair value of the investment is based on current bid price.

(ii) The Group invested RMB149.5 million in a limited liability partnership ("**LLP**") set up in the PRC and being a limited partner. The investment period for LLP is six years and can be extended by one year if all partners agree. Such investment is a debt instrument, and the fair value of such investment is based on the net assets value of LLP.

The Group invested totally RMB82.3 million in two LLPs set up in the PRC and being a limited partner. The investment period for LLPs is five years and ten years respectively and can be extended by two years if all partners agree. Such investments are debt instruments, and the fair value of such investments is based on the net assets value of LLPs.

28. Other financial asset (Continued)

(a) Financial assets at FVTPL (Continued)

(iii) The Group invested in a private fund incorporated in Singapore. The principals of investment were not guaranteed by the fund under normal circumstances. Such investment is held for trading in a short-term period and the fair value of such investment is based on the net assets value of the fund.

The carrying amount of the above financial assets are mandatorily measured at FVTPL in accordance with IFRS 9.

The investment in a listed equity security offers the Group's the opportunity for return through dividend income and fair value gains. It has no fixed maturity or coupon rate.

The carrying amounts of the Group's financial assets at FVTPL are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	298,491	188,164
USD	180,627	–
	479,118	188,164

28. Other financial asset (Continued)

(b) Financial assets at FVTOCI

	2024 RMB'000	2023 RMB'000
Certificate of deposit (i)	1,598,926	104,926
Investment in a listed equity security, at fair value (ii)	98,164	193,060
Investment in unlisted equity securities, at fair value (iii)	487,460	296,793
	2,184,550	594,779
Analysed as:		
Current assets	1,598,926	104,926
Non-current assets	585,624	489,853
	2,184,550	594,779

(i) The Group invested in "6-month to 3-year certificate of deposit" offered by bank with the terms that the Group could not withdraw the deposits in advance but could sell them to others. The annual interest rates are fixed in the range of 1.55% p.a. to 3.45% p.a. (2023: 3.15% p.a. to 3.79% p.a.). As the Group managed the above financial product with the objective of both the collection of contractual cash flows and sale, it was recognised as financial assets at FVTOCI in the consolidated financial statements.

(ii) The Group invested approximately HKD392.5 million in a company incorporated in the PRC and dually listed on the main board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange and owned approximately 0.3% equity interests in the company. Such investment is not held for trading and the Group has irrevocably elected at initial recognition to recognise in this category. It is a strategic investment, and the Group considers this classification to be more relevant.

(iii) The Group invested HKD360 million in a limited partnership fund ("**LPF**") set up in Hong Kong. The investment period for the LPF is indefinite. Such investment is not held for trading and the Group has irrevocably elected at initial recognition to recognise in this category. The fair value of such investment is based on the net assets value of the LPF.

The Group invested US$25 million in a private company incorporated in Singapore. Such investment is not held for trading and the Group has irrevocably elected at initial reconciliation to recognise in this category. The fair value of such investment is based on the price change model valued by a third-party valuer.

28. Other financial asset (Continued)

(b) Financial assets at FVTOCI (Continued)

The carrying amounts of the Group's financial assets at FVTOCI are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	1,598,926	104,926
HKD	405,687	489,853
USD	179,937	–
	2,184,550	594,779

29. Pledged bank deposits, restricted bank balances and bank and cash balance

(a) Pledged bank deposits

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group for issuance of bank acceptance bills, letter of guarantee and letter of credit. The amounts were denominated in RMB and EUR.

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(b) Restricted bank balances

The Group's restricted bank balances mainly represented bank balances restricted for the Group's daily operation. The amount was denominated in RMB and EUR.

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

29. Pledged bank deposits, restricted bank balances and bank and cash balance (Continued)

(c) Bank and cash balances

Bank and cash balances of the Group are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	8,453,354	6,724,609
USD	337,295	350,036
HKD	49,877	60,944
EUR	211,247	698,373
THB	6,508	–
AUD	272	–
	9,058,553	7,833,962

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

30. Trade and bills payables

	2024 RMB'000	2023 RMB'000
Trade payables		
Payables to third parties	7,947,258	8,233,408
Due to related parties (note 27)	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) (note 29(a)).

30. Trade and bills payables (Continued)

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

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

31. Accruals and other payables

	2024 RMB'000	2023 RMB'000
Deposits received	437,659	391,781
Accrued salaries	242,210	263,953
Accrued expenses	368,455	302,905
Funds advanced from government related entities	502	11,946
Payable for property, plant and equipment	5,600,010	6,410,695
Other tax payables	72,083	56,793
Other payables	59,042	75,630
	6,779,961	7,513,703

31. Accruals and other payables (Continued)

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

	2024 RMB'000	2023 RMB'000
RMB	6,688,901	7,471,461
JPY	50,082	41,938
THB	26,395	–
HKD	321	191
EUR	14,241	84
SGD	21	29
	6,779,961	7,513,703

32. Contract liabilities

Contract liabilities are mainly advance payments from customers. The amounts are expected to be recognised as revenue within 1 year from the end of the reporting period.

	2024 RMB'000	2023 RMB'000
Billings in advance of performance obligation – arising from sales of products	141,294	616,955

Movements in contract liabilities:

	2024 RMB'000	2023 RMB'000
Balance at beginning of year	616,955	490,532
Increase in contract liabilities as a result of billings in advance of sales	141,294	616,955
Decrease in contract liabilities as a result of recognising revenue during the year	(616,955)	(490,532)
Balance at end of year	141,294	616,955

33. Deferred income

	2024 RMB'000	2023 RMB'000
Government grants	297,907	192,846
Analysed as:		
Non-current liabilities	297,907	192,846

Government grants received for which related activities/expenditure have not yet been undertaken/incurred are included in deferred income in the consolidated statement of financial position.

Government grants related to assets are deducted from cost of related non-current assets (note 19) and are recognised in profit or loss over the life of the depreciable assets as a reduced depreciation expense.

34. Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Within one year	34,872	20,539	31,463	17,036
In the second to fifth years, inclusive	74,857	73,095	69,137	65,765
	109,729	93,634	100,600	82,801
Less: Future finance charges	(9,129)	(10,833)	N/A	N/A
Present value of lease obligations	100,600	82,801	100,600	82,801
Less: Amount due for settlement within 12 months (shown under current liabilities)			(31,463)	(17,036)
Amount due for settlement after 12 months			69,137	65,765

The weighted average incremental borrowing rate applied to lease liabilities is 4.65% (2023: 4.75%).

34. Lease liabilities (Continued)

The carrying amount of the Group's lease liabilities are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	78,949	82,801
HKD	7,954	–
THB	13,697	–
	100,600	82,801

35. Bank borrowings

	2024 RMB'000	2023 RMB'000
Bank loans	45,890,817	29,170,734
Bank loans – supplier finance arrangements (note 35(f))	225,563	–
	46,116,380	29,170,734

(a) The analysis of the repayment schedule of borrowings is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	18,960,089	8,114,805
More than one year, but not exceeding two years	5,545,273	3,396,200
More than two years, but not more than five years	17,532,054	15,216,960
More than five years	4,078,964	2,442,769
	46,116,380	29,170,734

35. Bank borrowings (Continued)

(b) The carrying amounts of the Group's bank borrowings are denominated in RMB.

(c) The average interest rates of the Group's bank borrowings at 31 December were as follows:

	2024	2023
Bank loans	3.17%	3.77%
Bank loans – supplier finance arrangements	N/a	N/a

Bank borrowings of RMB1,690,010,000 (2023: RMB1,771,688,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

(d) The details of pledged assets and collaterals to the Group's bank borrowings are as follows:

Bank loans of RMB28,456,572,000 (2023: RMB19,389,102,000) are secured by the Group's property, plant and equipment of RMB9,614,624,000 (2023: RMB3,346,163,000) (note 19) and right-of-use assets of RMB819,876,000 (2023: RMB739,773,000) (note 20).

(e) The details of loan covenants of the Group's bank borrowing are as follows:

Certain Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related borrowings would become payable on demand.

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 December 2024. Further details of the covenants and the Group's management of liquidity risk are set out in note 6(c).

35. Bank borrowings (Continued)

(f) Bank loans arising from supplier finance arrangements:

The Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owned to certain suppliers.

Under these arrangements, the bank pay suppliers the amounts owed by the Group on the original due dates, which are normally 30 to 90 days after the invoice date for the comparable trade payables that are not part of the supplier finance arrangement within the same business line. The Group then settles with the banks between 180 to 210 days after the original due dates with suppliers, with interest.

In the consolidated financial statement of financial position, the Group has presented the payables to the banks under these arrangements as "bank borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables. As at 31 December 2024, the carrying amount of financial liabilities under these arrangements amounted to RMB225,563,000 of which suppliers have received payments from the banks.

In the consolidated statement of cash flows, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the bank amounting to RMB225,563,000 are non-cash transactions.

(g) Capital and liability management:

Saved as disclosed in share capital (note 40), the Group also monitors capital and liability management by using the liability-to-asset ratio (i.e. total liabilities divided by total assets). The liability-to-asset ratio of the Group as at 31 December 2024 was 60.8% (2023: 56.0%).

36. Provisions

	Warranties RMB'000 (note a)	Litigations RMB'000 (note b)	Others RMB'000	Total RMB'000
At 1 January 2023	500,186	8,640	–	508,826
Reversal	–	(8,400)	–	(8,400)
Additional provisions	515,382	–	23,758	539,140
Provisions used	(45,602)	–	–	(45,602)
At 31 December 2023 and 1 January 2024	969,966	240	23,758	993,964
Additional provisions	529,026	7,915	–	536,941
Provisions used	(105,128)	–	–	(105,128)
At 31 December 2024	1,393,864	8,155	23,758	1,425,777
Analysed as:				
Current liabilities	90,747	8,155	23,758	122,660
Non-current liabilities	1,303,117	–	–	1,303,117
	1,393,864	8,155	23,758	1,425,777

(a) A provision for warranties is recognised when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 3 to 8 years from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(b) As further set out in note 44(b), the Group has received civil judgements from the Fuzhou Intermediate Court regarding the Claims related to Patent I, Patent III and Patent IV during November 2022 to February 2023. After assessment, the Directors estimate that the probable total compensation amount for the Claims related to Patent I, Patent III and Patent IV, if any, was RMB8,640,000. A provision of the same amount was provided as at 31 December 2022.

The Company received the civil rulings from the Supreme Court in December 2023 regarding the litigations related to Patent I and Patent IV, in which the Supreme Court had revoked the civil indictments from the Fuzhou Intermediate Court and the rulings were final. Accordingly, the Group has reversed the relevant provision of RMB8,400,000 during the year ended 31 December 2023. The remaining provision of RMB240,000 as at 31 December 2023 was related to litigation of Patent III.

The Group has received civil judgements from the Fuzhou Higher Court regarding the Claims related to Patent II and Patent VI during May to October 2024. The civil judgements are the first instance judgement, instead of the final effective judgement. The Group will appeal against the first instance judgements to the Supreme Court and the Group is not required to pay the compensation amounts in the first instance judgement at present. The analysis and views of the Company's external legal advisors indicating that the compensation amounts under the first instance judgements of Patent II and Patent VI are excessive. After assessment, the Directors estimate that the probable total compensation amount for the Claims related to Patent II and Patent VI, if any, was RMB7,915,000. A provision of the same amount was provided as at 31 December 2024.

37. Deferred tax

Deferred tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	793,450	568,099
Deferred tax liabilities	(8,705)	(11,948)
	784,745	556,151

The gross movement on the deferred tax account is as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	556,151	471,712
Credited to profit or loss (note 13)	213,540	78,210
Credited to other comprehensive income	15,054	6,229
Balance at 31 December	784,745	556,151

Deferred tax liabilities (prior to offset)

	Accelerated depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	110,668	16,609	127,277
(Credit)/charge to profit or loss for the year (note 13)	4,190	(5,290)	(1,100)
At 31 December 2023 and 1 January 2024	114,858	11,319	126,177
(Credit)/charge to profit or loss for the year (note 13)	113,952	(2,803)	111,149
At 31 December 2024	228,810	8,516	237,326

37. Deferred tax (Continued)

Deferred tax assets (prior to offset)

	Tax losses RMB'000	Allowance on inventory RMB'000	Allowance on trade receivables RMB'000	Deferred income RMB'000	Provisions RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	233,347	48,541	4,207	152,580	108,380	16,931	35,003	598,989
(Charge)/credit to profit or loss for the year (note 13)	43,463	36,139	9,216	(99,833)	79,147	(5,251)	14,229	77,110
Credit to other comprehensive income for the year	–	–	–	–	–	–	6,229	6,229
At 31 December 2023 and 1 January 2024	276,810	84,680	13,423	52,747	187,527	11,680	55,461	682,328
(Charge)/credit to profit or loss for the year (note 13)	294,851	(48,850)	13,531	(16,597)	76,634	(1,865)	6,985	324,689
Credit to other comprehensive income for the year	–	–	–	–	–	–	15,054	15,054
At 31 December 2024	571,661	35,830	26,954	36,150	264,161	9,815	77,500	1,022,071

As at 31 December 2024, deferred tax asset of RMB571,661,000 (2023: RMB276,810,000) was recognised in respect of unused tax losses of RMB3,490,156,000 (2023: RMB1,595,741,000). According to financial forecast, the Directors have exercised their judgement to assess that there will be sufficient future taxable profits available to offset against the unused tax losses. These tax losses are expected to expire after 5 to 10 years from the year of assessment they related to.

No deferred tax asset has been recognised in respect of tax losses amounted to RMB1,158,514,000 (2023: RMB1,065,193,000) due to the unpredictability of future profit streams.

38. Financial guarantees

The Company has provided guarantees in respect of bank loans and banking facilities granted to the Company's subsidiaries. Pursuant to the terms of guarantees, if there are any defaults on the loans or similar balances, the Company is responsible to repay the outstanding principal together with accrued interests and other costs owed by the defaulting subsidiaries to the banks.

The maximum potential liability of the Company at 31 December 2024 in respect of the amount of bank loans drawn and other banking facilities utilised by the subsidiaries under the guarantees at that date is approximately RMB880 million (2023: RMB885 million).

38. Financial guarantees (Continued)

The Company also has provided guarantees in respect of finance lease agreements entered into by the subsidiaries of the investee companies measured at FVTPL. Pursuant to the terms of guarantees, if there are any defaults on the finance lease, the Company is responsible to repay the outstanding principal together with accrued interests and other costs owed by the defaulting investees to the lessors.

The maximum potential liability of the Company at 31 December 2024 in respect of the amount of finance lease agreements entered into by the investees under the guarantees at that date is approximately RMB230 million (2023: Nil).

39. Share-based payments

2019 Share-based Payments

During the year ended 31 December 2019, the Company approved and adopted a share incentive scheme ("**2019 Share Incentive Scheme**") involving 6 senior management, namely, Ms. Liu Jingyu, Dr. Pan Fangfang, Mr. Dai Ying, Mr. Geng Yan'an, Mr. Wang Xiaoqiang and Mr. He Fan (collectively, the "**Six Senior Management**"). The purposes of the 2019 Share Incentive Scheme are to stimulate the enthusiasm and creativity of the Six Senior Management, enhance their sense of responsibility and mission of achieving the Company's long-term sustainable and healthy development, and ensure the realization of the Company's strategic goals.

The Six Senior Management have formed a limited company, Xiamen Lihang Equity Investment ("**Share Incentive Vehicle**"). A limited partnership company, Lihang Jinzhi ("**Partnership**") was formed, and the Share Incentive Vehicle and a related entity of a government shareholder of the Company ("**Xiamen Industrial Investment**") were required to contribute RMB10 million and RMB1,500 million, respectively, to the Partnership. After that, the Partnership has subscribed for registered capital of the Company.

The Partnership has a prescribed operation period of 10 years, and all investment proceeds of it (after deducting expenses and tax), including all distribution, interest and dividend from the Company will be distributed to the Share Incentive Vehicle and the Xiamen Industrial Investment in the following manner:

(a) Distribute to the Share Incentive Vehicle and the Xiamen Industrial Investment proportionally to their capital contribution of the Partnership until they fully recover their capital contributions to it;

(b) Any investment proceeds in excess of (a) above will be firstly distributed to the Xiamen Industrial Investment in an amount that represent 6% annual return to its capital contribution to the Partnership;

(c) 2 years after all legal and regulatory requirements for freely disposing the Partnership's equity interest in the Company are fulfilled, and after the distributions in (a) and (b) above, the Partnership shall dispose of all its equity interest in the Company. 20% of the net proceeds from the disposal will be distributed to the Share Incentive Vehicle and the remaining 80% will be distributed to the Xiamen Industrial Investment.

39. Share-based payments (Continued)

2019 Share-based Payments (Continued)

The manner of distribution above enables the Six Senior Management to receive possible future cash proceeds, through the Share Incentive Vehicle, that are disproportionate to their share of capital injections into the Partnership and the amount of such future cash proceeds to be received by the Share Incentive Vehicle will depend on many factors including future price of the Company's equity, vesting date and other factors.

The awards of the 2019 Share Incentive Scheme have been accounted for as equity-settled share-based payment. The management estimate the fair value of the awards and the length of the vesting period at grant date. The date of vesting will need to be re-estimated at each reporting date. The share-based payment expense will be recognised over the vesting period with a corresponding credit to equity of the consolidated statement of financial position as a capital contribution from government shareholder of the Company.

Independent professional valuer was engaged to assist the management to determine the grant date fair value of the awards by binomial tree method with the following assumptions and inputs:

Vesting date initially estimated	30 July 2027
Price per each registered capital of the Company	RMB1.02
Risk free rate	3.69%
Dividend yield	Nil
Estimated volatility of return of the Company's equity	53.72%

The fair value of the awards at grant date is estimated to be approximately RMB163 million. The following table set out the estimated vesting date adopted at each reporting date and the share-based payment expense charged to the consolidated profit and loss of the Group.

	Share-based payment expense RMB'000
For the year ended 31 December 2024	23,599
For the year ended 31 December 2023	40,631

2024 Share-based Payments

In 2024, senior management of the Company purchased approximately 1,125,000 domestic shares at a consideration of RMB10.95 per share from the 2020 Employee Shareholding Platforms. Since the purchase price was lower than the market price when the transactions occurred, the unidentifiable consideration (i.e. the difference between the market price and the purchase price) shall be accounted for as equity-settled share-based payment. The unidentifiable consideration of approximately RMB2,551,000 was recognised in profit or loss during the year.

40. Share capital

Registered and paid-in capital:	2024 Number of Shares	2024 Amount RMB'000	2023 Number of Shares	2023 Amount RMB'000
Ordinary shares of RMB1 each	1,772,301,858	1,772,302	1,772,301,858	1,772,302

Class and structure of shares:	2024 Number of Shares	2024 Nominal value per share RMB	2023 Number of Shares	2023 Nominal value per share RMB
Domestic shares	1,160,633,753	1	1,506,456,558	1
H-shares	611,668,105	1	265,845,300	1
At end of the year	1,772,301,858		1,772,301,858	

During the year, domestic shares of 345,822,805 (equivalent to share capital of RMB345,823,000) were converted into H-shares of 345,822,805 (equivalent to share capital of RMB345,823,000). The conversion did not change the total number of shares and total share capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity including non-controlling interests. Net debt includes amounts due to related parties (non-trade nature), lease liabilities, interest-bearing bank borrowings and financial guarantee, less cash and cash equivalents.

The Group adopted a policy of keeping a higher but manageable debt-to-equity ratio. The policy aims to meet the increased liquidity needs of its ongoing operations and to ensure the timely completion of its new production facilities.

40. Share capital (Continued)

The debt-to-equity ratio at the end of reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Amounts due to related parties (non-trade in nature)	27,250	425,700
Lease liabilities	100,600	82,801
Bank borrowings	46,116,380	29,170,734
Financial guarantee	34,563	–
	46,278,793	29,679,235
Less: Cash and cash equivalents	(9,058,553)	(7,833,962)
Net debt	37,220,240	21,845,273
Total equity including non-controlling interests	48,053,925	46,385,790
Debt-to-equity ratio	77.5%	47.1%

The increase in the debt-to-equity ratio during 2024 resulted primarily from increase of bank borrowings.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange, the minimum public float of the H-shares of the Company shall be the higher of 13.08% of the total issued share capital of the Company, and the percentage of H-shares held by public immediately following the completion of the Global Offering and the exercise of the Over-allotment Option; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

41. Statement of financial position and reserve movement of the company

(a) Statement of financial position of the Company

	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	9,142	13,520
Right-of-use assets	18,077	17,634
Intangible assets	274,080	280,467
Investments in subsidiaries	26,647,894	25,608,922
Investments in an associate	9,602	9,463
Other financial assets	521,629	342,474
Deposits paid for acquisition of property, plant and equipment	252,236	368,522
Deferred tax assets	150,211	114,395
	27,882,871	26,755,397
Current assets		
Inventories	25,751	243,106
Trade and bills receivables	21,633,598	18,890,189
Prepayments, deposits and other receivables	1,425,839	1,167,587
Amounts due from related parties	2,322,885	3,133,639
Other financial assets	1,399,369	38,750
Pledged bank deposits	1,039,013	698,673
Restricted bank balances	252	252
Bank and cash balances	4,329,938	4,882,758
	32,176,645	29,054,954
Current liabilities		
Trade and bills payables	20,372,851	16,525,032
Accruals and other payables	470,969	370,664
Contract liabilities	138,375	614,903
Amounts due to related parties	265,246	474,677
Lease liabilities	450	451
Bank borrowings	3,163,980	2,347,955
Provisions	9,324	144,159
Financial guarantees	52,730	18,189
	24,473,925	20,496,030
Net current assets	7,702,720	8,558,924
Total assets less current liabilities	35,585,591	35,314,321

41. Statement of financial position and reserve movement of the company (Continued)

(a) Statement of financial position of the Company (Continued)

	2024 RMB'000	2023 RMB'000
Non-current liabilities		
Deferred income	4,277	2,606
Lease liabilities	747	–
Provisions	128,539	–
Bank borrowings	1,382,500	1,200,000
	1,516,063	1,202,606
NET ASSETS	34,069,528	34,111,715
Capital and reserves		
Share capital	1,772,302	1,772,302
Reserves	32,297,226	32,339,413
TOTAL EQUITY	34,069,528	34,111,715

Approved by the Board of Directors on 26 March 2025 and are signed on its behalf by:

LIU Jingyu

DAI Ying

41. Statement of financial position and reserve movement of the company (Continued)

(b) Reserve movement of the Company

	Capital reserve RMB'000	Contribution from shareholder RMB'000	Put option reserve RMB'000	Financial assets at FVTOCI reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	32,453,281	98,980	(261,157)	(85,778)	45,712	32,251,038
Total comprehensive income for the year	–	–	–	(35,303)	119,831	84,528
Share-based payments (note 39)	–	40,631	–	–	–	40,631
Share issue expenses	(36,784)	–	–	–	–	(36,784)
Changes in equity for the year	(36,784)	40,631	–	(35,303)	119,831	88,375
At 31 December 2023	32,416,497	139,611	(261,157)	(121,081)	165,543	32,339,413

	Capital reserve RMB'000	Contribution from shareholder RMB'000	Put option reserve RMB'000	Financial assets at FVTOCI reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	32,416,497	139,611	(261,157)	(121,081)	165,543	32,339,413
Total comprehensive income for the year	–	–	–	(80,662)	12,325	(68,337)
Share-based payments (note 39)	–	26,150	–	–	–	26,150
Changes in equity for the year	–	26,150	–	(80,662)	12,325	(42,187)
At 31 December 2024	32,416,497	165,761	(261,157)	(201,743)	177,868	32,297,226

42. Reserves

(a) The Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) Nature and purpose of reserves

(i) Capital reserve

Under PRC rules and regulations, capital reserve is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Merger reserve

Merger reserve represents the difference of consideration paid and the carrying amount of net assets acquired in a combination under common control.

(iii) Safety production fund

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve at different rates ranging from 0.05% to 2.35% of the total revenue recognised for the previous year. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(iv) Contribution from shareholder

The share-based payments as set out in note 39 are credited as contribution from shareholder.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policies set out in note 4(f) to the consolidated financial statements.

42. Reserves (Continued)

(b) Nature and purpose of reserves (Continued)

(vi) Put Option reserve

The Company has entered into investment agreements with non-controlling shareholders of its subsidiaries, granting them the put option to request the repurchase of their equity interests within specified periods at predetermined prices ("**Written Put Options**"). These Written Put Options have been recognised as financial liabilities with a corresponding debit entry to equity under reserve. According to the investment agreements, if the Company completes a listing of the Company's shares on any domestic or foreign stock exchange, the Written Put Options will lapse automatically and at that time the related liabilities would be transferred to equity of the Company.

On 6 October 2022, the Company completed its Initial Public Offering ("**IPO**") on the Main Board of The Stock Exchange of Hong Kong Limited. Upon the Listing, the financial liabilities of Written Put Options have been automatically converted into equity of the Company.

(vii) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(n) to the consolidated financial statements.

43. Notes to the consolidated statement of cash flows

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2024 RMB'000	Cash flows RMB'000	Inception of leases RMB'000	Interest expenses (note 12) RMB'000	Payments to suppliers by the bank under supplier finance arrangement RMB'000	Effect of lease modification RMB'000	31 December 2024 RMB'000
Lease liabilities (note 34)	82,801	(8,420)	26,478	3,860	–	(4,119)	100,600
Bank borrowing (note 35)	29,170,734	15,492,351	–	1,227,732	225,563	–	46,116,380
	29,253,535	15,483,931	26,478	1,231,592	225,563	(4,119)	46,216,980

	1 January 2023 RMB'000	Cash flows RMB'000	Inception of leases RMB'000	Interest expenses (note 12) RMB'000	Effect of lease modification RMB'000	31 December 2023 RMB'000
Lease liabilities (note 34)	116,417	(23,727)	5,487	4,691	(20,067)	82,801
Bank borrowing (note 35)	17,707,476	10,496,771	–	966,487	–	29,170,734
	17,823,893	10,473,044	5,487	971,178	(20,067)	29,253,535

43. Notes to the consolidated statement of cash flows (Continued)

(b) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	67,654	160,873
Within investing cash flows	–	246,389
Within financing cash flows	4,560	19,036
	72,214	426,298

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rental paid	72,214	179,909
Payments for right-of-use assets	–	246,389
	72,214	426,298

44. 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 is 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 RMB'000	2023 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

44. Contingent liabilities (Continued)

(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**"). 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 judgements 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. Details are set out in note 36 to the consolidated financial statements.

Regarding Claim of Patent III, the Company received a civil judgement 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 judgement 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 judgement 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 judgement 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. Details are set out in note 36 to the consolidated financial statements.

During May 2024, the Company received a civil judgement 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 judgement 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 judgement 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 have appealed the first-instance judgement to the Supreme People's Court within the appeal period. Due to this latest development, management has made provision in relation to this case and details are set out in note 36 to the consolidated financial statements.

44. Contingent liabilities (Continued)

(b) (Continued)

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 judgement from the Higher People's Court of Fujian Province regarding the Claim related to Patent VI and 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 judgement takes effect; (2) the Company and Luoyang Company shall jointly and severally compensate CATL for its economic loss of RMB58.05 million and reasonable costs of RMB0.50 million incurred for stopping the infringement within 15 days from the date on which the judgement takes effect; and (3) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 18 October 2024. The Company have appealed the first-instance judgement to the Supreme People's Court within the appeal period. Due to this latest development, management has made provision in relation to this case and details are set out in note 36 to the consolidated financial statements.

In January 2025, the Company received a civil indictment (Case No.: (2024) Zhe 01 Zhi Min Chu No. 138) served by the Hangzhou Intermediate Court. The claim was petitioned by CATL brought against the Company and Hangzhou Pengxing Automobile Sales 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) in respect of an infringement claim on intellectual property rights of No. ZL202210514746.9 invention patent ("**Patent VIII**") and the salient 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) served by the Quanzhou Intermediate Court. The claim was petitioned by CATL brought against the Company and the other defendants (third parties independent of the Company and its connected persons) in respect of an infringement claim on intellectual property rights of No. ZL201621122034.9 utility model patent ("**Patent IX**") and the salient 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 its economic loss 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.

44. Contingent liabilities (Continued)

(b) (Continued)

In January 2025, the Company received a civil indictment (Case No.: (2024) Xiang Zhi Min Chu No. 1) served by the Hunan High Court. The claim was petitioned by CATL brought against the Company and the other defendants (third parties independent of the Company and its connected persons) in respect of an infringement claim on intellectual property rights of No. ZL202011086325.8 invention patent ("**Patent X**") and the salient 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 its economic loss 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, the Group has the following contingent liabilities as at 31 December 2024:

Claims related to:	Damages claimed by CATL RMB'000	Reasonable expenses claimed by CATL RMB'000
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.

45. Capital commitments

Commitments contracted for at the end of the respective reporting period but not yet incurred are as follows:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	14,297,738	19,153,765
Intangible assets	37,845	24,653
Leasehold lands	–	3,101
Capital contribution to associates	–	320,000
Capital contribution to partnership funds	283,200	149,500
Capital contribution to share subscription	1,300	177,068
	14,620,083	19,828,087

46. Operating lease arrangements

The Group as lessee

The Group regularly entered into short-term leases for office equipment, staff quarters, office premise, factories, motor vehicles and warehouses. As at 31 December 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20.

As at 31 December 2023 and 2024, the outstanding lease commitments relating to these short-term leases are RMB35,078,000 and RMB27,553,000 respectively.

The Group as lessor

Operating leases relate to property owned by the Group with lease term of 1 year. The lessee does not have an option to purchase the property at the expiry of the lease period.

As at 31 December 2023 and 2024, there were no minimum lease payments receivable on leases.

The following table presents the amounts reported in profit or loss:

	2024 RMB'000	2023 RMB'000
Lease income on operating leases	8,970	8,330

47. Related party transactions

(a) Names and relationships of the related parties that had material transactions and balances with the Group during the year:

Name of party	Relationship
常州華科工程建設有限公司 Changzhou Huake Engineering Construction Co., Ltd.* ("**Huake Engineering**")	Shareholder
中航鋰電(洛陽)有限公司 China Lithium Battery Technology (Luoyang) Co., Ltd.* ("**Luoyang Company**")	Entity controlled by shareholders of the Company
江蘇城東建設工程有限公司 Jiangsu Chengdong Construction Projects Co., Ltd.* ("**Jiangsu Chengdong Construction**")	Entity controlled by shareholders of the Company
廈門金圓投資集團有限公司 Xiamen Jinyuan Industry Investment Group Company Limited* ("**Jinyuan Investment**")	Shareholder
常州江環能源科技有限公司 Changzhou Jianghuan Energy Technology Co., Ltd. * ("**Jianghuan Energy**")	Entity controlled by shareholders of the Company#

* The official names of these entities are in Chinese. The English translation of the names is for identification purpose only.

\# Jianghuan Energy became an entity controlled by shareholders of the Company in 2024.

47. Related party transactions (Continued)

(b) The Group had the following material transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Revenue from sales of goods to		
– Luoyang Company	1,245,564	163,961
Entrusted processing services from		
– Luoyang Company	2,858,909	1,956,184
Purchase of goods and services from		
– Jianghuan Energy	3,058	–
Purchase of property, plant and equipment from		
– Luoyang Company	8,345	23,114
Disposal of property, plant and equipment to		
– Luoyang Company	165	1,157
Rental fee income from		
– Huake Engineering	4,404	5,366
Rental fee charged by		
– Huake Engineering	14	418
– Luoyang Company	–	3,052
Transportation and miscellaneous fee paid on behalf by		
– Luoyang Company	32	12,858
Construction fees charged by		
– Jiangsu Chengdong Construction	383,340	130,376

Since March 2021, Jinyuan Investment has been providing financial guarantee to a subsidiary of the Group, Xiamen Company in favour of a group of 6 banks, to guarantee the payment obligation of 80% principal amount (being RMB2,000 million) of a loan in the principal amount of RMB2,500 million for a term of 8 years. The guarantee period of Jinyuan Investment took effective from the date of entering into the guarantee agreement to three years after the expiration of repayment obligation by Xiamen Company under the loan agreement.

Since January 2022, Jinyuan Investment has been providing another financial guarantee to Xiamen Company, in favour of a group of 6 banks to guarantee the payment obligation of 80% principal amount (being RMB2,000 million) of a loan in the principal amount of RMB2,500 million for a term of 8 years. The guarantee period of Jinyuan Investment took effective from the date of entering into the guarantee agreement to three years after the expiration of repayment obligation by Xiamen Company under the loan agreement.

(c) Balances with related parties

Details of the Group's balances with related parties at the end of reporting period are disclosed in note 27.

47. Related party transactions (Continued)

(d) The remuneration of directors, supervisors and other members of senior management during the year was as follows:

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Equity-settled share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Dr. Pan Fangfang (潘芳芳博士)	–	1,182	3,920	5,172	32	10,306
Mr. Geng Yan'an (耿言安先生)	–	960	1,970	3,691	67	6,688
Ms. Gao Yan (高艷女士)	–	949	1,970	151	50	3,120
Mr. Wang Xiaoqiang (王小強先生)	–	951	2,060	1,338	46	4,395
Mr. He Fan (何凡先生)	–	937	2,370	1,591	41	4,939
Mr. Xie Qiu (謝秋先生)	–	916	2,090	754	32	3,792
Directors and supervisors as disclosed in note 16(a)	720	3,819	6,471	13,453	126	24,589
Total for the year ended 31 December 2024	720	9,714	20,851	26,150	394	57,829

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Equity-settled share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Dr. Pan Fangfang (潘芳芳博士)	–	1,143	3,941	8,126	32	13,242
Mr. Geng Yan'an (耿言安先生)	–	947	2,464	6,094	66	9,571
Ms. Gao Yan (高艷女士)	–	934	1,965	–	46	2,945
Mr. Wang Xiaoqiang (王小強先生)	–	933	1,955	2,032	46	4,966
Mr. He Fan (何凡先生)	–	920	1,964	2,032	40	4,956
Mr. Xie Qiu (謝秋先生)	–	894	1,983	–	32	2,909
Directors and supervisors as disclosed in note 16(a)	720	3,704	7,531	22,347	118	34,420
Total for the year ended 31 December 2023	720	9,475	21,803	40,631	380	73,009

Notes:

The amounts disclosed above represent remuneration paid or payable to the directors and other members of senior management of the Company as key management personnel of the Group's entities.

48. Events after the reporting period

Save as the event occurred in January 2025 in relation to Patent VIII, Patent IX and Patent X as disclosed in note 44(b), the Group had no other material event after the reporting period as at 31 December 2024.

Financial Summary

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000 (Re-presented)	2020 RMB'000 (Re-presented)
Revenue	**27,751,526**	27,005,885	20,374,942	6,817,115	2,825,419
Cost of sales	**(23,341,632)**	(23,494,367)	(18,271,422)	(6,306,165)	(2,345,087)
Gross profit	**4,409,894**	3,511,518	2,103,520	510,950	480,332
Investment and other income	**357,560**	200,492	208,849	256,564	45,915
Other (losses) and gains, net	**(139,021)**	(877,052)	(62,872)	(89,541)	61,906
Selling expenses	**(615,974)**	(343,162)	(288,264)	(149,167)	(82,332)
Administrative expenses	**(1,257,403)**	(675,753)	(590,974)	(334,419)	(228,660)
Research and development expenses	**(1,417,611)**	(991,961)	(664,758)	(222,523)	(191,504)
Gain on disposal of subsidiaries	**–**	–	–	347,240	–
Impairment loss on investment in associates	**–**	–	–	(178,700)	–
(Impairment loss)/reversal of impairment loss on trade and bill receivables	**(91,058)**	(60,763)	9,315	(26,600)	(23,351)
(Impairment loss)/reversal of impairment loss on prepayments, deposits and other receivables	**(40,987)**	880	(3,157)	(682)	(1,281)
Profit from operations	**1,205,400**	764,199	711,659	113,122	61,025
Finance costs	**(415,116)**	(330,439)	(65,217)	(24,975)	(57,365)
Share of (losses)/profits of associates	**(85)**	(157)	(815)	(24,714)	637
Profit before tax	**790,199**	433,603	645,627	63,433	4,297
Income tax credit/(expense)	**53,427**	3,560	47,910	48,107	(22,625)
Profit/(loss) for the year	**843,626**	437,163	693,537	111,540	(18,328)
Attributable to:					
Owners of the Company	**591,196**	294,377	691,626	140,029	5,157
Non – controlling interests	**252,430**	142,786	1,911	(28,489)	(23,485)
	843,626	437,163	693,537	111,540	(18,328)
Non – current assets	**86,867,996**	73,318,005	53,101,171	20,034,407	10,519,656
Current assets	**35,605,387**	32,111,020	37,359,447	18,586,078	7,570,795
Total assets	**122,473,383**	105,429,025	90,460,618	38,620,485	18,090,451
Current liabilities	**45,584,301**	36,821,461	32,774,951	9,890,350	5,066,820
Non – current liabilities	**28,835,157**	22,221,774	16,110,208	3,744,011	415,010
Total liabilities	**74,419,458**	59,043,235	48,885,159	13,634,361	5,481,830

Definitions and Glossary

"Articles of Association"	the Articles of Association of the Company currently in force
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Chengdu Company"	CALB (Chengdu) Co., Ltd.*(中創新航科技(成都)有限公司), a company established under the laws of the PRC with limited liability on 29 May 2021 and owned as to 51% by our Company and 49% by Chengdu Heavy Industry Longjin, a direct non-wholly owned subsidiary of our Company
"Company", "CALB", "we" or "us"	CALB Group Co., Ltd.(中創新航科技集團股份有限公司), H Shares of which are listed on the Stock Exchange with stock code of 3931
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Fujian Company"	CALB (Fujian) Co., Ltd.*(中創新航科技(福建)有限公司), a company established under the laws of the PRC with limited liability on 22 February 2022 and owned as to 51% by our Company and 49% by Xiamen Industrial Investment, a direct non-wholly owned subsidiary of our Company
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
"H Share Shareholder(s)"	holder(s) of H Shares

"Hefei Company"	CALB (Hefei) Co., Ltd.*(中創新航科技(合肥)有限公司), a company established under the laws of the PRC with limited liability on 25 September 2021 in which our Company is entitled to exercise more than 50% of the voting rights, a direct non wholly-owned subsidiary of our Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any entity(ies) or person(s) who, to the best of the knowledge, information and belief of the Directors, is/are not a connected person(s) of the Company within the meaning ascribed thereto under the Listing Rules
"Jiangmen Company"	CALB (Jiangmen) Co., Ltd.*(中創新航科技(江門)有限公司), a company established under the laws of the PRC with limited liability on 23 February 2022 and owned as to 63.7% by our Company and 36.3% by Jiangmen City Haina New Energy Investment Partnership (Limited Partnership)*(江門市海納新能源投資合夥企業(有限合夥)), a direct non-wholly owned subsidiary of our Company
"Jiangsu Company"	CALB (Jiangsu) Co., Ltd.*(中創新航科技(江蘇)有限公司), a company established under the laws of the PRC with limited liability on 23 June 2021, a direct wholly owned subsidiary of our Company
"Jiangsu Research Institute"	CALB Technology Co., Ltd.*(中創新航技術研究院(江蘇)有限公司), a company established under the laws of the PRC with limited liability on 11 November 2016, a direct wholly-owned subsidiary of our Company
"Jincheng Technology"	Jiangsu Jintan Jincheng Technology Industry Development Co., Ltd.*(江蘇金壇金城科技產業發展有限公司), a company established under the laws of the PRC with limited liability on 7 December 2015 and wholly owned by Jintan Holding, a connected person of the Company
"Jinhang Holding"	Jiangsu Jinhang Holding Co., Ltd.*(江蘇金航控股有限公司), a company established under the laws of the PRC with limited liability on 2 March 2022, which is owned as to 40% by Jincheng Technology, 30% by Cai Dongze(蔡東澤), an Independent Third Party, 12.5% by Nanjing Ruiguan Enterprise Management Centre (Limited Partnership)*(南京瑞冠企業管理中心(有限合夥)), 12.5% by Wuxi Fengshenghui Enterprise Management Partnership Business (Limited Partnership)*(無錫豐晟匯企業管理合夥企業(有限合夥))and 5% by Jiangsu Fengchuang Environmental Energy Co., Ltd.*(江蘇楓創環保能源有限公司), an Independent Third Party. Jinhang Holding is a connected person of our Company

"Jinsha Investment"	Changzhou Jinsha Technology Investment Co., Ltd.*(常州金沙科技投資有限公司), a company established under the laws of the PRC with limited liability on 4 May 2008 and wholly owned by Jintan Holding
"Jintan Group"	namely Jinsha Investment, Huake Engineering, Huake Investment, Jintan International, Jintan Hualuogeng and Jintan Holding
"Jintan Holding"	Jiangsu Jintan Investment Holding Co., Ltd.*(江蘇金壇投資控股有限公司), a company established under the laws of the PRC with limited liability on 16 September 2014 and wholly owned by the Government of Jintan District, a connected person of the Company
"Jintan Hualuogeng"	Jiangsu Jintan Hualuogeng Technology Industry Development Co., Ltd.*(江蘇金壇華羅庚科技產業發展有限公司), a company established under the laws of the PRC with limited liability on 12 December 2014 and owned as to 90% by Jintan Holding and 10% by Changzhou Investment Group Co., Ltd.*(常州投資集團有限公司), respectively, a connected person of the Company
"Jintan International"	Jiangsu Jintan National Development International Investment Development Co., Ltd.*(江蘇金壇國發國際投資發展有限公司), a company established under the laws of the PRC with limited liability on 16 December 2010 and exercising its voting rights in our Shares in accordance with the instructions of Jintan Holding, a connected person of our Company
"Jinyuan Investment"	Xiamen Jinyuan Investment Group Co., Ltd.*(廈門金圓投資集團有限公司), a company established under the laws of the PRC with limited liability on 13 July 2011 and wholly owned by Finance Bureau of Xiamen City* (廈門市財政局), one of our Pre-IPO Investors and Substantial Shareholders
"Lihang Jinzhi"	Xiamen Lihang Jinzhi Equity Investment Partnership (Limited Partnership)*(廈門鋰航金智股權投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 29 July 2019 whose general partner is Xiamen Lihang Equity Investment, one of our Pre-IPO Investors, a connected person of our Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Luoyang Company"	China Lithium Battery Technology (Luoyang) Co., Ltd.*(中航鋰電(洛陽)有限公司), a company established under the laws of the PRC with limited liability on 14 September 2009, which is owned as to 51% by Jincheng Technology and 49% by Jinhang Holding, and a connected person of our Company

"Materials Company"	CALB Materials (Sichuan) Co., Ltd.*(中創新航材料科技(四川)有限公司), a company established under the laws of the PRC with limited liability on 26 January 2022, a direct wholly-owned subsidiary of our Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"PRC" or "China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 23 September 2022
"Reporting Period"	from 1 January 2024 to 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the issued capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
"Shareholder(s)"	shareholders of the Company
"Shenzhen Research Institute"	CALB Technology (Shenzhen) Co., Ltd.*(中創新航技術研究中心(深圳)有限公司), a company established under the laws of the PRC with limited liability on 28 May 2021, a direct wholly-owned subsidiary of our Company
"Sichuan Company"	CALB (Sichuan) Co., Ltd.*(中創新航科技(四川)有限公司), a company established under the laws of the PRC on 2 April 2022 and owned as to 51% by our Company and 49% by Meishan City Industrial Development Investment Guidance Fund Center (Limited Partnership)*(眉山市產業發展投資引導基金中心(有限合夥))
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"treasury shares"	has the meaning ascribed to it under the Listing Rules

"Wuhan Company"	CALB (Wuhan) Co., Ltd.*（中創新航科技（武漢）有限公司）, a company established under the laws of the PRC with limited liability on 15 July 2021 and owned as to 51% by our Company and 49% by Wuhan Jingkai Investment Co., Ltd., a direct non-wholly owned subsidiary of our Company
"Xiamen Company"	CALB (Xiamen) Co., Ltd.*（中創新航新能源（廈門）有限公司）, a company established under the laws of the PRC with limited liability on 15 July 2019 and a direct wholly-owned subsidiary of our Company
"Xiamen Industrial Investment"	Xiamen Industrial Investment Co., Ltd.* (廈門市產業投資有限公司), a company established under the laws of the PRC with limited liability on 13 August 2014 and wholly owned by Jinyuan Investment, one of our Pre-IPO Investors and Substantial Shareholders
"%"	percent

中創新航科技集團股份有限公司
CALB Group Co., Ltd.